Aviation charge waiver : way out from current crisis

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Md Mahbub Ali from MoCAT

M Mafidur Rahman from CAAB

Dhaka : The second wave of coronavirus has hit the aviation sector of the country with a serious blow while it was in efforts to revive from the losses it incurred last year following the first wave of the virus spread. The second hit further rubs salt into the wound of the country's aviation sector which now seeks temporary waivers of different aeronautical, non-aeronautical and other aviation charges to come out from the crisis.

Top officials of the country's three airlines Biman, US-Bangla and NOVOAIR as well as aviation experts on May 8 made the demand at a webinar titled "Bangladesh Aviation Sector Amid Pandemic: Challenges and Way Out" organised by Aviation and Tourism Journalists' Forum.

The aviation industry elites participating in the seminar also cautioned that 10 private airlines so far have shut down over the course of time and only two - US-Bangla and NOVOAIR - remain in operation currently despite facing various hurdles.

Mofizur Rahman, Managing Director of the private airline NOVOAIR, said, "The second wave of the coronavirus has struck the aviation sector like the final nail in the coffin."

Amid this turmoil, various aeronautical, non-aeronautical and other charges imposed by the Civil Aviation Authority of Bangladesh (CAAB) still remain much higher than those in the neighbouring countries, Rahman added.

US-Bangla Airlines Managing Director Abdullah Al Mamun also backed up his counterpart and mentioned, the maximum monthly delay charge for any invoice in foreign countries is only 1.0 per cent, however, which in Bangladesh is a shocking 6.0 per cent.

Mamun further added, the interest rate on the invoice is 12 per cent globally, but CAAB charges 80 per cent interest which is so much higher and in no way favourable to the airlines.

Despite the fact that there is no business during the pandemic, Mofizur Rahman of NOVOAIR said they are being compelled to pay all types of aeronautical, non-aeronautical and other aviation charges.

But the fact is the expenses never stop even if the flights are grounded as the maintenance cost is really high, he noted.

Abdullah Al Mamun, Managing Director of US-Bangla Airlines, agreed and said although the flights on different international routes remained suspended for over a year, the airlines were bound to pay a huge amount of money to CAAB for different charges.

"Though we have been urging the authority to reduce aeronautical and non-aeronautical charges or at least make them tolerable, we only got a waiver of BDT 5.0 million last year," added Mamun, MD of US-Bangla.

"But we have to pay BDT 70 to BDT 80 million a month as various charges," he mentioned, saying the waiver or stimulus package of BDT 5.0 million given by the government was not merely enough.

Rahman of NOVOAIR earnestly asked the government to provide them with a temporary respite sparing them from paying these aviation charges for now considering the sad state of their business amid the pandemic.

"A respite for now will allow us time to pay the current charges. We will pay all those charges as arrears when the situation becomes normal. Otherwise, we will not be able to survive," Rahman said.

US-Bangla's chief Mamun claimed they had been requesting waivers of different aviation charges for the past seven years but the concerned so far have not paid any heed to their needs and demands.

He alleged that the authority and the policymakers never tried to solve the longstanding problems of the aviation industry despite repeated lobbying and meetings, ultimately closing down 10 airlines.

The structural deformity was never corrected for helping the local aviation industry flourish and privilege was always given to foreign carriers, Mamun addressed.

Besides the charges, the aviation industry of Bangladesh also faces many other obstacles, such as delays in the import of aircraft spare parts and several customs-related problems, said the NOVOAIR MD, adding, "These come as structural deformities that must be immediately solved in order to grow out of the current situation."

He then urged CAAB and the Ministry of Civil Aviation and Tourism to take necessary measures at the earliest to remove these obstacles coming in the way of the sector's recovery from the travel downturn.

"Due to various efforts in the last two decades, the aviation sector has reached its present state. This sector has now been hit badly by Covid-19 and it will not survive without policy support from the government," Rahman pointed out.

"We do not want any incentive for the aviation industry as the context here is different. But we want policy support for our survival," Rahman requested.

