**Giving airport to GMR: Beginning of enslavement**

(translation from Dhivehi)

**Male’ international airport form a historical perspective**

* Hulhule used to be an inhabited island, and a retreat for Maldivian kings. During the WWII, the British built a small airstrip on the island. At that time, there was no opportunity for the general public to travel by air. Even senior officials of the government had to request the British for such opportunities.
* President Nasir started to develop an international airport on Hulhule’ because he believed Maldivian independence and development depended on the relations with the outside world linked via air travel. This was despite the misgivings of the British. Maldivians extended unprecedented support to this endeavour that President Nasir started by challenging the British. There were more than a few Maldivians who contributed even the last coins in their possessions. Thousands of Maldivians travelled from the atolls and Male’ to volunteer. They worked in the heat and with hunger, using tools like spades and hoes without any complaints. For the sake of the nation, with national love and spirit.
* Work for the project began on May 1, 1964. The entire area for the runway was excavated by hand. There was no lorry to carry sand or other stuff. They carried everything in sacks on their shoulders. The country had no machinery for the work. So, such machineries were rented from neighbouring Sri Lanka.
* Stones, corals, wood to make cement were brought from atolls. The airport was developed with a firm resolve against Britain, the most powerful country in the world. Within two years, the airport was opened for international travel on 12 April 1966. The first flight was a Sri Lankan flight. When the plane came to land the British representative to the Maldives Davey …..
* It was Maldivian women who responded to this enemy action by Davey. They went to Dhoonidhoo by boats and forced him to flee the country.
* By the time the airport company, which was developed and expanded several times by the hard work of the Maldivians, was gifted to the Indian GMR company, it was the most profitable government enterprise. Without any further development to the airport, GMR got a net profit of USD160 million in the year 2012 alone.

These are the following reasons why the airport was given to GMR according to Nasheed’s government:

1. It was a ‘bucket airport’. If it rains buckets had to be placed.
2. Airports company failed to develop the airport and it doesn’t have the capacity to do so.

**Why did the airport become a ‘bucket airport’?**

* The airport company is a 100% state owned company. Anyone could be hired to run the company. Even the most experienced foreigners can be brought in by the government. However, both Gayoom’s and Nasheed’s governments appointed people who the government liked more than who were qualified; people who shared the political views of the government. As a result the company did not progress in a most satisfactory way. Therefore, the company failed to develop satisfactorily because of the government. So isn’t it the government which should be responsible for its own failures? What is the company’s fault in it?

**If the government had given the opportunity to qualified technical people would the company have been able to develop the airport?**

* No doubt. A vivid evidence of this is the five start resorts developed and run by Maldivians. Even if the majority share of Dhiraagu is owned by a British company, all most all of its staff are Maldivians. If Maldivian and foreign technical people were given the opportunity the airport company would develop as well as Dhiraagu (GMR has the opportunity to hire anyone they want. If they want they could also fire all Maldivians).

**Why had the airport company failed to develop the airport?**

1. profit is appropriated by the government

As a large portion of the profit is used by the government no money is left for further investment. (GMR gives a small amount of the profit compared to the net profit)

1. government’s forcing the company to take actions that incur huge losses to the company

All airports in the Maldives accept Male’ International Airport are run with huge losses. However, despite such loss these airports must be run to provide cheap air service to the people and t expand tourism. All these unprofitable airports were brought under the airports company by the government (GMR doesn’t have to look after any of these airports)

1. government asks the Island Aviation to provide the cheapest possible air service. Instead of spending from government’s budget, Airports Company had to bear this. As a result, about Rf100 million are given to the Island Aviation. How could then the Airports Company have the money to develop the airport? (Because GMR doesn’t have to contribute such assistance to the Island Aviation or any other party, its profit increases and could make more investments)

**How was Airports Company able to assist island aviation?**

* Ground handling is the most profitable of all services provided by the Airports Company. Because of this service, Island Aviation receives about Rf 100 million annually and give cheap air service to the Maldivians. When the GMR increases the charges for ground handling they will get Rf 150 million or Rf 200 million as profit from ground handling alone. Since the Airports Company stopped its assistance to Island Aviation, the latter had hugely increased fares.

**What was the policy under which the airport was given to GMR?**

* Airport was given to GMR under the privatisation regulations introduced by the government. Under this regulation, a state owned enterprise must be given the priority to develop itself. Without exhausting that option, a state owned enterprise cannot be privatised.

