

The monthly newsletter of RegisterAnAircraft.com – the Aviation Division of The Sovereign Group

## LABACE 2014 and the Brazilian market

With the opening of LABACE 2014 in São Paulo, analysts turned their attention to the challenges facing the Brazilian corporate aircraft market. The eleventh annual Latin American Business Aviation Conference and Exhibition was held once again at Congonhas airport from 12 to 14 August. Despite a smaller display area this year, the show still attracted over 100 exhibitors and a static park featuring just over 70 fixed wing and rotary craft. Visitor numbers however fell substantially by 11,681 – a 15% decline on 2013 and 30% on 2012.

Growth in the Brazilian economy has slowed and elections due next month have created considerable uncertainty about the markets generally and the corporate aircraft sector in particular. Brazil has the second largest corporate aircraft fleet in the world but home-based manufacturer Embraer has reported a softening of demand for jet aircraft. Crippling bureaucracy, limiting infrastructure, operating restrictions imposed during the FIFA soccer World Cup and import duties of up to 18% are also viewed by analysts as providing challenges to the Brazilian corporate aircraft market this year.

## JetExpo Moscow opens amid sanctions

Jet Expo, Russia's largest annual corporate aircraft exhibition, was held at Moscow's Vnukovo-3 business aviation terminal from 4 to 6 September. Vnukovo claims to be one of the busiest corporate aviation hubs in Europe, but there were warning signs of the increased pressure being brought to bear by Western sanctions, imposed against both individuals and entities, as a result of Russia's alleged activities in Ukraine.

This year's 9th Jet Expo attracted over 70 exhibitors, just over 8,000 visitors and a markedly smaller static display of 30 aircraft. Although the major aircraft manufacturers were all represented, some expressed concern that the weakening of the rouble against the US Dollar would discourage Russian buyers. It was also reported on the sidelines of the show that at least one Gulfstream G650 has been grounded due to US sanctions imposed against its high profile Russian owner.

## Dubai International reopens to corporate traffic

Dubai International Airport (DXB) successfully completed its seven-week programme of runway refurbishment, which began on 1 May this year. Throughout this period corporate and general aviation flying was not permitted at the Emirates' principal hub. Most operators moved to Dubai World Central – Al Maktoum (DWC) – which is 37kms southwest of the centre of the city.

Although DXB is heavily congested, with limited parking spaces and slot restrictions, it remains the point of entry of choice for most business aviation flights. During the runway closures, fixed base operators (FBOs) relocated their operations to DWC. All have now returned to DXB to re-open services to corporate clients but a number of FBOs also took the opportunity to establish permanent operations at DWC because there is official pressure for more corporate flights to use the new airport.

## RANA SERVICE CENTRE:

### Ownership solutions

Leveraging the Sovereign Group's wealth of corporate services experience, RANA offers ownership solutions tailored to aviation assets. We can recommend appropriate jurisdictions and corporate structures and advise on the requirements 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 provide other significant potential benefits in respect of inheritance planning and succession issues, as well as simplifying future sales of the asset resulting in reduction of costs.



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## US business jet aviation flying increases

Aviation analyst Argus TRAQpak has reported that overall business aviation flying in the US has increased considerably over the last year and that the trend remains strong for many categories of operation. Private (non-commercial) operations under FAA Part 91 increased by 2.7% in July over the same month a year ago, with fractional flying also up by 2%. In contrast, charter activity (under FAA Part 135 rules) dipped slightly by 0.4%. In addition, reported flight activity for corporate jet aircraft increased considerably, with the highest growth (5%) being reflected in large cabin aircraft. Turboprop activity however declined by 1.8% overall, with fractional turboprop flying falling a hefty 7%.

## Slump in European flying

On this side of the Atlantic, the picture is far less positive, according to researchers WingX Advance. The total number of corporate aircraft departures in Europe in July fell by 2.7% over the same month last year. A wider comparison notes that this was the lowest July activity since 2005 and a full 11% fewer flights than before the economic crash in 2008. The largest falls within specific markets can be attributed largely to the political and military crisis in Ukraine and the resultant cooling in east-west relations. Departures from Russia were down by 12%, with those from Ukraine itself falling by 49%. Even activity in France and Switzerland fell by 5% and 10% respectively.

## Corporate Aircraft News

On 2 September, **Bombardier** received certification from the European Aviation Safety Agency (EASA) for its new super mid-size Challenger 350. This follows US and Canadian approvals granted in June. It is understood that deliveries to European customers are now imminent.

Brazilian manufacturer **Embraer** marked the opening of LABACE 2014 in São Paulo on 12 August by receiving type certification for its Legacy 500 from ANAC – Brazil's civil aviation agency. Delivery of the first aircraft is expected later this month. The firm is also expecting to receive approval from the Melbourne Airport Authority in the US for a proposed construction facility for its Legacy 450 and 500 models. This plant will join the existing manufacturing hub for Phenom 100 and 300 at the Florida airfield.

Following certification of its Citation M2 from the FAA in December 2013 and EASA in June this year, **Cessna** received approval from regulators in both Brazil and Argentina in early August.

**Eclipse Aerospace** has announced substantial employee lay-offs at its production facility in Albuquerque. It is a significant blow for the company, which delivered its first new-build Eclipse 550 in March this year. The move was blamed on slow sales for the new light jet.

### AIRCRAFT FACT FILE:

## Boeing 747-400



### CATEGORY:

Heavy Jet

### MANUFACTURER:

Boeing, USA

### ENGINES:

4x P&W P4062 / GE CF6-80C2BF5 / RR RB211-524H turbofans

### LENGTH:

70.60 m

### WINGSPAN:

64.40 m

### RANGE:

13,450 km

### MAX. SPEED:

978 kmh

### SEATING CAPACITY:

Varies

### NO. OF CREW:

2 cockpit

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

396,890 kg

### DESCRIPTION:

Until the development of the corporate jet version of the Boeing 747-8i which has yet to enter service, the -400 has been the large cabin airliner of choice for a number of governments and air wings based in the Middle East and Far East. The 747-400 was itself a major redesign of the "jumbo jet" 747, which first entered service with Pan American in 1969. The -400 was designed to offer a more efficient air frame than earlier versions. The aircraft also features 1.8m winglets, more fuel-efficient engines, a fuel tank in the horizontal stabiliser, new wing fairings and a two-man glass cockpit.

The 747-400 is currently in VVIP service with Japan, South Korea, Brunei, the UAE, Saudi Arabia, Kuwait and Oman.