



New Look of Bangladesh with Sustainable Aviation Economic Development

Background:

Bismillah Airlines Ltd. (BML) is the pioneer in private Airlines of Bangladesh both in International & Domestic sectors. We started as a cargo airline and achieved to be the leading cargo airlines. The population of Bangladesh is 170 million, surrounded by Himalayan Mountain at the North, Bay of Bengal at South, and strategically located between two mega economic power China & India. Having such advantageous geographical location, Bangladesh can become a Hub for Pax & Cargo and simultaneously can grab the Global Aviation business share especially in the field of Airlines (Passenger, Cargo, Mail and Executive Flights), Hanger & MRO, Flight Academy, Simulators, Helicopter Services, Airport (International & Domestic), Air Cargo Warehouse (Export, Import, Mail), Ground Handling, Cargo Handling, Education & Training, Aviation Security Forces, Flight Catering, ATC & Air Navigation, OEM (Original Equipment Manufacturer) Manufacturing, GSE (Ground Support Equipment) fabrication and other related equipment manufacturing, Export of skilled Human Resource that may include AME (Aircraft Maintenance Engineer) & Pilots, Technician, Flight Attendants, Flight operations officers. **NOW** is the perfect time now for Bangladesh to setup via Joint Ventures with world class companies Ground Handling, Cargo Handling, Aviation Catering, RA3 warehouse, 3rd party line maintenance, Simulator center, Refueling, Aviation Security & Safety Force, Part 145 workshops, NDT shops, Training center, Systems for software development and sale (export) etc.

The aviation industry of Bangladesh has a scope to invest with lucrative ROI (return on investment) of US\$5 Billion by next three years. At the same time, the image and direct foreign investment will increase for the benefit of whole nation. Same time can (indirect export) earn huge amount of foreign currency as one leading head of export of Bangladesh. This way we can save all the hard currencies that we pay to the foreign airlines.

Having an experience of more than 30 years in the aviation industry below are the recommendations from Bismillah Airlines to the Nation for a Sustainable Development in the Aviation Industry of Bangladesh and make it a foreign currency earning sector. Bangladesh can save significant foreign / hard currency, that is usually being paid to foreign airlines, by emphasizing on setting up (by promotion) more local airlines both in cargo and passenger sector.

1. Policy Adaption:

The history of Bangladesh Aviation is more than 50 years. Still, we have to focus on strengthening some of the basic aviation policies that allows self-development of the industry:



1.1 Civil Aviation Authority of Bangladesh:

Civil Aviation Authority of Bangladesh (CAAB) should exclusively be a regulatory & safety oversight Authority. CAAB should outsource by engaging service providers or agencies for functioning aviation activities such as Operation of Airport, Management of Cargo Warehouse, Security of Airports, collection of Navigation & Airport fee etc. Primary focus of CAAB should be safety oversight, licensing, airworthiness, certification, and training.

1.2 Airport Development Authority:

Re-establishing Airport Development Authority (ADA), its primary responsible is Development & Management of all Airports of Bangladesh, its Maintenance, provide non-aviation services including direct sales marketing to airlines & passengers to make the airport more popular, busier, and profitable. This organization, ADA, will act as Service Providing Agency (SERVICE PROVIDER). It is a standard practice thought-out the world including our neighboring countries. By separating these responsibilities from Civil Aviation Authority, ADA can provide more smart services to passenger & airlines while CAAB keep its focus on the safety oversight and regulation mentioned in point 1.1 of this article.

1.3 Aviation Security Force:

This organization also needs to be established for security of Airports, Hangars, CAAB, Aerodromes, Cargo warehouses, and Aviation Free Zone. It should be separated from CAAB and ADA. All members of Aviation Security Force may be taken from existing Police force & Defense personnel in addition to the existing security work force of CAAB.

1.4 ATC & Navigation Board (ANB):

This organization also needs to be established for collection of Navigation fees, overfly fees, development of ATC and advance monitoring of Bangladesh Airspace using satellite station. This will increase the revenue as services will improve gradually and Airspace security will be enhanced.

1.5 Current Status:

At present CAAB is doing the jobs all the above-mentioned above on points 1.1, 1.2, 1.3, 1.4. To increase individual efficiency, productivity, proficiency, and quality control that matches up to International Standards these jobs on 1.2, 1.3, 1.4 must be separated from CAAB to achieve significant results and development of aviation sector where Bangladesh will be recognized as a compliance nation among the international organizations like FAA, EASA, UK CAA, Transport Canada etc.