**Was the Airport Company given that opportunity?**

* No. If that opportunity was given, the Airport Company could borrow a loan or partner with another party to develop the airport. Because even then the company got a net profit of more than Rf1 million annually.

**Was any law violated when the airport was given to GMR**

* Yes. Government gave the airport to GMR in violation to Company Act. According to the Act, a company is a separate legal entity from its shareholders. Therefore, even if the government is a shareholder, it cannot decide for the company. Only the company’s board is authorised to make such decisions.

**How does the Board make decisions?**

* Government had no discussion with the Company when it gave the airport to GMR. Board members had not even seen the agreement with GMR before signature. The Chairman of the Board was Ibrahim Nooraddin was close to President Nasheed. The Company protested and refused to sign the agreement to give the airport to GMR for 25 years with huge loss to the company.

**How did the government react when the Board refused?**

* When the Board refused to sign the agreement, those members were fired and the government appointed members agreeable to government and they were all brought to President’s Office and asked to sign the agreement. Board Chairman Ibrahim Noorsaddin resigned because of dissatisfaction to the government.

**Does giving the airport to GMR violate the Constitution?**

* According to Article 97 of the Constitution, any tax or charge can only be levied from the people through a law passed by People’s Majlis. This is how it is everywhere in the world. Airport service charge is levied under an Act. Such charges were increased several times through amendments to the Act. The last time such an amendment was made in 2009 to increase the fee from USD12 to USD 18.50. In addition to this fee, the government agreed GMR to charge a airport development charge of USD25 and a further USD 12 as insurance. On December 8, 2011, the Civil Court had ruled this violated the law.

**Does GMR abide by the agreement with the government?**

* No. The company agreed with the government that it would invest USD 360 million (later USD 450 million) to develop the airport. They didn’t agree that airport would be developed from the profit of the company. However, the company increased the fee of its services by 3 or 4 times and do maintenance from the profit. They haven’t changed even piece of rood covering. As a result the airport still remains a bucket airport. Until now without any money invested to develop the airport, GMR has got several billions of rufiyaa as profit.

**Is there any other way the GMR has violated the agreement?**

* GMR is more of a construction company than an airport management company. In terms of management, the three airports run by the company are of poor quality. Therefore, it was a consortium that has 29% share in Malaysia’s Airports Bharhad that proposed to run Male’ International Airport. However, don’t we only hear GMR’s name? They are sidelining and evicting Malaysian company. Hence, as one of the conditions of the bid won by GMR no longer exists, the bid now must be invalid.

**How has GMR acted so far?**

* Since they took the management of the airport on 25November 2010, they have increased service charges by 2 or 3 times without any development to the airport or to the services given by the airport. They have increased ground handling fee by 65%, fuel price by 5%, the price of container Rf3,0000 to Rf 8,000 and rent of all café and restaurants by several folds. When the When they started work at the airport fuel for domestic travel was at 11.34 laari. However no it stands at 18.65 laari.
* Fuel for international operations was sold at USD0.82 per litre. However, now it is USD 1.13635 per litre. They have been increasing fees and charges without looking at the changes to the market or services given by the airport. VIP fee used to USD 15, but now it is USD 175. Today, foreigners traveling through VIP will be charged USD 220.

**What are the consequences of increasing fees?**

* 75% of the economy is shared by tourism and the whole tourism industry is dependent on services provided by the airport, quality of those services and the fees charged for those services. All these fees are passed by the airlines to the tourists. As a result, ticket prices continued to increase and tourists will face difficulties visiting the Maldives.
* Because of increased fees, Maldives is finding difficult to compete with other tourist destinations.
* Because of increased fees and charges the number of flights that come to the Maldives has decreased and some have warned some flights might have to stop entirely. Also, some airlines have faced huge losses because of the poor condition of the runway. European tour operators have repeatedly warned they might have to send tourists to destinations like the Caribbean instead of the Maldives.