US-Bangla Airlines Managing Director Abdullah Al Mamun said that they had operated to nine international destinations in eight countries in the last one year with a capacity loss of 70 per cent.

In domestic routes, they have operated 18 flights out of the total 36 flights with a capacity loss of 54 per cent, he added.

However, "CAAB has been charging 6.0 per cent for a delayed invoice and an interest of 80 per cent compared to 1.0 per cent delay charge in foreign countries and a maximum 8.0 per cent to 12 per cent interest," Mamun said.

"Even in this pandemic, invoices are coming continuously," he added.

Jet fuel price hike is another barrier to the successful operations of airlines in the country, said Mamun. He mentioned the jet fuel price was increased four times between August 2020 and March this year.

Mamun also addressed that the faulty system of the country's aviation sector is favourable to the foreign airlines but not the local ones, despite the flag carrier Biman Bangladesh Airlines, and the other two private airlines US-Bangla, and NOVOAIR contributed BDT 60 billion to the country's remittances by operating chartered flights and cargo flights amid the pandemic.

Yet, the foreign carriers carry 70 per cent passengers and local airlines only 30 per cent, which should have been the other way around, Mamun sighed.

"This unfavourable condition has led to the closure of 10 local airlines in the country which never happened in any other country in the world," said Mamun.

Biman Managing Director and CEO Abu Saleh Mostafa Kamal at the webinar said the flag carrier has lost 43 per cent capacity amid Covid, which led to them counting huge losses.

"Recently we have purchased three brand new aircraft. Besides five state-of-the-art technology equipped aircraft are also sitting idle. But we have to pay back loans and maintenance cost every hour for these aircraft," he sighed.

Kazi Wahidul Alam, an aviation expert and the Editor of The Bangladesh Monitor, said it would be difficult for the country's airlines to survive without policy and revenue support from the government.

"First the authorities concerned must assess why many established airlines have gone bankrupt over the years which is so rare in other countries. Then they must accommodate the airlines with appropriate facilities," Alam mentioned.

"Our local airlines will not be able to survive the current unfortunate situation if the government does not re-adjust the fuel price, aeronautical and non-aeronautical charges," Wahidul Alam claimed.

At the webinar, after listening to the demands of the airline officials, Civil Aviation and Tourism Secretary Md Mokammel Hossain spoke as the Special Guest while Civil Aviation Authority of Bangladesh Chairman Air Vice Marshal M Mafidur Rahman was present as the Guest of Honour.

Secretary of the Civil Aviation and Tourism Ministry Md Mokammel Hossain said the government will give highest priority on how to give incentives so that the aviation industry can survive this turmoil and progress.

With hopes of recovering from the present crisis, CAAB Chairman Air Vice Marshal M Mafidur Rahman said he would sit with airline stakeholders and discuss about reducing various aviation charges soon.

The CAAB chairman also promised to further strengthen their surveillance so that no foreign airline or local travel agent can charge extra money on ticket fare in these hard times.

Besides, addressing the airline officials' demands, CAAB Chairman also mentioned some other "way out" measures, apart from the reduction of aviation charges, for the aviation and travel industry to weather the current storm.
These include: digital or touchless travel, quarantine measures being permanent, updating health screening, including health data of travellers to APIS, organising health status-based travel bubble, and preparing hotels for the new normal of travel.
State Minister for Civil Aviation and Tourism M Mahbub Ali attended the webinar as the Chief Guest.
The State Minister said the aviation sector is passing through a difficult time currently following the coronavirus pandemic.
"Therefore, the government must stand beside the airlines and do whatever necessary for their survival," he assured.
Mahbub Ali further mentioned that the government is considering to provide the local airlines with necessary support of stimulus packages to rescue them from the damage caused by the ongoing lockdowns both in the country and worldwide following the coronavirus pandemic.
However, the airline officials clearly stated at the webinar that they do not want incentives as the industry context in Bangladesh is different than the rest of the world where it earns billions of dollars.
"But we want policy support for our survival," was the call from the airline representatives which CAAB Chairman promised to discuss about at meetings with airline stakeholders soon.