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No bailout in national budget for highly distressed tourism, aviation sector

- A Monitor Desk Report Date: 16 June, 2021

Dhaka : The tourism and aviation sectors of the country, worst affected by the Covid-19 pandemic similar to other countries in the world, received no bailout package in the national budget.

Lack of bailout package for tourism, hospitality and aviation sectors has come as a great surprise and disappointment to the industry players who are in a very desperate situation at the moment.

With all tourist spots closed for both domestic and international tourists, the 787 tour operators of the country are out of jobs with huge number of workers and various related expenditures to support.

Adverse impact

In an unprecedented crisis to the tourism and aviation sectors, the Covid-19 pandemic is having a major impact across world regions and Bangladesh is no exception.

Available data shows that international tourist arrivals have sharply decreased with possible annual decline of between 60 per cent and 80 per cent when compared with 2019 figures.

The outbreak of Covid-19 has impacted countries at different times in different ways and in varying degrees. Yet, around the world, response to curb the pandemic has translated into national lockdowns and a wide implementation of travel restrictions and shutdown of borders, making tourism, hospitality and aviation the hardest-hit sectors.

The extensive and deep impact of Covid-19 on these sectors coupled with the relevance of the sectors to the economy and jobs requires a strong support at national and international level through the relevant institutions.

Based on information from governments, international organisations and online official public sources, UNWTO has launched an online interactive dashboard on country and international policy responses to Covid-19 covering 220 countries and territories and more than 30 international and regional institutions.

Global policy response

A closer look at the measures adopted across all regions shows that there has been a swift and strong response by governments around the world to the impacts of Covid-19. Along with health and confinement measures as well as travel restrictions, countries have adopted a wide range of economic and social measures to respond to the crisis - in many cases supported by international and regional institutions.

Overall, the immediate and first response from governments consisted of cross-cutting fiscal and monetary measures to mitigate the economic impact of the crisis and protect jobs in the most severely affected sectors. As the situation evolves, countries increasingly adopted tourism specific measures as well as measures to reopen and restart the sector. This is particularly noticeable for countries in which tourism is a significant contributor to the national economy.

By far the most common measures adopted by countries are economy-wide stimulus packages targeting the most impacted sectors. Of these, undeniably tourism is one of the most directly affected. Fiscal stimulus packages most commonly in place refer to exemptions or deferrals of VAT and corporate income tax, emergency economic funds and economic assistance, especially to SMEs and self-employed and investment programmes aiming at mitigating the immediate effects of the pandemic.

Not in Bangladesh

Unfortunately, the policy planners of the country preferred to ignore tourism and aviation sectors as recipients of incentive or bailout packages. The hope that the national budgets might contain bailout measures, has also turned out to be false.

The country's tourism and aviation sectors are grasping for breath. Yet, there was almost nothing in the proposed budget for fiscal 2021-22 about bailing out struggling businesses or even any hint of a direction the government was taking to help these sectors survive and recover.

Finance Minister AHM Mustafa Kamal on June 3 presented the proposed budget for the 2021-22 fiscal year in Parliament. The finance minister has proposed to allocate BDT 4,032 crore for the Ministry of Civil Aviation and Tourism (MoCAT).

The allocation of BDT 4,032 crore is meant for salaries and other benefits for employees under MoCAT and for projects under Annual Development Plan (ADP).

In his speech, the Finance Minister said the government has taken effective steps to build a world class civil aviation system to ensure safe, efficient and dependable fast passenger and goods transport.

"As part of the plan to improve the standard and scope of passenger and cargo handling capacity of our international airports, the work to build the third terminal at Hazrat Shahjalal International Airport is underway," he said.

Moreover, he said, the work to upgrade facilities at Hazrat Shahjalal International Airport Expansion Project (Phase II), Communication, Navigation and Surveillance-

Air Traffic Manage-ment System Radar Installation at the same Airport, Sylhet Osmani International Airport Development, Chattogram Shah Amanat International Airport Development and Cargo Terminal Construction, Upgra-dation of Cox's Bazar Airport, Jashore Airport Development, Construction of Khanjahan Ali Airport under PPP and upgrading of runways of Saidpur, Jashore and Rajshahi airports to 10,000 feet, are progressing fast.