**Is not the government getting more money now?**

* The government gets more income now because of the exuberant fees and charges. Accordingly several types of fees and charges that did not exist before are now levied.
* Fees are charges that were levied before have now increased by several folds.
* When the Island Aviation managed ground handling, cargo services and launch service, the company earned Rf 100 million per year. As a result, they expanded their services by buying three new aircrafts and flying to neighbouring countries. But afer the GMR started managing the airport Island Aviation lost those services. And because of increased prices, the GMR gets a profit more than Rf 150 to Rf 200 million
* Before the GMR started management of the airport, Airport Company covered expenses of all regional airports. Those airports were run with huge losses but because they were necessary services to the people they had to be continued. GMR doesn’t spend on regional airports and as a result can give more money to the government. Now it is from the government budget the expenses for the domestic airports are covered.
* GMR also doesn’t have to pay back the loan that was taken by the Airports Company to develop the airport. The Airports Company has been paying the loan back. Because of this GMR’s profit is comparatively more and creates the impression the government gets more.
* Instead of GMR, it is the government that takes the responsibility of and pays the salaries of airports security and staff at airports tower. The government is forced by GMR.
* Expensive systems and equipments invested by Island Aviation have been given to GMR without any compensation or have been sold at loss.
* If a court ruling does not exist, they will charge USD 25 development fee and another USD2 insurance fee from every passenger. That would amount to more than USD27 million per year even based on current number of passengers to depart the country. In the future this will increase to USD120 million.
* Therefore, GMR gets more money from citizens and the government more than the government gets from GMR.
* GMR has given notice to all staff who worked at the Male’ International Airport as local cargo agents. As GMR will manage this service, that is money that GMR will get.
* We have received information that GMR will issue notice to stop self handling by TMA and Air Taxi. TMA and Air Taxi handled checking services themselves so they didn’t have to pay any fee. However, they will now have to do it through GMR and pay fees. GMR will therefore get millions of rufiyaa from this service.

**Don’t vote Nasheed’s government in the next presidential election and the parliamentary election because having paved the way for the enslavement of Maldivians in Maldivian’s beloved land by selling the airport to GMR**

* When the contract of Maldives inflight careering expires this year, it is decided that GMR will manage it. The government has share in Maldives Inflight Catering.
* When Hulhule Island Hotel contract expires, GMR will get the hotel too.

**How much does GMR take as development charge?**

* As USD 25 as development fee and USD2 is charged as insurance fee, already about 1 million passengers depart from the Maldives. Based on this GMR will get USD27 million.
* GMR also believes the number of passengers will increase to 3million after 2years. If this happens it will get USD 81 million.
* The company also estimates the number of passengers will increase to 5 million in the not too distant future. GMR will then get USD125 million. In total, GMR will get USD2.5billion as development charge alone in 25 years. GMR is not required to give even a single coin from this to the government.
* If it is India, its government or courts will not allow GMR to get even 10% of this money.

**How does GMR take development charges in India?**

* Development charge is taken only after development or when the main development works are complete. GMR has not started development of the airport yet. Development charge is taken to cover the investment for development when the fees for airport services alone are not enough.
* Development charge is taken for a short period following the completion of development. Usually, it is taken for 3-7 years. Accordingly, India’s Delhi International Airport managed by GMR takes this fee for only 3years. In Mumbai International Airport, development charge is for only 4years. It is Trivandrum Airport that takes development charge for the longest period and that is 10 years. And they take a comparatively smaller fee.
* Even if development charge has to be taken for the shortest period, this is done after an independent audit of the expenses spent for development and after making sure that there are no other ways to cover the costs.

**How does IATA view the charges to be taken by GMR?**

* It is International Air Transportation Authority that looks after world air travel matters. They must permit any fee included in the ticket. They have informed airlines that this USD25 cannot be included in the tickets. They have said USD25 is not development charge by pre-financing. Now GMR has decided to take this charge violating the decision of IATA.

**How much profit does GMR gets from Male International Airport when compared profits from other airports run by GMR?**

* Compared to the profits from airports in Delhi, Hyderabad, Istanbul that are run by GMR, GMR gets more profit from the Maldives. From this small country with only about 350,000 people. It is estimated that GMR will get USD 160 million in 2012 alone.

