Executive & VIP Aviation International

March 2012

Nextant's new aircraft for half the price

Why VLJs are back in business

Glimmers of hope in US charter market

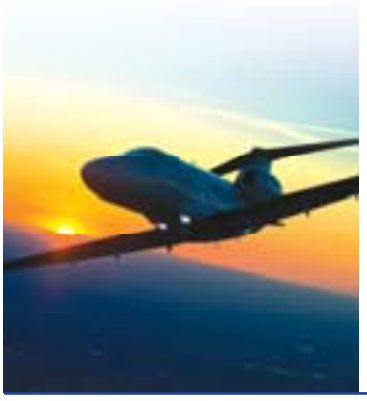
Luxury interiors without the wait

Last-mile delivery

First Class Cars MD wants London to wow Olympic visitors

www.evaint.com

contents



RWR studied how the wealthy Chinese style their homes before developing this Boeing 787 concept, which it will present at ABACE *(See photo top)*

first thought

Uncertain times bring opportunity

Given the state of the current global economy, it is almost impossible to have any credibility as a forecaster or market analyst. They are never a sector who attract much sympathy, but right now, the signals are so mixed that it's incredibly difficult to predict demand for any service or product.

Aircraft manufacturers, charter brokers and FBOs can only guess at where they will be in six months' time, let alone on the three- to four-year business cycle that has been the traditional framework for their investment decisions. The financial peaks are growing higher, the troughs lower, and the flow from boom to bust and back again is now so breakneck that airsickness tablets may seem the only remedy.

Perhaps maintenance is the most secure game in town. Whether owners and operators are replacing their equipment or hanging on to what they have, there is always a need to keep it airworthy. Yet I'm sure that MROs working on shrinking margins will argue that even they lack the business continuity they would wish for.

The mature business aviation markets of North America and western Europe saw a fairly calamitous end to 2011 after a more positive start to the year. Traffic fell away as belts were tightened, though US charter operators are looking beyond the present rate weakness and finding some encouraging signs of recovery.

The mood in Europe looks likely to stay gloomy until the Eurozone crisis is resolved, and probably well beyond. There are some bright spots in central and eastern Europe but even here the picture is inconsistent. Companies are having to diversify to succeed and CEPA advances the view that some of its members will only get through the downturn because they have less far to fall.

From a purely UK standpoint (and with apologies to all our readers elsewhere), 2012 is a hugely important year with the Queen's Diamond Jubilee, Farnborough Air Show and London Olympics falling in rapid succession. The national media focus has been on Heathrow's waning status as a global hub and on where new runway capacity will come from in the long term.

The business aviation community, working quietly away in the background, has an unparalleled opportunity to show heads of state, wealthy individuals and the major global Olympics sponsors that it can deliver, even in the most unpredictable times.

MARTIN ROEBUCK
Editor
martin@evaint.com
Tel: +44 (0) 208 657 0138

PARVEEN RAJA
Publisher
& Business Development Director
parveen@evaint.com

DON PARRY
Online News Editor
don@evaint.com

MAX RAJA
Sales Manager
max@evaint.com

SHELDON PINK
Graphic Designer/Production
mrpinktoo@gmail.com

SHOBHANA PATEL
Head of Finance
finance@evaint.com

JAYDE OCHELLO
Circulation Department
jayde@evaint.com

HANNAH SAFIYAH
Circulation Department
circulation@evaint.com

Address changes and subscription orders to:
circulation@evaint.com
ISSN 1754-1166

EDITORIAL CONTRIBUTORS
Benét Wilson and Ian Putzger

PUBLISHED THREE TIMES A YEAR BY
EVA International Media Ltd
25 Burcott Road, Purley
Surrey, CR8 4AD, UK
Tel: + 44 (0) 20 8668 9118
Fax: + 44 (0)20 8660 3008
Website: www.evaint.com

PRINTED BY
Headley Brothers
The Invicta Press, Lower Queens Road
Ashford, Kent, TN24 8HH, UK

DISTRIBUTED BY
Business Air

EVA INTERNATIONAL
PUBLISHING & CONFERENCES
FOR THE AVIATION INDUSTRY

Issue 19 © 2012 | www.evaint.com

A golden opportunity

The greatest show on earth is on its way to London – a chance for the business aviation community to show just what it can do, reports Martin Roebuck

London is set to host the world's largest sporting event from 27 July to 12 August. Around 7.7 million tickets have been sold or are still to be distributed for the 2012 Olympics, and a further 1.5 million spectators are expected to watch the Paralympic Games that follow.

