

## Brexit - the UK to be a 'third country' member of EASA?

The UK government's White Paper on the 'Future Relationship between the UK and the EU', published on 12 July, answered some important questions for commercial and corporate aviation but failed to satisfy others.

It confirmed that: "In line with the UK's objective of ensuring that products only go through one approval mechanism to access both markets, the UK is seeking participation in these EU agencies, as an active participant, albeit without voting rights, which would involve making an appropriate financial contribution.

"The UK would want to secure access to relevant IT systems, ensuring the timely transfer of data between UK and EU authorities. In addition, it would seek ... for EASA (European Aviation Safety Agency), becoming a third country member via the established route under Article 66 of the EASA basic regulation, as Switzerland has."

There are several questions that remain unanswered, including the movement of aviation personnel such as pilots and maintenance technicians between the UK and EU-27, as well as how business aviation operations and services may be affected. As negotiations continue, airlines, manufacturers and operators have all expressed frustration at the pace of talks, the lack of clarity and the potential implications of a complete exit from EASA.

## Embraer Executive Jets not included in proposed Boeing deal

US manufacturer Boeing announced plans to purchase 80% of the commercial aviation business of Brazil's Embraer, but confirmed that the proposed joint venture would not include the latter's corporate aviation business. Embraer Executive Jets, which produces the Phenom, Legacy and Lineage families of business aircraft, is to remain separate. The division boasted revenues of some \$3.37 billion in 2017 and delivered a total of 109 aircraft. The joint venture is understood to be worth \$4.75 billion and will allow for a strategic alignment between the two companies on aircraft development, production and marketing.

## Farnborough 2018

This year's biennial Farnborough International Airshow (FIA) ran from 16th – 22nd July with the first five days being dedicated to the trade show. The 2018 edition of the show featured a whole host of commercial and military hardware, both fixed wing and rotary and was used by OEMs to announce billions of dollars of orders. Visitors to this year's event were the first to use the new dedicated permanent exhibition centre which replaced the prefabricated structures previously used.

FIA boasted a substantial presence from business aviation OEMs. Gulfstream's new G600 twin made its Farnborough debut after displaying at EBACE in Geneva in May. The G600 joined examples of the G650ER, G500 and G280 on static display in Hampshire. In addition, Qatar Executive used FIA to unveil its first G500 which will join its dedicated VIP charter fleet. Brazilian manufacturer Embraer brought a Legacy 500 to FIA and this aircraft took part in the daily flying display along with the company's EMB-190E2 commercial airliner painted in a distinctive shark themed 'Profit Hunter' colour scheme. The company also provided a Phenom 350 for the static.

## Global Jet Capital completes second securitisation

Global Jet Capital, which describes itself as "a global leader in financial solutions for business aircraft", completed a second securitisation (BJETS 2018-2) to raise around US\$674 million on 28 June. The transaction, which contains three tranches of notes, was in the market for less than a week and was oversubscribed by more than two times. This was the second offering the firm has closed in the last four months, bringing total assets securitised to over US\$1.5 billion. Global Jet Capital has also closed a new five-year warehouse credit facility worth US\$900 million, which will allow it to provide more finance facilities for corporate aircraft transactions. Although business aviation paper still occupies only a tiny niche in the capital markets, this is an important start.

## Aircraft values strengthen

The latest market update produced by aviation intelligence analyst Amstat reports a healthy increase in business aircraft valuations. In the first six months of 2018 the average asking price (AAP) for newer heavy jets stood at US\$26.5 million, up 8.1% year-over-year and 17.7% year-to-date. By contrast, the AAP for newer medium jets stands at US\$7.2 million, up 4.4% YOY but down 3.1% YTD. For newer light jets, the AAP is \$3.3 million, down 2% YOY but up 4.8% YTD. The AAP for newer turbo-props stands at to US \$2.9 million, up 5.4% YOY and up 11.1% YTD.

## AVIATION SERVICES HUB:

Light aircraft insurance

Due to the increasing demand from Sovereign's high-net-worth clients, Sovereign Insurance Services (SIS) has established a facility for light aircraft insurance that identifies the most suitable policy wording to match customer requirements. The facility also offers highly competitive premium levels that clients have found to their liking.

SIS chairman Geoff Trew said the need to develop the facility was obvious due to the increasing number of Sovereign clients who own their own light aircraft and have been trying to secure the best available insurance product for their asset. SIS also provides competitive yacht insurance products.

Both these facilities have been made possible because class underwriters are recognising SIS as an attractive alternative distribution source. They have come to recognise that SIS's access to the Sovereign group's client base provides a unique opportunity for them to provide their best products without the distortion of excessive commissions they have to pay elsewhere.

## H1 2018 - manufacturer deliveries

Manufacturers have been busy reporting their orders and deliveries for the first six months of 2018.

Dassault Aviation received orders for 18 Falcons, an increase of four over the same period in 2017. A total of 15 Falcons were delivered, two fewer than the previous year. Dassault maintains that it remains on target to deliver a total of 40 Falcons for the whole year.

