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The World Economic Forum's lower "bounce"

Every year we report on the large numbers of corporate and government aircraft bringing attendees to the annual general meeting of the World Economic Forum (WEF) held in the Swiss resort of Davos-Klosters. This year's event was held from 20-23 January and, in addition to our usual coverage, we will also be looking to assess the wider impact of the increase of traffic on Europe's business aviation market.

The WEF hosts over 2,500 high profile guests for a four-day programme of sessions featuring world leaders, CEOs, heads of international organisations and civil society, as well as representatives from cultural fora, academia and the media. Hamburg-based business aviation intelligence specialist WINGX Advance describes WEF as "one of the important dates in the global business aviation calendar but by no means the biggest – comparable VIP events such as the Monaco Grand Prix and especially the Super Bowl generate more of a bounce."

Zurich airport is the closest gateway to Davos and takes over 60% of the visiting aircraft. However in 2015, significant numbers of aircraft took advantage of new customs and immigration facilities elsewhere to by-pass the congestion and limited parking at Switzerland's largest hub. These facilities remained in place this year. The military airfield at Dübendorf, along with the commercial airports of Friedrichshafen, Altenrhein and Samedan/St Moritz all saw point-to-point arrivals and departures rather than being used simply as parking locations for aircraft dropping and collecting passengers in Zurich.

WEF 2015 was a "bumper" year and the busiest since 2012. The four principal WEF airports (excluding Friedrichshafen) recorded an average of 235 daily aircraft movements (a total of 1,174 overall). This year however the figure dropped to 220 daily movements (a total of just under 1,100) – a fall of 6%. This represented a total of 440 business aircraft using these airports for WEF 2016. The busiest day was 19 January, which saw 104 arrivals and 170 departures. Zurich remained the busiest hub for WEF traffic (at 62%), with Altenrhein second. The WEF represents a significant challenge for local FBOs with both Jet Aviation and ExecuJet Aviation handling the bulk of traffic. Both companies brought in additional staff from their networks to cope with the additional movements.

According to WingX, WEF 2016's daily average of 220 aircraft movements is easily eclipsed by the Monaco Grand Prix – which recorded a daily figure of 280 flights in 2015. Both are dwarfed by the Super Bowl, which in 2013 saw some 1,200 movements through New Orleans. However the WEF, which is unique in bringing together world leaders and CEOs of the world's largest corporations in one place, differs in respect of the high profile nature of the traffic.

This year's Forum attracted over 40 heads of state and government, and was undoubtedly the year of the US. Vice-President Joe Biden led the US delegation, which included Secretary of State John Kerry, Secretary of Defence Ashton Carter, Secretary of the Treasury Jacob Lew, Secretary of Commerce Penny Pritzker and Attorney-General Loretta Lynch. The US Air Force aircraft shared ramp space with a whole host of large cabin corporate jets – many upgraded from airframes noted last year. WEF 2016 will also be remembered by the horde of aviation photographers gathered at the airports for more than just the traffic; the January sunshine gave this year's event a decided "bounce"!

2015 European business flying down

Thanks to the exhaustive data produced by WINGX Advance, it is clear that overall European business aircraft flying declined in 2015. Although the figures for December increased by 1.7%, overall activity for the year fell by 0.6% – or 4,866 fewer flights – compared to 2014. The overall increase in December was due largely to a substantial rise in piston activity at 28%. Business jet flying in December fell by 4% and by 2.5% for the whole year. In terms of specific markets, both the UK and France reflected modest increases for the year. Activity also increased in Germany, Spain, Austria and Sweden

Bombardier shifts to direct sales

Troubled Canadian manufacturer Bombardier announced a major restructuring of the way it sells its aircraft in a bid, it noted, to improve long-term profitability. The changes include the cessation of third-party sales representation and distribution agreements and the reworking of existing customer agreements. One major headline as a result of this restructuring is the termination of agreements with TAG Aeronautics, which held exclusive rights to market Bombardier aircraft in the Middle East and North Africa. The manufacturer also announced the cancellation of some 24 firm orders and 30 options from "certain customer commercial agreements". It is understood that the company intends to re-sell these positions at greater margins.

RANA SERVICE CENTRE:

Corporate ownership

Leveraging the Sovereign Group's wealth of experience in the provision of corporate services, RANA offers ownership solutions that are tailored specifically to aviation assets. We can recommend appropriate jurisdictions and corporate structures for asset protection, including tax and succession planning, as well as advising on the requirements and restrictions of particular registries.

The carefully planned use of a company structure – or special purpose vehicle (SPV) – can provide a number of distinct advantages to the owner of private aircraft or other types of aviation asset. Access to corporate limited liability and enhanced levels of confidentiality are the most obvious, but a company structure can also provide significant potential benefits in respect of inheritance tax and succession planning, as well as simplifying any future sale of the asset. Sovereign can establish structures in jurisdictions worldwide that are best suited to an aircraft's registration and usage.

