

## Domestic airlines hostages of Padma Oil over excessive jet fuel price

- A Monitor Report

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Dhaka : Allegations have come up regarding domestic airlines being hostages of Padma Oil over the excessive jet fuel price, during a public hearing on jet fuel price held by BERC on March 23.

The state-owned company which is the sole jet fuel supplier have been hiking the jet fuel price arbitrarily, as per the allegations.

There have been calls to allow private companies like Partex Petro and Eastern Refinery to supply jet fuel as well to the airlines, in an effort to ensure a market competitive price.

NOVOAIR Managing Director Mofizur Rahman and Air Astra CEO Imran Asif were present on behalf of Aviation Operators Association of Bangladesh. US-Bangla Airlines Chief Financial Officer Habibur Rahman Akand was also present on the occasion.

At the hearing, NOVOAIR Managing Director Mofizur Rahman said, "Fuel cost accounts for 40 to 46 per cent of the total operational cost of an aircraft. We have to buy fuel at twice the price of the international market. This is increasing the overall cost, due to which domestic airlines are going bankrupt."

"We demand that fuel prices be determined according to the international market. If the price increases in the international market, it increases here, but does not decrease later. If the price decreases in the international market, the price of oil here will also have to be reduced."

Demanding to have multiple oil suppliers at the airport, he said, "We want to get rid of Padma's (Padma Oil) monopoly. Although it is not a matter for the commission. That is why we are demanding it from the government."

He also said, Partex Refinery offered jet fuel at BDT 80 per liter, compared to the Padma's current BDT 131 rate. "If we get such multiple options, we will not have to pay high prices," he described.

Mofizur Rahman showed a price list of jet fuel and said, "Fuel prices in Dhaka are higher than at airports in India, Thailand, Singapore, and Saudi Arabia. In Dhaka, you now have to buy it at 75 cents per liter. While in other places, it is available at between 55 and 63 cents."

US Bangla representative Habibur Rahman Akand said, when the price of oil in the international market was 95 cents per liter, they were charged BDT 111 here. Even when the price in the international market was 75 cents, they were still charged BDT 111.

Another issue is that Padma has to import fuel, while Partex Petro and Eastern Refinery is currently producing jet fuel in the country.

However, according to Bangladesh Petroleum Corporation's General Manager ATM Selim, Partex provided fuel once. They made further attempts afterwards, however, failed to meet quality.