Gulfstream delivered a total of 52 business jets in H1, compared to 60 in H1 2017. As it gears up to begin deliveries of the new G500, it handed over 37 large cabin aircraft and 15 mid-size in the first six months of the year.

Embraer delivered 31 business jets – down from 39 in the first half of 2017. Of this total, eight were in the Legacy/Lineage class, with the remaining 23 consisting of Phenom 100 and 300 models.

Deliveries remained flat for Bombardier. The Canadian manufacturer delivered 65 business jets in H1 – exactly the same as a year ago.

## EAA AirVenture - Oshkosh 2018

EAA AirVenture Oshkosh, the annual gathering of aviation enthusiasts sponsored by the Experimental Aircraft Association (EAA) at Wittman Regional Airport, Wisconsin, attracted some 600,000 attendees, more than 10,000 aircraft and some 867 exhibitor stands. Although business aviation is only a small part of Oshkosh, a number of manufacturers used the event to showcase new models and promote their offering. After unveiling the new Elite version of its HA-420 HondaJet at EBACE in May, Honda Aircraft used Oshkosh to give the Elite its North American debut. The manufacturer had previously used Oshkosh to unveil the original HondaJet in 2013. Textron Aviation also displayed a full mock-up of its new Cessna Denali turboprop single.

## VistaJet numbers soar

Malta-based programme and charter specialist VistaJet reported a very strong performance in the first six months of 2018. Both flight hours and number for flights increased by 27%. As a result, revenues jumped by the same percentage. The firm also reported a 32% increase in the number of members and a 33% hike in renewal hours. A quarter of VistaJet's global hours flown now originate in the North American market, demonstrating the growing importance of that region. VistaJet operates an all-Bombardier fleet of 72 aircraft, which range in size from the Challenger 350 to the Global 6000, of which 58 are registered in Malta.

## Corporate aircraft news

Textron Aviation has confirmed that it is working to receive FAA certification for the Citation Longitude by the end of Q3 2018. Originally scheduled for Q2, it said certification be delayed by new processes introduced by the regulator. Textron Chairman and CEO Scott Donnelly said: "This new process involves the creation of thousands of pages of documentation, which we just haven't done in the past and it's a result of the implementation of this new process and it's just an enormous amount of work that we haven't had on previous certifications that was a bit unplanned."

On the first day of Farnborough 2018, Bombardier announced that the Challenger 350 has received steep approach certification from Transport Canada. The approval enables the aircraft to operate into a number of challenging facilities, including London City (LCY/EGLC). FAA and EASA certification is expected by the end of this year.

The Canadian manufacturer confirmed on 2 August that its new flagship Global 7500 had completed its flight test programme in advance of receiving certification and entering service by the end of this year. Flight test vehicles of the re-christened Global 7000 have amassed some 2,400 hours.

Gulfstream Aerospace announced on 20 July that its new G500 twin had received FAA type and production certification – the first Gulfstream model to receive both type and production certificates on the same day. These approvals clear the way for the first customer deliveries. The aircraft has accrued more than 5,000 flight hours during the testing process.

On 8 August, Honda Aircraft announced that it has commenced deliveries of the new HondaJet Elite. The new variant of the ground-breaking HondaJet was announced at EBACE in May. The Elite offers substantially increased range along with new paint options, a full galley, refined aerodynamics and enhanced fuel capacity.



## AIRCRAFT FACT FILE \\\

### Boeing BBJ 787-8



#### CATEGORY

Large size jet

#### MANUFACTURER

Boeing, USA

#### ENGINE

2 x General Electric GEnx-1B or Rolls-Royce Trent 1000 turbofans

#### LENGTH

56.69 m

#### WINGSPAN

60.17 m

#### RANGE

13,620 km

#### MAX. SPEED

956 kmh

#### SEATING CAPACITY

40

#### NO. OF CREW

2

#### MAXIMUM TAKE-OFF WEIGHT (MTOW)

227,390 kg

#### DESCRIPTION

The BBJ 787-8 is the VVIP/corporate version of the hugely popular 787 Dreamliner commercial airliner. The 787 was the first passenger aircraft to boast a mostly composite construction. Boeing announced the project in 2004 and the first prototype was rolled out in July 2007. The aircraft made its maiden flight on 22 December 2009 and received FAA certification in August 2011.

There are currently three versions of the 787 in commercial service – the -8, the -9 and the stretched -10. To date, a total of 13 -8s and two -9s have been ordered for operation in the VVIP role, mainly by air arms or royal flight departments. The first two aircraft were delivered in 2015, for operation by the Mexican Air Force and the Ruler's Flight of the UAE respectively. Both were in a 'hybrid' configuration that is designed to accommodate both regular passenger and head of state cabins. The first pure BBJ VVIP aircraft was delivered to Deer Jet and registered in Guernsey as '2-DEER' in mid-2016.