1.6 Aviation & Aerospace Development Board:

This board will work towards the development of Aviation & Aerospace activities of Bangladesh.



- 1.7 Aviation Policy of Bangladesh may be amended / revised to match up the standards of EASA & FAA.
- 1.8 Include the “Aviation Sector” as Industry with BIDA and Ministry of Industry. Currently aviation is treated as service sector.
- 1.9 Setup Aviation Economic Free Zone (EFZ) in Bangladesh at DAC, CGP, ZYL like Dubai (DXB), Sharjah (SHJ) airport. Many aviation companies will grow in these free zones to support the aviation industry of Bangladesh and abroad.
- 1.10 Protection of local Airlines by the Bilateral Air Service Agreement (ASA) arrangement with other countries for Cargo and Passenger airlines. Now all foreign carriers enjoying the big benefit including 5th freedom to/from Bangladesh and increasing their frequency towards unlimited.
- 1.11 Govt. need to have Training Policy for the development of Human Resources (Pilots, Engineers, Post holders, technicians, ground staff, operations staff, etc) in the Aviation Sector, so that they can be used locally and transfer to other countries.
- 1.12 Setup new authority for Bangabandhu Sheikh Mujib International Airport (BSMIA) with target date for startup & operations. This will be the Mega project for earning foreign currency by tourist, airlines, MRO, handling services, refueling, catering services, simulator, training, technical landing etc.
- 1.13 Allow the private sector to build up private airport and airfield.

2. Financial Policy, Risk Management:

Finance is the backbone of any businesses, so as for Aviation. In terms of financial involvement in aviation sky is the limit. It is essential for the Govt. to change the financial policy favoring the aviation sector that reflects in the local banks. The rightful financial policy and adequate risk management will ease the financial burden on the stakeholders. As such it requires several strategies:

- 2.1. The new financial policy of the Government should support Airlines & Aviation companies to get funding through ADB, IDB, JICA, IFC, local & foreign Banks and local & foreign investors (DFI) to invest in Airlines, Airports, MRO & other Aviation businesses.
- 2.2. Govt. may allot seed money for Airlines, Airport development, R&D, Risk Management, National Branding, and International Networking.
- 2.3. Policy should allow Banks to accept International L/C, SBLC (stand by LC), BG (Bank Guarantee) for Sale, buy or lease of aircraft. Counter guarantee (Bank to Bank) for purchase of Aircraft, Equipment through local Banks. Allow DFI (direct foreign investment) on the same process for loan and investment.



- 2.4. Local insurance company, Sadaran Bima Corporation should go for underwriting at Aviation Sector to reduce the insurance premium. Covering aircraft value up to USD 100 million for each Aircraft and does not allow any foreign underwriter(s) within this range to develop local underwriter.
- 2.5. Involvement of local insurance companies with competitive price on the Aviation policy and risk management.

3. Reducing Financial Cost and Bank investment for Airlines:

Airlines may be benefited if the financial cost is reduced (in align with the rest of the world) and availing Investment from bank with low insurance premium as follows:

- 3.1. Bangladesh Bank (BB) need to give directive to the local schedule banks to (a) invest in the aviation sector (as per allocated quota) especially for purchasing aircraft; (b) keep lower interest rate for local airlines. Same as India, USA, UK, Hong Kong Thailand, Turkey.
- 3.2. Govt. should allow private entrepreneurs & enterprises to inject money that are not declared under tax file for investment into the Aviation Industry of Bangladesh as equity participation or purchase Aircraft. Those funds should be free of taxation and no queries by GOB, NBR, etc.
- 3.3. Bangladesh is currently paying more than 3 billion dollars in air freight to foreign airlines. Bangladesh Bank can offer airlines to buy cargo aircraft without interest to save these Airfreight paid to Foreign Carriers. This rather earn US\$ 3 Billion per year for Air Cargo transportation to/from Bangladesh. As per statistics currently Bangladesh is spending USD 52 billion in accumulated freight charges.

4. Cargo Aircraft out of age limitation.

Import of Cargo Aircraft into Bangladesh may follow the example of Australia, Indonesia, Japan, USA, and many other countries. The age limit of cargo aircraft (freighters) should be as per the Design / Extended Service Goal set by the of the manufacturers or as per manufacturer recommendations.

