

Aviation industry: Three more carriers to take off into Pakistani airspace

Shortage of operational aircraft at the state-run PIA has created room for private carriers.

By Saad Hasan / Creative: Anam Haleem

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KARACHI: Undeterred by devastating setbacks faced by private carriers over the past few years, three more business groups have applied for airline licences to start operations in the country, industry officials have told *The Express Tribune*.

Rayyan Air, Vision Air and Fly Pakistan Air have decided to enter the market at a time when a shortage of operational aircraft at the state-run Pakistan International Airlines (PIA) has created room for more carriers.

Vision Air International and Fly Pakistan Air have filed requests for regular public transport licences with the Civil Aviation Authority (CAA), while a licence has already been issued to Rayyan Air, officials said.

“All three airlines are in different stages of commencing operations. All of them seem committed, but only time will tell how many will actually survive,” commented a senior CAA official.

These airlines follow in the footsteps of privately-run Bhoja Air and Indus Air, both of which were issued aviation licences last year. Within months of its launch, Bhoja’s maiden flight to Islamabad tragically crashed, killing all 127 persons onboard the aircraft. Since then, its aircraft have been grounded and seized by the CAA as the airline struggles to settle insurance claims.

When Pakistan adopted an ‘open skies’ policy in the 1990s, more than 20 licences were issued to prospective airliners: almost none of them survived, the sole exception being Shaheen Air

Meanwhile, Indus Air, which is backed by the sponsors of Karakoram Motors, has faced delays in starting its flight services. It had planned to formally take off last year, but has had to set May 1, 2013, as its new launching date.

“Two Boeing 737 aircraft owned by Indus Air have been parked here for over a month. They cannot fly until the company has at least three aircraft in the fleet: this is a regulatory requirement,” the CAA official revealed, while explaining the reasons for the delay.

“But this smacks of poor professionalism as well. Every one in the aviation business knows how stupid it is to lose revenues simply because your planes are standing idle!”

Among the newcomers, Rayyan Air is already involved in offering chartered plane services. Company official FS Bhatti revealed the airline will commence commercial operations within three months. “We will use turbo-prop 40-seater aircraft initially,” he said.

“There is a lot of space for more airlines,” he continued. “One need only visit the Karachi or Islamabad airports to see that almost every flight is completely booked!”

When Pakistan adopted an ‘open skies’ policy in the 1990s, more than 20 licences were issued to prospective airliners: almost none of them survived, the sole exception being Shaheen Air. Meanwhile, high fuel prices and stiff competition has already eroded the profitability of airlines around the world.

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However, Rayyan Air says this does not discourage serious investors.

“It is wrong to say those airlines failed because of market conditions. All of them tried to make quick money, losing sight of long-term goals,” said Bhatti.

Vision Air International is a completely new enterprise, put together by retired air vice marshal Aamer Sharif and a former managing director of Bhoja Air. However, it is equally optimistic about its prospects: “Pakistani air traffic is growing by 10-12% every year,” Sharif said. “Middle East-based airlines are flying more and more passengers out of Pakistan. There is a huge market here.”

The lack of serious competition has allowed existing domestic carriers to arbitrarily increase fares, he claimed. “There is room for at least two or three more airlines right now,” he added.

According to our sources, Fly Pakistan Air has many backers; including a son of ex-DG CAA Nadeem Khan Yousufzai, and industry veteran Haider Jalal. Jalal is a former managing director of Aero Asia, yet another airline that went belly-up a couple of years ago. A company official refused to provide any further insights, saying they are still in talks with government officials.

Around 15 million Pakistani passengers use airlines to travel every year, with 8.3 million of them flying to international destinations and the remaining flying to local cities.

Industry officials say running an airline is a capital-intensive business, which needs professionals to manage it properly.

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