**What is GMR’s future plans with government?**

* Government and GMR has planned to give everything in Hulhule’ lagoon, air and land to GMR. This includes airport hotel, inflight catering and all Air Taxi service centres.
* In addition, to give a huge area to accommodate Indian staff who are to replace Maldivian staff because of high salaries.
* And to make this area visa free for Indian citizens.
* GMR has decided to provide air taxi services themselves.
* And the company has planned to develop offices, hotels, apartments and shops in Hulhule’ and to halt the hotels, guesthouses and offices run by Maldivians in Male’ and Hulhule’ and transfer the services provided at these places to Hulhule’.
* A large portion of the budget proposed by GMR to develop the airport is aimed for these purposes.
* The new terminal is to be developed only in Hulhumale’ to pave way for this plan in Hulhule’. This has nothing to do with the development of the airport.

**What is the investment proposed by GMR?**

* GMR initially proposed to invest USD 375. However, the company later said the amount would increase to USD 511. As mentioned above, a most of this amount is spent on real estate business instead of airport development
* In reality, what the GMR is trying to do is, take huge loans with government guarantees and do unrelated business. Thus, GMR has now requested at the Trade Ministry, for licence to do retail business.

**What is the guarantee that GMR will invest the amount proposed?**

* There is no guarantee at all that GMR will invest the proposed amount. There is nothing the government can do but accept what they say and the documents they provide. This is how all the companies in partnership with the government are run.
* Indian people are especially devious people. If they invest USD 1, they will indicate that they invested USD3. Wouldn’t that reduce the amount they have to pay for the government?

**Will GMR give any opportunity to Maldivians?**

* While GMR doesn’t give any opportunities for Maldivians, they are also depriving Maldivians from the opportunities that they have already got. In that manner:
* they have thrown out Maldivians from the duty-free shops that they used to run. Each of these shops have been paying a rent of Rf10 million to Rf 20 million to GMR. GMR now wants to run these shops on their own. They are now making all preparations for this. For this, GMR has now registered a company at the Economic Ministry to do retail business.
* They are also throwing out Maldivians from all the cafés and restaurants.
* GMR is now planning to take away cargo handling work from Maldivians and do the work from cheap foreign workers.
* GMR has also decided to throw out airport reps and do the work themselves
* GMR has decided to bring foreigners to work as coolies.
* GMR is throwing out Maldivian workers at the airport and replacing them with foreigners at a fast rate. When they first took up the management of the airport, they said that would employ only Maldivians except for 5 employees. However, the highest paid 100 employees are all Indians.

**Is there any connection to the dollar shortage issue and giving the airport to GMR?**

* The airport brings the most dollars to the government. Before the airport was given to GMR, the Airport Company always has had about USD 70 million in its account. Now, GMR takes all this money outside the country. They only keep in the country money for day-to-day dealings. Even that money is kept at foreign banks.

**What is the future of Maldives Airport under GMR’s management?**

* The government did not require GMR to expand the airport runway. Therefore, no further development will come to the runway in the next 25 years. The consequence would be that new models of planes that are being developed now would be able to fly to the Maldives. As a result all planes that want to come to the Maldives will have to land in Trivandrum. From there they will have to come on Indian planes. Maldives will become an Indian domestic airport.
* If the runway is to be expanded, it is the government that would have to do it.
* Because the runway is not adequately repaired and because there is no taxiway, the airport sometimes has to be closed down for about 10 hrs due to even very minor problems.

**Are Maldivians being enslaved in their own country?**

* The government is constantly working to abolish the foreign investment Act in order to facilitate GMR to do all kinds of business in the Maldives. When that happens, there will not be even a single small business that foreigners cannot do in the Maldives. This is not done in any other country in the world, especially not in India.
* The government brought Borah merchants to the Maldives because the government did not have the capacity to store goods. Eventually all businessmen and leaders ended up being enslaved by them. What we see in the Maldives now is exactly the same situation. While great crimes that would destroy the people and the country are being committed, the members of the People’s Majlis and politicians are unable to say anything; for the sake of what they got or what they will get; or because India will not be pleased.
* There is no doubt GMR will get more concessions and increase its fees charged on the people if the current government [Nasheed’s government] get re-elected or any political party that does not voice against GMR gets elected. The contract will then be extended from 25 years to 99 years.

**What can the citizens do to save the country?**

* Pressure members of the People’s Majlis and the government through telephone, SMS, and face-to-face meetings.
* Stop supporting for people who remain silent on the airport issue and quit from such political parties.
* Don’t vote for Nasheed in the next presidential election and his party members in the next parliamentary election for having sold the airport to GMR and for paving the way for the enslavement of Maldivians in our beloved land.