5. Reducing the service charges at airport:

National flag carrier, Biman Bangladesh Airlines Ltd is the only ground handling, cargo handling, custom warehouse, and hangar provider in Bangladesh. Unfortunately, the service standard and its prices (extremely high) are not up to international standards. As such the followings may be considered to promote private enterprises for these services:

- 5.1. Government has already published a Gazette for the licensing & oversight of the Ground Handling services by private entities at all airports of Bangladesh. This must be followed and award license by soonest time to level up the standard of the airport services and to successfully launch the marvelous 3rd terminal.



- 5.2. Similarly gazette for cargo handling, RA3 and other services to be publish in order to welcome the private sector by which airports will achieve higher international standards and financial solvency.
- 5.3. Ground Handling, Cargo Handling Charges to be reduced with respect to international rates. For example, at HKG airport GH charges for a wide body aircraft is US\$3,000 whereas at Dhaka Airport airlines pay around US\$9,000+.
- 5.4. To increase the Air Cargo (Export) especially RMG, medicines, vegetables, fish, crab, perishable, etc., charges for Cargo Warehouse, THC (terminal handling charges) and Scanning (for export) to be re-considered. Almost US\$ 0.30 per kg cost at Airport for all services at Dhaka, whereas the cost in Thailand is US\$0.08 per kg.
- 5.5. Landing charges for Bangladeshi Airlines at any airport in Bangladesh may be waived as an incentive.
- 5.6. Rent of Airport offices, Hangar, parking, open spaces, landing, parking at Airport for local Airlines may also be re-considered for promoting aviation industry in Bangladesh.

6. Fuel Price and Services:

Fuel cost is a major portion of operations cost for an airline. Small change of fuel price will make significant variation. Currently Jet A fuel price is the highest about neighboring countries & Far East. It should be flexible with global rate for every weeks so that airline may remain within the competitive fair range. It is high time to engage more fuel companies in private sector for better service and ensure the fuel price at a competitive rates. Private Jet A fuel station at airports may be allowed.

7. Infrastructure support under JVC, PPP or and Private Investment or and Govt. investment for Aviation:

Infrastructure plays a vital role for growth of any industry. In aviation, the need for airports with more capacity in terms of runways, ground & cargo handling facilities, refueling agencies, MROs for large aircraft, commercial free zone is inevitable for making Bangladesh an aviation hub in future. The following infrastructures may boost up the aviation industry of Bangladesh:

7.1. Airports:

To cope up with the growth of aviation industry and make Bangladesh as an Aviation hub it is essential to revive all the airports of Bangladesh and make it fully operational, if needed more international airports which will be world class standard and complaint with ICAO, IATA, EASA, FAA requirements. Already CAAB's has plan for Bangabandhu Sheikh Mujib International Airport (BSMIA) at Dhaka which need to be implemented in shortest possible time since the 3rd terminal will be saturated within short time.



7.2. Hangar & MROs:

Setting up at least two different MRO at each International Airport with the capacity for both wide and narrow body aircraft to perform heavy checks certified by EASA, FAA, CAAB, etc. MROs for components, accessories, avionic items, engine borescope, Landing Gears, APUs, Propeller and other components in and/or outside the airport through private companies under CAAB licensing and other certification (EASA/FAA). This will save lot of foreign currencies, minimize time required for sending aircraft abroad and bringing them back, develop aviation professionals and at the same time open the possibilities of earning foreign currencies by providing base maintenance support to regional/international operators/lessors/owners.

7.3. Warehouses:

Establishing more than two different Cargo warehouses handling companies at international airports with RA-3 system with bonded license.

7.4. Catering Centers:

Setup modern catering centers at International Airports of Bangladesh under private or PPP for sale catering to local, foreign airlines and earning foreign currency.

7.5. Free Zone:

Setup Aviation Commercial Free Zone (SEZ) at all International Airport in Bangladesh targeting income from Import & Export through fabrication, assembling, storage, trade, and rental etc. Setup OEM industries for backward linkage for the manufacturer of Drone, Helicopter, Small Aircraft, and narrow body aircraft with the provision of bonded warehouse and adequate certification from CAAB, EASA, FAA. This will make foundation of aviation manufacturing industries of components, spare parts, propellers, engines and even for aircraft.

