

Down to Business English

121 - Hurricanes: Their impact on the financial bottom line.

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Business News to improve your Business English.

*With your hosts **Skip Montreux and Dez Morgan.***

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Skip: Before we get into today's story Dez, you said you wanted to make a **retraction** on something we reported on recently?

Dez: Well not so much a **retraction** but rather I need to correct a few mistakes that were pointed out to us by a listener in The Qatar - Gulf crisis episode that was released in September.

Skip: Ah, D2B 118, released on September 14 to be exact.

Dez: Yeah, that's the one. In that report I stated that Qatar was an island when in fact it's a peninsula, as it is connected to the mainland.

Skip: You know I need to take a little blame on that error as well. I remember you saying it was an island and I also remember thinking that that might be incorrect, but I didn't say anything.

Dez: Well, I wish you had as it is a little embarrassing. I live relatively close to Qatar so obviously I'm aware that Qatar is a peninsula. When I referred to it as an island, it was more a **slip of the tongue** than anything else.

Skip: Well nobody is perfect Dez and you are certainly not the first person to misspeak.

Dez: Thanks, but then I mistakenly implied that countries in the Persian Gulf are ruled by Sunni governments whereas the citizens of those countries are mostly Shia muslims.

Skip: And that is not accurate?

Dez: No it isn't. It's the opposite actually. The majority of muslims in the Middle East are Sunnis and they are indeed in the majority of the population in most countries in the region. The places where this isn't true are Iran, Iraq

and Bahrain. In those countries, Shia muslims are the majority.

Skip: I think where it gets confusing, especially for Westerners like us who are not very familiar with the distinction, or differentiation between Shia and Sunni, is that in Iraq, even though the majority of people are Shia, Saddam Hussein was a Sunni. And the monarchy in Bahrain is Sunni even though the majority of citizens are Shia.

Dez: Yeah, that could have something to do with it perhaps. Another error was that I didn't identify the Muslim Brotherhood as a terrorist organization, although they have been identified as such by most countries in the gulf region.

Skip: Okay, but I have to protest on this one, because that's not actually true. In our report you stated that Qatar supported the short lived Muslim Brotherhood government in Egypt and specifically used that as an example of why Saudi Arabia claimed that Qatar was supporting terrorist organizations. I think this listener was referring to my comment. I was the one who said that the Muslim Brotherhood were not exactly terrorists. Yes, they have been identified as a terrorist organization by Saudi Arabia, and the Trump Administration in the US is pushing to have them officially designated a terror group, but as of right now in the UK, EU, and even in the United States they have not been officially listed as a terrorist organization. At least not yet.

Dez: You sound a bit riled Skip.

Skip: Well, I am a bit. That particular listener, and I won't mention any names also posted a

comment on our website and in addition to these errors we just talked about, he also complained that we referred to the situation with Qatar as 'blockade' when the proper term should be 'boycott', because there are only four countries taking part.

Dez: I suppose he has a point.

Skip: Really? If you do a Google search for the term 'Qatar blockade' you get 488,000 results. If you do a search for 'Qatar boycott' you get 542,000 results. Pretty even opinions out there as to what people refer to it as. Sure, I see his point but what really upsets me is that he accused us of promoting terrorism by using the term blockade. I just find that insulting and completely uncalled for. I certainly don't mind someone calling us out on mistakes, but to be accused of promoting terrorism, well that's just ignorant. Neither you Dez or I have skin in any kind of political game.

Dez: Oh, okay, calm down Skip. I'm sure that no insult was intended.

Skip: Okay, okay but dear listeners please understand that here at D2B we try our best to remain neutral when it comes to controversial subject matter. If your opinion is different than our opinion, we are happy to take your criticisms and comments, but do not accuse us of having some kind of agenda. Our one and only purpose here is to provide authentic discussions on professional topics to help you improve your listening comprehension skills.

Dez: Uh, rant over Skip?

Skip: Yes, my rant is over.

Dez: Good. And now that that is out of the way let's get into today's story.

Skip: Good idea. Hi Dez.

Dez: Hello Skip.

Skip: How have you been over there in The Gulf?

Dez: Could be better, could be worse. But isn't life always like that?

Skip: It guess so. So tell me about the good part.

Dez: Well, the weather is finally cooling down which is great. Hey, I even sat outside the other evening.

Skip: Sounds great. Relaxing outside reading the paper, surfing the Internet, taking it easy at the end of a long day.

Dez: It wasn't exactly like that. It's still pretty hot. But I could sit outside for a few minutes, and hey that's progress.

Skip: I see.