"We expect that implementation of these projects will bring the desired growth in aviation," he added.

Besides, he said, an international standard Civil Aviation Institute will be established in the country.

About the tourism sector that has been hard-hit amid the global lockdown due to the deadly pandemic, the Finance Minister said various steps have been taken to turn the tourism industry into a developed and modern economic sector following the directives of Prime Minister Sheikh Hasina.

"The government will put on sincere efforts to ensure that the tourism industry of our country recovers from the severe loss that it suffered due to the outbreak of Covid-19 pandemic," he said.

He said plans have been made to establish exclusive tourism zones for foreign travellers, develop eco-tourism parks keeping the natural beauty intact, build island-based tourism parks and hotels, and establish international standard leisure centers with all facilities for inbound tourists.

Besides, the Finance Minister said, projects have been taken for modernisation and capacity enhancement of existing establishments of Bangladesh Parjatan Corporation and for expanding modern tourism facilities in new locations.

Worst affected sectors

According to `Tour Operators `Association of Bangladesh (TOAB), during the first wave of Covid-19 pandemic, tourism related businesses lost more than BDT 20,000 crore. Members of TOAB alone incurred a loss of BDT 5,700 crore. Following opening of domestic tourism, the industry tried to recover. But that also closed following the second wave of the pandemic.

TOAB said that with closure of all tourism related activities from March this year, the loss to the industry is rising. If the current situation continues till December this year, the loss to TOAB members could be more than BDT 9,000 crore.

A very recent report in a front ranking Bangla daily reported that this far and with many tourism related businesses and establishments out of work, around 40 hundred thousand workers have gone out of job.

According to a report in another daily newspaper, Biman lost BDT 1,300 crore since the pandemic hit and the losses incurred by two other carriers -- US Bangla and NOVOAIR -- are in the several hundred crores, according to industry insiders. The loss of Civil Aviation Authority of Bangladesh's revenue is also colossal.

No help for recovery

The tourism and aviation sectors of the country were expecting that similar to many other countries in the world, they would also get bailout help from the government, not only to survive the current situation, but also to recover for a restart.

But this far no allocation is made to help the private sectors in tourism and aviation, which are worst affected by Covid-19 pandemic, to withstand the blow and help survive and recover.

There was no word on the bailout by the Finance Minister. The budget blanks out recovery plans for worst hit tourism and aviation sectors.

In Bangladesh, in the development priority, tourism is yet to get a place. The policy planners of the country, have this far, neglected tourism development, as part of the plan, for development of national economy. Yet, despite the neglect, contribution of tourism in the national economy is rising at a healthy rate. Tourism has contributed 4.7 per cent, or BDT 6,300 crore, to the GDP in 2019.

So, the continued neglect to tourism even when it is desperately fighting for survival, has made the leaders of the sector truly frustrated. Leaders of the sectors said they were utterly frustrated as the Finance Minister ignored tourism and aviation.

In a desperate situation like this, the leaders of the tourism sector were expecting government support and cooperation for keeping the country's nascent tourism sector alive.

But the MoCAT also failed to provide any hope. Talking to a daily newspaper very recently State Minister for Civil Aviation and Tourism Md Mahbub Ali said, "There is no scope to allocate fund for tourism sector in the national budget. Let us see what can be done about providing incentive."

There is no indication from any quarter that tourism sector is going to get something from the government.

At least

Airlines Operator Association of Bangladesh (AOAB) urged the government to waive VAT and tax on jet fuel on domestic routes. AOAB also demanded withdrawal of 15 per cent VAT on aeronautical and non-aeronautical charges and reduction of corporate tax rate from 32.5 per cent to 22.5 per cent.

TOAB demanded stimulus package but the government did not pay heed to their demands.

The tour operators of the country asked for waiver of their annual trade license renewal fees during the pandemic.

"Tourism sector is on the verge of collapse. This sector will not survive without assistance from the government. But we didn't see anything in the budget," President of TOAB Rafeeuzzaman said and added that the government did not pay due attention to the tourism industry.

With no hope for government bailout action, the leaders of tourism and aviation sector have suggested that to keep the tour operators going they should get low interest loan and tax rebate for at least three years to withstand the blow it received in past one and a half years. They have also demanded reopening of tourist spots.