

BD aviation operators demand reduction of skyhigh CAAB annual surcharge

A Monitor Report

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Dhaka : The domestic airlines of Bangladesh-now engaged in struggle for survival-due to situation created by Covid-19 pandemic, has demanded reduction of annual surcharge rate from current 72 per cent to 12 per cent.

The Aviation Operators Association of Bangladesh (AOAB), the organisation of airline owners, has demanded that the government fix the surcharge at a reasonable rate by cancelling the monthly rate of 6 per cent (annually 72 per cent) imposed by the Civil Aviation Authority of Bangladesh (CAAB).

The demand has been made in a letter to State Minister for Civil Aviation and Tourism M Mahbub Ali on September 12

The letter said four airlines (both in operation and defunct) owe CAAB BDT 5,322 crore. The amount includes surcharge and landing, air navigation, and embarkation fees.

AOAB said a compound surcharge is in place for them, with a monthly rate of six percent, or annual rate of 72 percent, on the various arrears.

Of the total arrear, the original amount of debt is BDT 1,170 crore, while the remaining BDT 4,152 crore is due to surcharge imposed on the debt, it said.

The letter signed by Secretary General of AOAB Mofizur Rahman, urged the government to reduce the annual surcharge from 72 per cent to 12 per cent to help

keep airlines afloat.

At present, if any airline fails to pay charges to CAAB on time, it has to pay an additional 72 per cent surcharge per year, which is up to 83 per cent higher than neighbouring India, said Mofizur, also Managing Director of private air operator Novoair.

Sources at different airlines said many airlines are unable to pay their dues because of accumulated surcharge, and many even went bankrupt due to the huge debts.

At present, three airlines are operating in Bangladesh: the national flag carrier Biman Bangladesh Airlines, Novoair, and US-Bangla Airlines.

AOAB said the total amount Biman owes CAAB is BDT 4,315.11 crore. Of this, the main amount is BDT 920.16 crore, and the remaining BDT 3,394.94 crore are surcharge and other charges.

The now defunct GMG Airlines owes CAAB BDT 368.29 crore. The main amount is BDT 56.98 crore, and BDT 311.30 crore are surcharge and other charges.

United Airways, which has ceased operation, owes CAAB BDT 355.37 crore, BDT 56.88 crore being the main amount, and remaining BDT 298.49 crore being surcharge and other charges.

Regent Air, also defunct, owes BDT 283.38 crore. Of this, the main amount is BDT 136.18 crore, while the remaining BDT 147.20 crore are surcharge and other charges.

Mofizur Rahman told an English daily that, "In 1991, CAAB issued a circular, fixing the high rate of surcharge. We have been urging the regulatory authority to reduce the rate for many years, but nobody paid heed to our request to save the industry."

"The country's aviation sector will not develop if the surcharge rate is not reduced," he said.

Insiders in the sector said due to the high surcharge rate, airlines can do nothing but go under once they fall into the cycle of debt. The letter cited the three defunct airlines as vivid examples.

They said there are rules in many countries that airlines will pay their dues with surcharge. But the rate in Bangladesh is much higher than in many other countries. For example, Mofizur Rahman said, the annual surcharge in Bangladesh is 72 per cent, while in India the rate is 12 to 18 per cent, in Singapore, it is eight percent, in Oman 10 per cent, and in Pakistan two percent.

State Minister for Civil Aviation M Mahbub Ali said, "The finance ministry is also involved in the matter. We will sit down with all the parties concerned soon and try to come up with a positive solution."