Dez: And how has the weather been in Japan?

Skip: Well summer ended quite abruptly and it has now cooled down quite a lot here.

Dez: Is that right?

Skip: Yeah. It was humid and 39°C one day and 15° and rainy the next. And now we are just coming to the end of the typhoon season which you probably remember from your time here lasts from May to the end of October or early November.

Dez: Typhoons, I remember some big ones hitting Tokyo in my days there. How's the season this year?

Skip: I guess it depends on how you look at it. For me here in Tokyo this season hasn't been so bad. It was tropical storm Nanmadol that hit the southern island of Kyushu in July that made the most news. Sadly there were 36 fatalities and a lot of flooding.

Dez: I'm, very sorry to hear that.

Skip: But having said that, Tokyo was hit two weekends in a row last month by quite strong typhoons.

Dez: That right?

Skip: Yes, one of them was even considered a Super Typhoon.

Dez: From my time in Japan, I know that typhoons can be pretty devastating, with winds in excess of 120 km an hour and torrential rains.

Skip: That's right. But fortunately with those two typhoons, they weakened to around a category 2 by the time they hit Tokyo. So, there was a little damage and many trains were delayed, but they didn't turn into killer typhoons, like some of the hurricanes they have experienced in the Atlantic and Gulf of Mexico this year. It has been a devastating season for them over there.

- Dez: One of my colleagues is from Puerto Rico which was hit by not one, but two powerful hurricanes in the span of 10 days. Now, that island is in crisis and I know that he is very worried about his family.
- Skip: **Hmm, I ... I too** have a colleague who has family members living on the island of St. John in the US Virgin islands. It also was devastated by a recent hurricane and the outlook for recovery is pretty grim.
- Dez: Well, whether you believe in climate change or not, the economic impact of these hurricanes is definitely real. And seeing as to how we are a business podcast, we are going take a look at the economic impact of these recent severe weather events.
- Skip: Let's do it, let's get D2B ... Down to Business with Hurricanes – Mother Nature's impact on the financial bottom line.
- Dez: So Skip what's the definition of a hurricane anyway?
- Skip: Well, according to the dictionary, a Hurricane is a violent, tropical storm with wind speeds in excess of 74 mph or, for you metric folks, 119 km/h. They typically originate somewhere in the Atlantic, usually off the east coast of north Africa, and generally cause the most damage in the Caribbean, Gulf of Mexico, and along the eastern seaboard of the United States.
- Dez: Okay, I know this sounds stupid but how does a hurricane differ from a typhoon?
- Skip: I thought you might ask that. Basically, they are same thing but typhoons occur in the Pacific and hurricanes in the Atlantic.
- Dez: I see. But the wind speeds are the same for each one?
- Skip: That is correct.
- Dez: And this year's hurricane season has been quite active?
- Skip: In terms of the strength of the hurricanes and the frequency that they have made landfall in populated areas, yes it has been very active. So far there have been four major storms; Harvey, Irma, Jose, and Maria.
- Dez: Sounds like a happy family. Where do they come from these names anyway?
- Skip: That's a good question. They come from The World Meteorological Organization, or WMO. They have a list of male and female names that are used on a six year rotational basis. They are listed alphabetically so the first hurricane of the season has a name starting with the letter 'A', the second the letter 'B' and so on.
- Dez: I did not know that. So Harvey, Irma, Jose, and Maria were the 8th, 9th, 10th and 13th hurricanes of the season.
- Skip: Exactly, and all four of them were extremely powerful. Harvey was first, in late August. It was the first major hurricane to make landfall in the US since 2005. In fact it actually made landfall a total of three times.
- Dez: How does that work?
- Skip: It hit the coast, lost energy, moved back into the Gulf, gained strength from the warm waters, hit the coast again, bounced back out into Gulf, regained strength and hit again.
- Dez: Wow, that certainly sounds devastating.
- Skip: Its impact on Texas was very significant. Houston, the 4th largest city in the US and the oil capital of the world was badly flooded. Something like 30% of the city was underwater.
- Dez: Incredible. That's a lot of ruined homes. What about the other hurricanes?
- Skip: Well next was Hurricane Irma which was extremely powerful as well. In fact it was the strongest mid-Atlantic hurricane to be observed since Hurricane Wilma in 2005. Irma swept through the Caribbean and across Cuba before making landfall in Florida. It left extensive damage in its wake on islands such as Barbuda, Saint Bart's, Saint Martin, Anguilla, and the US and British Virgin Islands.
- Dez: Hey, I did hear about Richard Branson, the famous billionaire who owns a private island in the British Virgin islands. He weathered out the storm in his wine cellar rather than evacuating. He and his companions were quite safe but all

the buildings on his island were severely damaged.

