

Foreign airlines in aircraft buying spree while Biman yet to decide on plane purchase

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Dhaka : International carriers operating in Bangladesh who already occupy most of the market share continue to purchase staggering numbers of aircraft while the country's flag carrier Biman Bangladesh Airlines goes back and forth between Airbus and Boeing in plane purchase decision.

As per reports, Biman's market share of 32 to 34 per cent in 1990 has come down to 22 to 24 per cent at present. In a time when the country's airlines are losing market share, it is paramount that they immediately begin acquiring more aircraft to expand their fleet, services and network to recover.

To name a few global carriers for comparison-Air India firmed up order with Airbus and Boeing for 470 aircraft, Emirates placed USD 52 billion jet order last year, Thai Airways announced an order for 45 Boeing 787

Dreamliners, Saudi Arabian Airlines ordered over 100 new Airbus planes and IndiGo placed USD 5 billion order for 30 A350-900 widebody aircraft.

However, the country's best hope-the national airline Biman-is delaying its aircraft purchase decision instead of taking the lead in this regard. Last year, the flag carrier decided to buy new aircraft.

A year later, when the airline should be far ahead in the purchase process, it is still lingering over which aircraft to procure while foreign carriers continue their plane purchase spree and domination over Bangladesh market.

Initially, on May 5, 2023, regarding the purchase of eight Airbus A350s and two freighters, a joint communique was signed in London by Lord Dominic Johnson, UK Minister of State in the Department for Business and Trade, and Salman F Rahman, Private Industry and Investment Adviser to the Prime Minister.

Also, during French President Emmanuel Macron's September 2023 visit to Dhaka, he said Bangladesh committed to buying 10 Airbus aircraft.

However, in January 2024, a Biman committee found purchasing two A350s would not be profitable.

Later, on April 22, another appraisal committee of Biman-the first techno-financial committee-took over the evaluation of aircraft for purchase and, in only three days, concluded that buying those two A350 jets from the European aircraft manufacturer Airbus would be a profitable venture.

It may be mentioned here that, with this move, for the first time Biman will be buying aircraft from Airbus-moving away from its current Boeing dominated fleet.

The airline's board even greenlighted the procurement of four Airbus jets, each costing about USD 180 million.

Meaning, the events prior to this took place before Biman conducted a proper viability study on such a purchase. Even the first techno-financial committee of Biman was formed after the decision to buy Airbus aircraft was made earlier.

Now, a year later, Biman still has not placed any aircraft order. Surprisingly, it is still in the process of evaluating competitive offers from both Airbus and the American plane-maker Boeing.

On the other hand, global airlines are adding new aircraft into their respective fleets every month.

For instance, during a recent visit to Dhaka, Air India Express CCO Ankur Garg said, the airline is adding three aircraft a month in its fleet and will be launching flights to and from Dhaka effective mid-July this year.

Likewise, Biman should start receiving deliveries of new aircraft immediately if it feels the urge to sustain against the international airlines in the market.

Speaking of which, given immediate aircraft order, the airline still would not be able to receive any plane delivery before 2026 or 2027, according to the proposals from Boeing and Airbus respectively.

How Biman is planning to weather out till then is a question that remains to be answered. The longer Biman takes to make a decision on aircraft purchase, the longer it will take the airline to expand services and destinations.

Without doing so, Biman will be unable to increase its poor market share of 22-24 per cent to at least 50 per cent-which usually an airline enjoys in its hub, as per industry insiders.

At a press meet on May 29, then Biman MD and CEO Shafiul Azim informed that both the aircraft manufacturers are making competitive offers. Both the offers are in favour of Biman and the airline is currently in process of evaluating them both. Soon, a decision will be made, added Azim.

Regarding the conflict of two different evaluations, Biman MD and CEO explained that Airbus later came up with a better offer which prompted the latest committee to change the decision of purchasing two A350s from unprofitable to profitable.

Though the A350 is popular among renowned airlines worldwide, if Biman opts for a mixed fleet, it will face challenges in crew management, engineering training, logistics, pre-flight inspections and

provisioning spares and tools when introducing the new aircraft into its fleet.

Hence, arrangements for a mixed fleet will not only require expenses and efforts but also time-which is of the essence.

Therefore, Biman should also keep in mind the urgency of inducting new aircraft into its fleet immediately before it makes any purchase decision.

Nevertheless, the flag carrier should complete its evaluations of both Airbus and Boeing proposals as soon as possible and proceed with aircraft purchase to start receiving and inducting new jets in its fleet immediately, before international airlines fully takeover the Bangladesh market, urged industry insiders.