Research commissioned two years ago by the UK Department for Transport (DfT) indicated that well over half a million international visitors will attend the event, though there is an element of finger-in-the-wind to this. The fact that sponsors, many of them global names, have taken 750,000 tickets to give away or put up as competition prizes suggests the final figure may well be higher.

Some 65% of foreign visitors, or at least 300,000 people, will arrive by air. The great majority will fly with scheduled airlines, but the large numbers of VIPs, including customers of blue-chip companies, sponsors' guests, senior officials, wealthy private ticket holders and an expected 150 heads of state, will travel by private aircraft.

The most likely result is that the Games will generate 3,000 inbound business jet flights, which with internal repositioning and departures will equate to 10,000 movements. Operators believe, however, that the trend at past Olympics does not offer a reliable guide since London is so much more accessible from all parts of the world than recent host cities Sydney, Athens and Beijing.

"It's important from the aviation aspect to create a good first and last impression of London," says Brandon O'Reilly, CEO of TAG Farnborough Airport. "At Heathrow, it will be business as usual, but we're the bespoke part of the pie. We must get flights in and out safely and efficiently. The world is watching."

The government's objectives are to fully accommodate Olympics demand, to help ensure a positive visitor experience, to maintain the highest standards of safely and security, and to disrupt normal business as little as possible. One of the key issues for the aviation community is that even in normal times, the southern UK has some of the most crowded airspace in the world.

Marwan Khalek, CEO of the business aviation charter, management and maintenance company Gama Aviation, says London is one of the most difficult cities for business visitors in terms of airport access. Other business centres may lack its base infrastructure, but access is generally easier, he claims.

Phil Dykins, the DfT's head of international air services, admits that uncertain demand and late decision-making represent challenges for the UK authorities. And with no new airports or runways coming on stream, south-east England will have to manage with its existing runway and slot capacity, though Dykins says it is more of an airspace than a runway issue.

The Home Office, Ministry of Defence, UK Civil Aviation Authority (CAA), National Air Traffic Service (NATS) and Airport Coordination Ltd (ACL) have spent more than 18 months considering airspace management for the Olympic period. ACL manages slot allocations and coordination of schedules at major UK airports including London's main four – Heathrow, Gatwick, Stansted and London City.

A prohibited zone over central London allows access only to commercial aircraft using these four airports, broadcasters and the emergency services. The scheme developed for the Olympics brings an additional 36 airports – those with the potential to impact on south-east England's controlled airspace – into a temporary slot allocation and booking system. Between 21 July and 15 August, no IFR arrivals into or departures from these airports will be permitted without a pre-booked slot.

The same rules apply to everyone, including flights carrying heads of state and VVIPs, though Dykins says late changes to booked schedules may be possible subject to availability. ACL will operate round the clock during the Olympics.

Slot coordination will protect both scheduled and non-scheduled traffic from disruption due to congested airspace, facilitate orderly and efficient use of available airport capacity and minimise the risk of airborne terrorist attack, Dykins adds.

The business aviation community was critical of draft restrictions issued for consultation by the government in 2010, but airports, charter operators and air taxi companies are satisfied that the modified measures are workable.

"The UK has shown great foresight in talking about this so far ahead," says Martin Hill, recruited by Gama as a dedicated air traffic specialist in preparation for the Olympics.

Hill, who has 30 years' experience as an air traffic controller and supervisor at the London Air Traffic Control centre, adds: "I can't remember such a proactive approach. They were keen to avoid problems that have arisen at previous major sporting events."

Continues on p8

Helicopters already in heavy demand

Even though Battersea is a long way across London from the Olympic Park, the only CAA-licensed heliport serving the city can expect to be very busy during the Games.

Neil Gibson, who was director of charter and management at PremiAir Aviation Services, which runs the heliport at the time this article was written, says there was limited demand for fixed-wing services for the Olympic period as of December, but reports that half the group's helicopter capacity was already sold out.

Gibson points out that spectators will be heading not just to the main Olympic site in east London, but to many other events such as the rowing at Windsor and the sailing on the south coast.

Clients arriving into airports such as Luton and Farnborough may therefore require helicopter transfer to Battersea, and PremiAir can shuttle them there by Sikorsky S-76 or Twin Squirrel.

