BD blocks over USD 323m foreign airline revenues for repatriation

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Dhaka: Foreign airlines operating in the country are currently unable to repatriate over USD 323 million of revenues earned in the Bangladesh market, said International Air Transport Association on April 24.

The association called on Bangladesh to immediately release such a huge amount of airline revenues being held in contravention of international agreements.

Pakistan is another country that IATA urged to do the same as the market currently blocks USD 399 million revenues of foreign airlines from being repatriated.

In total, airlines are unable to repatriate over USD 720 million of revenues earned in these two markets, added IATA.

"The timely repatriation of revenues to their home countries is critical for payment of dollar denominated expenses such as lease agreements, spare parts, overflight fees and fuel," said Philip Goh, Regional Vice President for Asia-Pacific, IATA.

Delaying repatriation contravenes international obligations written into bilateral agreements and increases exchange rate risks for airlines, Goh mentioned.

"Pakistan and Bangladesh must release the more than USD 720 million that they are blocking with immediate effect so that airlines can continue to efficiently provide the air connectivity on which both these economies rely," claimed Goh.

According to IATA, Bangladesh has more standardised processes than Pakistan. However, the aviation industry in Bangladesh requires a higher priority from the country's Central Bank to facilitate access to foreign exchange, stressed IATA.

On the other hand, IATA urged Pakistan to simplify its onerous process for repatriation. This currently includes the requirement to provide audit certificates and a tax exemption certificate, both of which cause unnecessary delays.

"We recognise that governments have a difficult challenge in how foreign currencies are used strategically. Airlines operate on razor-thin margins. They need to prioritise the markets they serve based on the confidence they have in being able to pay their expenses with revenues that are remitted in a timely and efficient fashion," informed Goh.

Reduced air connectivity limits the potential for economic growth, foreign investment, and exports. With such large sums of money involved in both markets, urgent solutions are needed, concluded Goh.

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