

BD blocks USD 208m in airline funds for repatriation, foreign airlines shrink operations

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Dhaka : Bangladesh has withheld USD 208 million of airline funds for repatriation, making it one of the top five countries in the world to, reportedly, use the funds to shore up its depleted treasuries amid global dollar crisis and forex reserve falling. Due to the weakening of remittance, foreign airlines operating in the country are scaling down their services while potential newcomers are shying away from the country as the move leaves Bangladesh with a negative image as a market to operate in.

This is reflected in several airlines reducing their flight frequencies to and from Bangladesh already, while many others are considering to do the same.

The International Air Transport Association on December 7 warned that the amount of airline funds for repatriation being blocked by the governments has risen by over 25 per cent (USD 394 million) in the last six months to nearly USD 2 billion currently.

Over 27 countries and territories are blocking funds from repatriation, the IATA

said in a press release. Nigeria tops the list with USD 551 million of blocked funds, followed by Pakistan at USD 225 million and Bangladesh coming in the third position with USD 208 million, it added. Lebanon (USD 144 million) and Algeria (USD 140 million) are the other two countries to feature in this list, it further claimed.

By the middle of 2022, country's Hazrat Shahjalal International Airport in the capital started operating 140 international and 150 domestic flights daily, on average, including arrival and departure while handling 20-22 thousand international and 6-7 thousand domestic passengers per day, said the Executive Director of Dhaka Airport Group Captain Muhammad Kamrul Islam earlier to The Bangladesh Monitor.

The international aviation body IATA also noted IATA's channel sales of the country's aviation market in 2021 (BDT 55.8 billion) almost returned to its pre-pandemic level which is only 1.52 per cent behind than the year 2019 (BDT 56.7 billion), prior to the pandemic.

The figures show, with such rapid growth year on year, air travel would reach pre-pandemic levels in no time while outbound travel from Bangla-desh has already surpassed due to the huge movement of labour, medical, business, student, VFR, and leisure travellers to different destinations in Asia Pacific, Middle East, the USA and the UK, said industry experts.

Amid such high demand for air travel to and from Bangladesh, the government blocking airlines' funds is a heavy setback for the current growth of the country's aviation industry. The discouraging move is leaving the foreign airlines with no other alternative but to ponder whether or not they should close down their operations in Bangladesh.

It was already seeming difficult for the country's airlines to meet the soaring demand for air travel as the supply was falling short. With the dollar value increasing against taka adding to it, fares have been increasing on international routes. Already, fares are 30 per cent higher on international routes than pre-pandemic times. On top of it, cutting of the services by the foreign airlines now is further widening the demand and supply gap.

Hence, the country's passengers are turning out to be the end victims suffering from the burns of the overall unfavourable circumstances which are also harming the nation's aviation industry and economy alike.

IATA has urged the governments to remove all barriers to airlines repatriating their revenues from ticket sales and other activities, in line with international agreements and treaty obligations.

"Preventing airlines from repatriating funds may appear to be an easy way to shore up depleted treasuries, however, eventually the local economy will pay a high price," said Willie Walsh, Director General, IATA.

"No business can sustain providing service if they cannot get paid and this is no different for airlines. Air links are a vital economic catalyst. Enabling the efficient repatriation of revenues is critical for any economy to remain globally connected to markets and supply chains," Walsh added.

"Nigeria is an example of how government-industry engagement can resolve blocked funds issues. Working with the Nigerian House of Representatives, Central Bank and the Minister of Aviation resulted in the release of USD 120 million for repatriation with the promise of a further release at the end of 2022. This encouraging progress demonstrates that, even in difficult circumstances, solutions can be found to clear blocked funds and ensure vital connectivity," remarked Kamil Al-Awadhi, Regional Vice President for Africa and the Middle East, IATA.

Earlier, on December 1, IATA said in an announcement that it continues to monitor Bangladesh very closely and is engaging with the Bank of Bangladesh. If any airline continues to face issues, IATA urged to reach out to their IATA Area Manager and they will support the airlines. IATA continues its advocacy and lobby efforts across all affected markets while engaging with authorities and airlines, the international body claimed.

On this note, IATA urged the countries' governments to quickly release all outstanding funds of the airlines to avoid disruptions in the smooth flow of passengers and goods into their economies while putting an end to the battering of the countries' images respectively.