Skip: Much like everywhere else in the Caribbean. After Irma was Hurricane Jose but fortunately Jose mainly passed-by most of the Caribbean islands and did not not make any real significant landfalls. However it did reach the east coast of the United States and went as far north as Maryland, and caused some relatively minor damage

Dez: That was lucky.

Skip: Yes it was. But then **on the heels of** Irma came Maria.

Dez: Was she bad?

Skip: She sure was, especially for the island of Puerto Rico. Not only did it come within 10 days of Irma, but Maria was the strongest hurricane to hit Puerto Rico since 1928. The impact of those two hurricanes have been incredible. Even today, a full seven or eight weeks after they occurred, something like 80% of the island is still without electricity and 40% without running water. And they are saying it will take months to repair that infrastructure.

Dez: Although our sympathies are with everyone so far affected, as a business podcast we should look closer at the financial and other business **ramifications** of these Hurricanes so far in 2017.

Skip: Absolutely. Estimates from insurance companies have put the cost of of these hurricanes at \$180 - 200 billion in property damage and loss of productivity.

Dez: Who's going to pay for that?

Skip: Of course taxpayers are going **to be on the hook** for a lot of that as governments will be paying a lot in relief funds and rebuilding infrastructure. But insurance companies are also going to be very hard hit.

Dez: And I suspect that it is all doom and gloom for their stock prices then.

Skip: For companies that have a lot of exposure in Texas and Florida, and to a lesser degree Puerto Rico yes, they have been hit hard as investors abandon the insurance sector.

Dez: One thing that is most certain is that they will raise insurance premiums.

Skip: Definitely. A cost burden which will be passed on to their customers in the future.

Dez: But on the other hand, with so many buildings damaged, flooded, or even completely destroyed, the construction sector will be very busy when the hurricane season finally winds to a close. Companies that produce construction materials will benefit.

Skip: They certainly will and stocks related to those companies are already up a lot over the last month.

Dez: Well there is a silver lining to all of this bad news.

Skip: But it is not just the devastation of property that has had an impact. When Harvey hit Texas, several of the largest oil refineries in the US shut down. In all, about 22% of US refinery capacity was taken offline.

Dez: Hey, so I'm guessing that the price of petrol in the US has risen a lot since then. What with all of that refining capacity off line.

Skip: Fuel prices did indeed rise. However the long term impact of the hurricanes on the US's total oil production will have only a small effect on oil prices.

Dez: Really? I heard that in addition to refining capacity, many offshore drilling facilities along with many Texas fracking sites were also shut down, thus affecting production.

Skip: Yes, all of that is true Dez. But there's such an oversupply of oil in the market that the impact of that production loss on the price was negligible. Most of those drilling rigs are now back in production so, as I say, there was not a great effect on the price of oil.

Dez: I see.

Skip: In fact, the OPEC meeting in early September had a greater effect on the price.

Dez: Hey I heard about that. Saudi Arabia announced a cut in production and other OPEC countries like Iraq, said that they would keep within the limits they have been set.

Skip: You are right. In the past it was not unusual for Iraq to exceed their limit which in turn forced prices lower. However that has not happened this time so the price of oil has actually risen slightly.

Dez: Well as interesting as that is, OPEC and world oil prices is moving away from our topic of the economic impact of hurricane season.

Skip: True enough.

Dez: So perhaps it's time for you and I to get D2V ... Down to Vocabulary.

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Dez: I will start off vocabulary off today with the noun **retraction**. The verb form, **to retract**, means to take something back you had previously stated. Skip started today's episode by asking if I wanted to make a **retraction** about some of the information I had reported in our episode on Qatar. In other words he was asking if I wanted to take back, or correct some of the things I'd said.

Skip: **Retractions** are an occupational hazard in the news business.

Dez: Oh they are indeed. In fact newspapers often have to print **retractions** when it turns out that a story they had printed was incorrect in some way.

Skip: But you can use **retract** in conversations as well. For example, if I claimed that you Dez had been taking money from your students in exchange for giving them higher grades, what would you do?

Dez: What would I do?! I would demand that you **retract** that statement as it's not true. You well know I would never do something like that.

Skip: Of course not. You are a very honorable coach.

Dez: I'm not a coach. I'm a language teacher.

Skip: Sorry, **slip of the tongue**. You are a very honorable language teacher.

