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China slaps 'trade war' tariffs on US aircraft

China announced, on 3 April, a 25% tariff on imports of US manufactured aircraft with an empty laden weight of between 15,000 and 45,000kg. This will have a significant impact on commercial aircraft manufactured by Boeing – particularly some members of the 737 family, including the BBJ1. It will also include all current Gulfstream models with the exception of the G280.

The move came as part of a tit-for-tat response to match the Trump administration's imposition of 25% tariffs on \$50 billion of imported Chinese goods. The trade actions will not be carried out immediately, so there may be room for manoeuvre. Publication of Washington's list started a period of consultation expected to last around two months. The effective date of China's moves depends on when the US action takes effect.

Should the tariffs be implemented, however, CorporateJetInvestor has reported that the total duty payable on aircraft import to China will be some 30%. Industry analysts have also predicted that these proposed tariffs will directly benefit other manufacturers including Airbus, Bombardier and Dassault whose products will of course not be subject to the tariffs. It has also been suggested that the specified weight limits have been set to benefit three Chinese airliner marques – the Comac C919 airliner, the Comac ARJ21 regional jet and Avic MA7 turboprop.

ADS-B deadline looms - market implications

National Airspace System and helicopters must be equipped with Automatic Dependent Surveillance-Broadcast (ADS-B) Out equipment by 1 January 2020. According to data recently published by intelligence specialist Amstat, currently just 39% of US-based business jets and 38% of corporate turboprops are known to be currently compliant. Jay Mesinger, president and CEO of Mesinger Jet Sales, said recently: "We're about 18 months from a significant reckoning in the pre-owned business jet market due to obsolescence."

JetNet iQ managing director Roland Vincent further noted that at least one third of the in-service fleet currently have no upgrade plan in place. Of these aircraft, Vincent estimated that some 25 to 30% will probably be retired by the deadline. As 46% of all pre-owned aircraft are more than 20 years old, he predicted that the cost of upgrading these aircraft would be prohibitive in many cases.

Jersey to shift registry control

The government of Jersey announced that operational control of its ailing aircraft registry is to be transferred to the Ports of Jersey (POJ) with a new business model. The shift is aimed to recoup some of the £800,000 costs of establishing the registry, which launched in November 2015 and currently boasts just one aircraft – a Cessna CitationJet CJ4. The POJ operates the island's successful ship registry and the five-year agreement states that the registry must be run in a way that will "secure sustainable growth" for the island's economy. POJ chief executive Doug Bannister said: "Registrations of boats and aircraft often go hand-in-hand with those owners of high-end assets, so the ease of being able to register under one business management umbrella can only be of benefit to all parties." The neighbouring island of Guernsey's own register continues to enjoy success particularly with the registration of commercial aircraft between leases.

Business aviation's image problem

Communications agency Citigate Dewe Rogerson has published the results of a survey of corporate aviation professionals that makes for sober reading. The survey sought to examine how the industry thinks the sector is perceived and how corporate aviation's brand may change over the years to come. Depressingly, 64% of the 77 respondents believed that the sector has a 'negative' or 'neutral' brand image. Recent media attention, including the so-called 'Panama Papers' had brought negative attention to corporate aviation according to 55% of the responses, with just 13% believing that the industry had done a 'respectable job' in defending its reputation in the face of such scrutiny.

A balanced business jet market?

Jay Mesinger, president and CEO of Mesinger Jet Sales, described the current state of the sector as "more of a balanced market". In an address to the recent NBAA Business Aircraft Finance, Registration and Legal Conference, he noted that the current available pre-owned business jet stock of 9.4% had brought an end to the buyers' market, but added "it's not quite a seller's market, yet". Now that buyers and sellers are on even ground, prices of used jets have stabilised. "While business jets are still depreciating assets, pre-owned selling prices have firmed," he said. "Even if it turns back to a sellers' market, I hope we don't get to the point again where aircraft go up in value. That's unsustainable."

AVIATION SERVICES HUB:

Aviation finance

Despite the economic downturn, the new and used corporate aircraft market continues to function and buyers continue to seek finance for these transactions, with growing demand in some sectors and geographical areas. RANA has built up relationships with a number of banks, finance houses, leasing companies and groups of individual investors that have demonstrated an appetite for investment in the corporate aviation sector.

Lenders will look at a number of different factors and each has its own criteria for acceptance, in addition to loan to value ratios and the length of term of any potential deal. These criteria may include: the maximum age of the aircraft; whether it is new or pre-owned; the book value of the aircraft; the jurisdiction of the aircraft's registration; the proposed operational plan for the aircraft or the type and nationality of the client. Any such financing is of course viewed on a strictly case-by-case basis with tailored terms and conditions.