Gulfstream & Embraer - 2015, how was it for them?

Brazilian manufacturer Embraer had a very good year, in marked contrast to the disappointing performance of French rival Dassault that we reported last month. Embraer delivered 120 corporate jets in 2015. Although the net figure only increased by four units over the previous year, the proportion of large and mid-size aircraft was much higher as deliveries of entry level Phenoms declined. The overall figure represents the highest number of deliveries since 2010. The increase in mid-size deliveries reflects the addition of the Legacy 450 and an increase in production of the Legacy 500. The company reported total shipments of 20 Legacy 500s during the year.

Savannah-based Gulfstream also enjoyed a good year. The US firm delivered a total of 147 corporate aircraft – 112 large cabin and 37 medium-size jets. This compares with a total of 144 in 2014 – 115 and 29 respectively. Gulfstream also confirmed that it has reduced production rates for both the G450 and G550 while increasing work on the G280 and flagship G650. The reduction in G450/550 production can partly be seen as a necessary adjustment as the company focuses on development and testing of the G500 and G600. Gulfstream's order backlog stood at \$13.292 billion, an increase of some \$200 million over the end of 2014.

World's largest FBO

At the end of January, Signature Flight Support officially opened the world's largest FBO at Mineta San Jose International Airport in California's "Silicon Valley". Work started on the new facility in 2013 and it comprises a total of seven hangars covering some 5,500m², a dedicated fuel farm, 74,866m² ramp space conference rooms, a large lobby and 930m² of office space.

Corporate aircraft news

Fractional specialist NetJets, a subsidiary of Berkshire Hathaway, has received its first Cessna Citation Latitude. The first example, one of two company demonstrators, is the initial delivery from a firm order for 25 aircraft placed in 2012 with options covering 125 more. The aircraft will undertake promotion work through the US before the company's first "Signature Series" Latitude is delivered in June – featuring NetJets 360 Connectivity wi-fi and entertainment package.

Textron Aviation, the parent company of jet manufacturer Cessna, has confirmed that the new Cessna Citation Longitude will be assembled in Wichita at the former Beechcraft manufacturing facility at Beech Field. Textron acquired Beechcraft in March 2014 and has been steadily integrating the two operations. The facility, known as the "East Campus" will continue to produce King Air models, among others, alongside the new twin-jet.

French manufacturer Dassault has confirmed that production of its new tri-jet Falcon 5X is currently "frozen" owing to continued problems with the Snecma Silvercrest turboprops. The firm was expected to release a revised production and certification schedule during the course of this month.

Short finals...

Air taxis to fly out of Guernsey

Aeris Aviation, the independent European distributor and broker for the Eclipse Aerospace very light jet family, is preparing to launch an air-taxi service in May with a fleet of managed six-seat EA500s. The venture will be based in the Channel Islands and will be branded as Channel Jets. The EA500s will be registered on Guernsey's 2-REG aircraft registry, which announced in December that it widening its offering to commercial operators. Aeris CEO David Hayman said: "There is a demand for high-speed, flexible and convenient travel from the islands direct to key financial and business centres such as Geneva, Edinburgh, Dublin and Luxembourg. We plan to fill a niche between the super-flexible first-class airline fare and a charter flight on an entry-level jet such as the Embraer Phenom 100 or the Cessna Citation Mustang." Channel Jets will begin operations in the second quarter with two four-passenger EA500s.



AIRCRAFT FACT FILE \\\

Boeing E-4B



CATEGORY

Heavy jet

MANUFACTURER

Boeing, USA

ENGINE

4 GE CF6-50E2 turboprops

LENGTH

70.50 m

WINGSPAN

59.70 m

RANGE

11,000 km

MAX. SPEED

969 kmh

SEATING CAPACITY

Up to 112

NO. OF CREW

Up to 112

MAXIMUM TAKE-OFF WEIGHT (MTOW)

374,850 kg

DESCRIPTION

Although falling outside the true definition of a corporate/VIP aircraft, the E-4B was the undoubted star visitor among the host of government aircraft bringing delegates to WEF 2016 in Davos, Switzerland. The E-4B is generally used for any overseas trips undertaken by the US Secretary of Defence and on this occasion 75-0125 carried Ashton Carter to Zurich. The aircraft, based upon the commercial Boeing 747-200, is designed to act as an airborne command post in the event of national emergency and is, as a result, known as the "Doomsday Plane".

The original E-4A first flew in 1974 with the modified E-4B making its first flight in 1980. The four examples were all converted to "B" standard by 1985. The aircraft is heavily modified and features advanced communication systems through an airborne operations centre along with extensive protection from conventional and nuclear warfare, including shields against electronic pulse.