Dez: **Slip of the tongue?**

Skip: Yes, next on our vocabulary list is the expression 'a **slip of the tongue**'. When you

mispronounce a word or accidentally use the wrong word, we call this a **slip of the tongue**.

Dez: Right. My first **retraction** was about referring to Qatar as an island when in fact it is a peninsula. I said that calling Qatar an island was more a **slip of the tongue** than anything else.

Skip: In other words, Dez knows that Qatar is a peninsula but used the word 'island' by mistake.

Dez: '**Slip of the tongue**'. It's quite a useful expression when you want to communicate that you've misspoken. Listen to this business example. 'Skip, did you hear what President Obama tweeted the other day?

Skip: President Obama? I didn't even know he used Twitter.

Dez: Oh sorry, Did I say Obama? Sorry, **slip of the tongue**. I meant President Trump.'

Skip: Nice example. Shall we move on Samantha? Oh sorry, **slip of the tongue**. Shall we move on Dez?

Dez: Very funny. Let's take a close look at the expression '**on the heels of something**'. This expression communicates that something happens immediately, or very soon after something else. In the story, Skip reported that Hurricane Maria came **on the heels of** Hurricane Irma. In other words, Maria happened very soon after Irma.

Skip: The integrity of Japan Inc. has sure taken a lot of hits over the last few years. There was the scandal at Toshiba last year, and **on its heels** this year is the Kobe Steel scandal.

Dez: Will Down to Business English be reporting on that anytime soon?

Skip: Actually, I'm trying to release a solo report about Kobe Steel very soon. Can you give us another example using **on the heels of** something in a business context?

Dez: Sure, listen to this example; Last week our company received some very good news. Our R&D department was given government approval for their latest product. And that news came **on the heels of** the Sales department securing a major new customer. It looks like our organization is going to have a very good year.

Skip: Well, **on the heels of** that great example, let's move on to our next word, the noun **ramification**. A **ramification** is a consequence that is usually complicated and often

unpleasant. In the story Dez suggested that we should discuss the business **ramifications** of the hurricane season so far in 2017. In other words, we should discuss the consequences of hurricanes on businesses.

Dez: And those consequences are complicated. When you use '**ramification**', keep in mind that it's usually used in the plural form. This is because there are often multiple consequences of a single action.

Skip: For example?

Dez: Saudi Arabia just recently lifted the ban on women driving. I read that some of the **ramifications** of allowing women to drive could be a rise in car sales, maybe more traffic on the streets, and perhaps less accidents.

Skip: Why would less accidents be one of the **ramifications**? I would think it would be just the opposite.

Dez: Statistically women cause less accidents than men.

Skip: I see.

Dez: Finally today we have the adjective phrase **to be on the hook for something**. When someone is **on the hook** for something, they're responsible for paying for it.

Skip: Owing money is not a pleasant thing, so **to be on the hook for something** has a slight negative connotation to it.

Dez: In the story, Skip reported that taxpayers are going to be **on the hook for paying for** paying for a large portion of the hurricane damage. In other words, taxpayers will be responsible for paying for fixing everything.

Skip: Although this phrase is often used to talk about a financial debt, it can be used to describe responsibility in general. For example, Facebook, Google, and Twitter are **on the hook** with the US government at the moment for unwittingly helping foreign-linked organizations influence the results of the 2016 Presidential election.

Dez: The opposite phrase that communicates that you've been released from a responsibility or a burden, is to be **off the hook**. My boss recently asked me to cover for another teacher as they were going on holiday. Hey, I couldn't say no but was not looking forward to the heavy schedule. But then at the last minute, something happened and that teacher canceled

her travel plans. Hey, I was glad to be **off the hook** for those sub classes.

Skip: More evidence that Dez Morgan is the luckiest man in the world. I don't think I have ever gotten **off the hook** for anything in my life.

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Dez: Thanks for that report on the hurricane situation so far this year. Hey I hate to say it but I think this kind of news is going to happen more and more as our planet continues to warm up.

Skip: I have to agree with you there. That is why it is important for the public to keep pressure on governments around the world to take more action against climate change. We can't let them **off the hook**.

Dez: No we can't. The **ramifications** of climate change are all too serious for us to do that.

Skip: Very true. Thanks for listening everyone. If you enjoyed today's podcast of Down to Business English and found it useful for your English studies – please consider becoming a D2B member and support the show. The more members supporting us, the more self-study learning material we can produce for you.

Dez: Just visit downtobusinessenglish.com, click on the **Membership link** at the top of the page, and you can find all the information there. We sincerely appreciate your support.

Skip: Thanks again everyone. See you next time.

Dez: Bye bye.

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