The heliport, located on the River Thames between Battersea and Wandsworth bridges, has changed hands several times in recent years. Weston Aviation acquired it from the Harrods organisation in 2003 and four years later sold it on to Von Essen Hotels. Von Essen's founder and owner, Andrew Davis, formed a separate business, Von Essen Aviation, with the acquisition of the heliport and PremiAir, which was awarded the operating contract there.

Von Essen Hotels went into administration in April 2011. The new 70-bedroom Hotel Verta, directly adjoining the heliport, was separately owned but followed into administration in July and was sold in September. Davis is under pressure to sell London Heliport and two offers are thought to be on the table.

Permitted opening hours at the heliport are 0700 to 2300 seven days a week (standard operating hours are 0730 to 1930 Monday to Friday and 0800 to 1800 on weekends and holidays, but early and late extensions can be negotiated). Christopher Forrest, operations director at the heliport and group operations director of PremiAir, believes that if it were necessary to further extend these hours for the opening and closing ceremonies, Wandsworth Council would be agreeable. Both the council and local residents have been supportive of the heliport thanks to its own redevelopment and the construction of the hotel, which shields some of the noise from residential areas.

The heliport opened a new passenger terminal in 2010 with a soundproofed, air-conditioned VIP passenger departure lounge and improved crew facilities. Parking space has increased to accommodate four helicopters of S-76 size with rotors turning, and there is also additional static parking.

London Heliport is looking into the logistics of client transfers downriver direct to the Olympic Park

Although the facility is in London's prohibited zone, it has special exemption because of its importance in feeding business traffic into London. Forrest was still awaiting details of increased restrictions as *EVA* went to press, but he anticipates enhanced security for the Olympics, with the authorities demanding more information pre-arrival on operators, crew and passengers.

But he challenges the notion that incoming visitors will suffer additional inconvenience compared with previous Olympics. There have been many restrictions at previous Games in the US, China and Greece. "If anything, London will be less restricted. Perhaps we'll be able to improve on expectations," he says.

One way of arriving at the Olympic Park in genuine style could be by boat down the Thames. London Heliport is in discussion with a boat operator that would offer departures on demand.

A pier exists at Battersea, just a few metres from the arrivals area. The facilities are not currently in use and would need some upgrading, Forrest says, but if the idea goes ahead he says a river shuttle could transport visitors to the River Lee, alongside the main stadium, in around 25 minutes.

Chauffeurs anxious to maintain service quality

Privatefly, the online private jet travel broker, expects enquiries to accelerate as the Olympics come nearer – but it will be very much eleventh-hour business, chief executive Adam Twidell predicts.

"Our average transaction time from enquiry to flight is currently four days, compared with nine days when we launched in 2007. That is essentially how private jet travel is at the moment. It's not a last resort, but clients are not committing until they absolutely have to – when they're sure the business meeting is definitely taking place or the family holiday is going ahead.

"It doesn't necessarily cost them more, unless there are almost no aircraft available. And most operators keep aircraft back for last-minute bookings, whether for the World Economic Forum at Davos, Champions League matches or Olympic events," Twidell says.

"There is an element of luxury and privacy, but for the majority of customers it's all about time saving. Two-thirds of bookings with us are to airports not served daily by scheduled airlines. And there has to be a limousine waiting. The connection between air and ground is vital."

Privatefly has partnered with Addison Lee, the UK's largest minicab firm, to provide a service that integrates hire of premium minicabs or chauffeur vehicles with PrivateFly's booking software. All charter flights booked via the service come with free executive transfers via Mercedes to and from private London airfields.

However, large UK chauffeur organisations are lobbying the Olympic authorities and Transport for London (TfL) to ensure they are treated fairly during a period of peak demand.

First Class Cars, which operates from Luton, Stansted and Heathrow airports, is concerned that temporary drivers brought in by an events management team will be transporting the majority of visiting dignitaries in a fleet of 4,000 sponsored BMWs and will have exclusive use of dedicated Olympic lanes.

Traffic delays for other vehicles could be significant, fears MD Graham Coate. When First Class Cars undertook trial drives from five airports into London's West End – admittedly during the Monday morning commute – journeys took between 1 hour 15 minutes and 2 hours 5 minutes. The speed of the cross-town trip from there to the Olympic Park is an unknown.