8. Development of Human Resource:

8.1. Biman Bangladesh Airlines and other Airlines are still depending on Crews, AMEs (Aircraft maintenance Engineer) and even Post holders from foreign countries with extremely high salaries and the country is losing hard earned foreign currencies. Countries like Honduras has more than 5,000 AMEs, Philippines has around 6,000 AMEs and Indonesia has around 55,000 AMEs unfortunately Bangladesh has around only 650 AMEs.

8.2. A plan for development of human resources in aviation sector has to be initiated with the help from GOB for developing at least 2,000 Pilots, 3,000 AMEs and 5,000 ground staffs within the next 5 (five) years to meet up the local demand as well as transfer of trained and qualified Human Resource. This area is very important for sustainable Aviation industry and earning huge foreign currency.



8.3. CAAB may collect data from local Aviation Academies, Training Centers, and Universities and give support with approval for development of Aviation HR and give training to the foreign students. Secondary & High School curriculum may include aviation subjects for getting qualified AME, Pilots, ground staff and aviation experts.

8.4. Management of all licenses of CAAB may be placed under computer system.

9. Bonded Warehouse.

AOG support, Spare parts pooling and on time availability of components is one of the major pre-requisites for smooth operation for an Airline. All the airlines including foreign carriers are struggling to manage AOG situation at all airports of Bangladesh. Bonded warehouse at DAC & CGP airport could be the solution for managing spares, engine, undercarriage, APU, Propeller, accessories, avionic items, and other component of the aircraft. Centrally control bonded warehouse can facilitate all the local and foreign carriers for smooth operation and avoid ground time. Bonded warehouse can additionally be used for storage for loose item like tire, chemicals, lubricants etc.

Spares can be purchased without LC from bank and can be released at the customs without facing any penalty or demurrage charges for the mode of payment.

10. Assembling and Manufacturing of Drone:

Drone has becoming popular throughout the world for its versatile use; Bangladesh is not exception of it. In order to cope with the development activities of Bangladesh, assembling and manufacturing of Drone in Bangladesh can be a lucrative venture especially in sectors like aircraft hangar, aircraft ramp maintenance, agriculture, forestry, blue economy, delta economy, economy zone, export processing zone for the surveillance of export industry and heavy industry, surveillance of the power plants, Land-ports, seaports, ships, important areas of economic, health, education, residential etc. will definitely boost the economic growth of the country.

11. Promotion & Branding:

11.1. Branding of Bangladesh Aviation Industry through Govt. Channels including foreign Missions of Bangladesh in abroad and make seminar and workshop in Bangladesh and abroad.

11.2. Aviation Branding needs to be developed by all related Authorities, Organizations, Agencies, companies through fair, workshops, seminars, publications on regular basis and develop through Quality Control and smart works and going online service for all concerns.

11.3. Govt. access and arrange to all International Financial Institution for funding to Bangladesh Aviation Industry and signing all International MoU, agreement, TT for getting easy & soft funding for procurement of Aircraft, equipment, and benefit in R & D and other environmental compliances.



11.4. Govt. may include one/two representative(s) from the private airlines or aviation companies during foreign visit (ASA Meetings, ICAO Seminar, fairs, workshops, meetings joint commission, etc.) on Govt. Delegation Team for introducing to foreign counterpart with high officials, Ministers, and Honorable Prime Minister for expansion of investment and scope enhancement for aviation.

12. Action Plan for National, Private airlines and CAAB:

National, private airlines, and the Civil Aviation Authority of Bangladesh (CAAB) must work together to create a master plan for the sustainable growth of the aviation industry, with a target of having 500-1000 aircraft in Bangladesh by 2041. To achieve this goal, the Government of Bangladesh (GOB) must conduct thorough research through Local Airlines, CAAB, Ministry of Planning, and the Ministry of Civil Aviation and Tourism (MOCAT), to develop all areas of aviation and secure soft funds for the procurement of aircraft for local airlines from local banks. In addition, all Acts, Rules, Guidelines, ANOs, CARs, SROs, and other regulations related to Aviation must be revised to support the country's targets for earning, exporting, and operating in the air. By following this action plan, Bangladesh's aviation industry can flourish sustainably and contribute to the country's economic development.

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Note: Circulated at the event of 1st Bangladesh Aviation Summit 2023