

DRAGONAIR: Keenly waiting on Bangladesh to take off



Leo Yeung

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Bangladesh holds much promise for the aviation sector owing to its growing business travellers and rapid economic growth, Cathay Pacific's regional manager said. "Aviation is a cyclic business -- market growth depends on the political and business climate. In the long-term, Bangladesh would be a promising market," Leo Yeung, manager of Cathay Pacific's Bangladesh, Nepal and Bhutan operations, told The Daily Star in an interview.

Hong Kong is playing an increasingly important role in the development of Bangladesh and is quickly establishing itself as a key hub for business.

With ease of access, world-class infrastructure and proximity to major Asian markets, many international buyers and trading houses choose to base their regional offices in Hong Kong.

Most Bangladeshi travellers also use Hong Kong International Airport as a transit point to connect to North America, Canada, Australia, Japan and Korea.

Sensing the potential, the airline, which operates in Bangladesh through its subsidiary Dragonair, has launched six direct flights between Dhaka and Hong Kong a week.

Dragonair runs Airbus 330 aircraft on the route, which offers nearly 300 seats per flight. At the airline's Hong Kong hub, passengers can connect to Cathay Pacific and travel to more than 188 cities around the globe.

In 2013, the Cathay Pacific-subsi-diary carried more than 30,000 passengers to and from Dhaka, up 5 percent year-on-year, according to Yeung. More than 70 percent of the passengers travel beyond Hong Kong to destinations in China, US, Japan, Korea and Southwest Pacific.

Cathay Pacific also operates three cargo flights a week from Dhaka and the service too witnessed robust growth last year.

More than 12,000 tonnes of cargo were carried by Cathay Pacific freighter and Dragonair from Bangladesh last year, a year-on-year increase upwards of 30 percent.

Yeung credits the spike in air cargo business to the frequent shutdowns last year that compelled the garment exporters to turn to air shipment to keep to their lead times.

In total, the airline offers around 350 tonnes of capacity, including the cargo lifted in the belly hold of Dragonair, which became a wholly-owned subsidiary of Cathay Pacific in 2006.

Founded in 1985 with a single aircraft, Dragonair fleet size today stands at 40, which cover 49 destinations in Mainland China and elsewhere in Asia.

In its early years, Dragonair primarily provided regular charter flights within the region, to places like Beijing, Shanghai, Phuket, Dhaka and Kathmandu. In 2000, in response to mar-

ket demand and rising passenger volumes, Dragonair converted all of its charter flights to regular flights.

Other than Dragonair's fleet of 40, Cathay Pacific itself, as of June, has 142 aircraft and has orders for 90 more for itself and its subsidiary, to be delivered before 2024.

In July, Cathay Pacific, Hong Kong's de facto flag carrier, was named the world's best airline in the annual World Airline Awards run by Skytrax, which is the fourth time in the airline's history.

Yeung, who joined Cathay Pacific as a management trainee in 2010, says the reason for the airline's success is its motto, which is to provide service "straight from the heart".

Passengers can enjoy a wide range of quality services and products onboard, which include meals featuring Asian specialty dishes, video and audio channels, an extensive shopping catalogue

as well as world class service standards. A round-trip on the 3,000-mile route to Hong Kong costs around Tk 65,500 on the economy class and Tk 126,500 on the business class. The airline offers visa assistance to its passengers in Bangladesh.

Cathay Pacific and its subsidiaries employ more than 32,200 worldwide, of which more than 24,800 are based in Hong Kong.

Currently, a total of 75 people, including staff at four GSA offices, are working for the airline's operations in Bangladesh.



Cathay Pacific Group reported an attributable profit of HK\$347 million for the first six months of 2014. This compares to a profit of HK\$24 million in the first half of 2013.

Yeung, who graduated from Hong Kong University of Science and Technology with majors in economics and finance, said the aviation industry is facing severe challenges due to higher fuel costs.

"I think the sector will remain challenging, as most airlines operate on very thin margins due to high fuel costs," he said, adding that fuel accounts for about 40 percent of total costs for Cathay Pacific.

The 26-year-old Chinese national from Hong Kong said, in the long-run airlines will have to improve on their fuel-efficiency to survive.

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REGENT AIRWAYS: Sets sights on the top position

SUMAN SAHA

Regent Airways will undergo a facelift in the next two years by expanding its fleet and enhancing its human resources, said a senior official of the airline.

"We want to become the best airline operating from Bangladesh," said Sam Issac, the airline's chief adviser, adding that it would be rebranded as the 'preferred international carrier with a local flavour'.

"Passengers will see a lot of changes in service quality in the coming days," he told The Daily Star in an interview. For that end, Regent, which began international operations in July last year, will invest in technology, passenger services, aircraft maintenance, repairs and overhaul.

Five new planes with advanced in-flight entertainment and communication system will be added to the fleet and 13 new international routes launched during the period.

Issac, who joined Regent in June, said the expansion will create at least 1,000 new positions on top of the existing 700.

Around \$100 million would be needed to fund the expansion, adding that the airline is in talks with prospective investors.

Bangladesh has immense potential in the aviation business due to its high population density and strategic geographical location

Prior to joining with Regent, Issac was holding the position of chief financial officer at the Indian carrier Spicejet. His curriculum vitae also include names like Emirates, Etihad Airways and Saudi Arabian Airlines.

He says the country has immense potential in the aviation business due to its high population density and strategic geographical location.

"Due to a rise in income level, many people in the country are now travelling by air. Air travel is no longer only for the rich -- middle-income people can also afford it now."

The Indian national said the domestic aviation



Sam Issac

industry is facing severe challenges due to high costs and entry of new players. But Regent is not worried about the new entrants as "it is a big industry".

Currently, Regent is offering an attractive 25 percent discount on tickets for all its destinations.

To use the offer, passengers will have to buy tickets by October 10. Upon each buy, every passenger will get a 25 percent discount on the next flight he or she avails.

The airline began commercial operations in November 2010 with two Bombardier Dash-8-Q300 aircraft. Now, its fleet consists of two Boeing 737-700 and three Dash-8 and 6. It has so far carried upwards of 7.85 lakh passengers on the domestic and international routes.

Regent is a subsidiary of Chittagong-based Habib Group, which has business in textiles, cement, steel, power, real estate, insurance and banking.

The number of passengers will hit 10.2 million and the volume of air cargo 3.6 lakh tonnes in 2020, up 76 percent and 56.5 percent respectively from the current levels, according to a projection by the Civil Aviation Authority of Bangladesh.

The current annual market size is worth around \$440 million, which includes 5.8 million passengers and 2.3 lakh tonnes of cargoes, industry insiders said.

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