

AOAB urges govt to meet demands for aviation industry's survival

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Dhaka : Aviation Operators Association of Bangladesh (AOAB) on November 6 urged the government to meet its three-point demand for the survival of the country's ailing airline industry in a letter the State Minister for Power, Energy and Mineral Resources Nasrul Hamid.

Mafizur Rahman, AOAB Secretary General and Managing Director of private airline NOVOAIR and AOAB Vice President Abdullah Al Mamun, handed over the letter to the state minister at the latter's office at the secretariat.

The three demands are giving approval of direct purchase of fuel from Partex Petroleum for domestic private sector airlines and helicopter operators, allowing import of jet fuel from abroad at competitive prices if necessary.

AOAB in this regard said that airlines in neighbouring countries can directly import their required fuel.

The other demand is adjustment of jet fuel price between the domestic and the international route as price of domestic route is higher than the international route.

In the letter, AOAB said they have made maximum efforts and invested huge amount of money to establish Bangladesh as a regional aviation hub. "But due to the overpriced jet fuel in Bangladesh, the aviation sector is facing a crisis of existence. Because 40-46 per cent of the operating cost of the airline is dependent on the cost of fuel," read the letter. They said, Bangladesh often has to purchase jet fuel, especially for domestic flights, at prices 30-40 per cent higher than the international market price. Potential airlines such as GMG, United and Regent went bankrupt as a result.

As Padma Oil Company has sole authority to sell jet fuel, airlines are denied the right to purchase jet fuel at competitive prices. On the other hand, the same fuel for domestic flights costs 15-25 per cent more than the fuel for international flights

Most recently, fuel price for domestic flights has been increased by BDT 5 to BDT 130. On the other hand, the fuel price of international flights has been reduced by 9 cents to 1 dollar, which is unprecedented.

As a result of the recent price adjustment, BPC's revenue on domestic fuel will only increase by BDT 2.225 crore while it will incur BDT 50.3 crore loss for selling fuel in international route, resulting in a cumulative loss of BDT 600 crore at the end of the year.

AOAB said, overvaluation of domestic fuel has pushed airline ticket prices beyond passenger purchasing power, resulting in a sharp decline in passenger demand. As a result, the total tax collection of the government will be less than BDT 7.2 crore per month.

Currently, private airlines transport more than 75 per cent of domestic passengers. As a

result, the entire business and trade of the country will come to a standstill due to the absence of much-needed means of air communication.

AOAB urged the State Minister to take necessary steps to save the private aviation industry.