BACA focuses on Brexit clarity

BACA – the Air Charter Association – welcomed UK Prime Minister Theresa May’s speech on 2 March in which she referred to plans for Britain’s continued membership of EU agencies, including the European Aviation Safety Agency (EASA), after Brexit. However BACA chairman Richard Mumford said that with little more than a year to go, it was imperative that aviation received defined clarity to allow it to plan for the future. “The continent of Europe has worked together for many decades to build a common approach to aviation and an aviation market that seeks to maximise close co-operation and the freedom to fly over all European airspace,” said Mumford. “Ideally that should be preserved.” He also said the UK’s continued membership of EASA post-Brexit would help towards harmonisation of the industry at a global level.

ANA links up with Sojitz and Honda

ANA, Japan’s largest airline, is to establish a new corporate jet operator this year to offer private jet connections in Japan, North America and Europe to its scheduled services, as well as direct charter services from Japan to overseas destinations. Tokyo-headquartered ANA Business Jet will use HA-420 HondaJet aircraft and will be operated by Sojitz, a Japanese conglomerate with considerable corporate aviation experience. The joint venture will be 51% owned by ANA with the remainder held by Sojitz. ANA has signed an MOU with Honda Aircraft to support the new operation’s fleet of aircraft, although the number has not yet been confirmed.

FAA reviews transparency of US aircraft registry

The US Federal Aviation Administration (FAA) is reviewing options to increase ownership transparency in the face of criticism in the Boston Globe concerning the difficulty of identifying the real owners of aircraft owned through trusts or limited liability companies. FAA Aeronautical Centre counsel A L Haizlip told the NBAA Business Aircraft Finance, Registration and Legal Conference, that the FAA “wants to provide as much transparency as possible” while also giving consideration to owners’ privacy concerns. Acknowledging that these were personal observations, Haizlip noted that one option would be to collect owner identity information along with details of aircraft holding agreements. Such information would not be available as part of a public register but might be subject to freedom of information requests.

Corporate aircraft news

On 29 March, Brazil’s Embraer Executive Jets handed over the first Phenom 300E to a customer. The 300E is an updated version of the original 300 and features a new spacious cabin design. The new version was announced at the NBAA in October 2017 and received certification from the FAA, EASA and Brazil’s ANAC a few days before the first delivery.

Textron Aviation, US manufacturer of the Cessna Citation Longitude, has confirmed that the mid-size twin is now in full production at its plant in Wichita, Kansas. FAA certification of the new model is expected imminently. The Longitude seats up to 12 passengers and recently undertook a round-the-world sales tour that lasted some 31 days and covered 51,500km (31,000 nautical miles), including exhibiting at the Singapore Airshow.

US manufacturer Cirrus Aircraft is celebrating the award of the Robert J Collier Trophy for its innovative single engine SF50 Vision jet. The trophy is awarded annually by the National Aeronautic Association (NAA) and acknowledges “the greatest achievement in aeronautics or astronautics in America, with respect to improving the performance, efficiency, and safety of air or space vehicles, the value of which has been thoroughly demonstrated by actual use during the preceding year.” The Vision features an innovative whole-airframe parachute system.

Bombardier announced a set of product enhancements covering a number of its in-service corporate jet models. The features are available for Challenger 300 and 604, Global Express and Learjet 40/45 series and cover specific avionics improvements, including situational awareness, enhanced navigation systems along with substantial cabin upgrades.

Japan’s Honda Aircraft confirmed that its HA-420 HondaJet had now received type approvals from authorities in both Argentina and Panama.



AIRCRAFT FACT FILE \\\

Embraer Legacy 450



CATEGORY

Super light jet

MANUFACTURER

Embraer, Brazil

ENGINE

3 x Honeywell HTF7500E turbopfans

LENGTH

19.69 m

WINGSPAN

20.25 m

RANGE

5,371 km

MAX. SPEED

863 kmh

SEATING CAPACITY

9

NO. OF CREW

2

MAXIMUM TAKE-OFF WEIGHT (MTOW)

16,000 kg

DESCRIPTION

The Embraer Legacy 450 was initially announced as a concept by the manufacturer at the NBAA in 2007. Originally known as the ‘MLJ – medium, light jet’ it joined the ‘MSJ – mid-size jet’ which would be christened as the Legacy 500 the following year. The 450 made its first flight in December 2013 and went on to receive certification from Brazil’s National Civil Aviation Agency (ANAC), on 11 August 2015. Approval from the FAA and EASA followed a few weeks later.

The Brazilian manufacturer claims that the “aerospace engineers designed the Legacy 450 as a new cutting edge corporate jet unlike any other in the mid-light class.” The 450 was the first aircraft in its category to offer full ‘fly-by-wire’ controls. It also shares a fuselage cross section with the Legacy 500 and both its large cabin and generous luggage space are heavily promoted. To date, a total of 37 examples have been delivered to customers worldwide, with nearly a third of that total being in service with US fractional specialist FlexJet.