First Class Cars has airside access at UK airports, but is concerned over set-down arrangements at the Olympic stadium

"VIPs won't be allowed to jump on a helicopter and I can't see them flying into the UK and getting on a train," Coate says. "Many of the people we drive into central London stay in the main hotels in Park Lane and this is where the Olympic lanes start – but we've got no privileges at all out of it. Our chauffeurs pay their fees, go through criminal record checks and will have to sweat through, while the 'Olympic family' get to use their own road network."

Coate further complains that there is limited provision for companies like his to set down, pick up or park close enough to the main Olympic venues.

"At the moment, as a chauffeur company that has invested in high-end cars and chauffeurs for people who expect – and are prepared to pay for – a high standard of customer service, we are worried that the Olympics will prevent us from achieving our usual high standards when it comes to ground transportation," he says.

Many members of the Licensed Private Hire Car Association (LPHCA) are registered with individual London boroughs but are trying to put together a single listing for the benefit of first-time visitors to the UK.

LPHCA chairman Steve Wright says his association represents all levels of companies from minicab drivers to operators of executive limousines with airside access. "There has not been a lot of engagement by Transport for London, LOCOG and other Olympic planning groups with the high end of our industry," Wright says. "It's clear something has been lacking."

Wright acknowledges the need for an official car fleet to carry competitors, trainers, drug testers and officials where they need to be as fast as possible. The volunteer drivers will be fully security screened and "will not be part-time chauffeurs," he says.

He is now attending regular Olympic transport planning meetings along with LPHCA member companies, and it is clear that third-party chauffeur firms will face restrictions on set down and pick up close to the Olympic venues. But Wright says: "We've put a number of points to LOCOG and they accept that drivers can't be held two miles away at midnight."

The association will hold an Olympic Road Show and a meeting to discuss taxi and private hire regulations at the London Heathrow Marriott Hotel on 14 June.

Privatefly's Adam Twidell says the connection between air and ground transport is vital

THE NEXT HONDA IN YOUR LIFE.

HondaJet

Roam, roam on our range. With a 420 knot top speed, highest fuel economy, and a weather topping 43,000 ft. maximum altitude, the HondaJet's versatility is unmatched in its class. Our sprawling manufacturing headquarters established in Greensboro, North Carolina, is producing an innovation machine that catapults your business productivity, while yielding more me time. Savor your sky time aboard the new HondaJet. At 420 knots, you'll be home almost too soon.

Call us at 888-453-5937

hondajet.com

HONDA
The Power of Dreams

Slot-restricted airports in south-east England during the 2012 Olympics

➠ *Continued from p5*

The CAA advises that charter operators, many of which will be flying into the UK for the first time, must brief themselves on UK airspace structures and the rules that apply even in normal times. They need to be aware of the need for timed slots during the Olympics, even at smaller airports in the controlled zone.

The CAA was scheduled to publish on 23 February an Aeronautical Information Circular detailing the temporary routings and controlled airspace.

In March, NATS will publish a new 1:500,000 scale VFR chart for south-east England, and will supply all pilots who buy the regular chart with a complimentary same-scale chart of the Olympic restrictions and changes.

Copies of this will also be available for free download from airspacesafety.com/olympics. The official latitudes and longitudes for the temporary airspace restrictions around London, as well as Weymouth, where the sailing events will take place, and the other Olympic venues can be found at the same website. Details of the smaller restricted airspace zone that will apply between 16 August and 12 September for the Paralympics, which follow on from the main event, are also provided there.

Airports and operators will be notified of any routings and holding patterns ahead of the publication of the new chart, but most of the detail is already contained in the approved consultion document and little significant further change is expected.

"There could be some extended routings and flight times for all operators and increased airborne holding at peak times," Hill says. "Aircraft inbound to Southend and Biggin Hill will route to a holding area northwest of Ramsgate in Kent. For Farnborough, Oxford, Blackbushe and Fairoaks airports there will be a holding area near Boscombe Down, Wiltshire."

An unexpected bonus for Farnborough, 55km south-west of London, where Gama has its headquarters, is that one of the new routings will shorten the usual approach time for transatlantic flights. Flights arriving from south-west France, Spain, the Balearics and north Africa will be re-routed, lengthening the journey time, but Gama's director of client relations, Trevor Jones, says this will affect only around 10% of flights into Farnborough.

Routings into some airports could be significantly longer than usual, and Jones warns that this will affect fuelling and payload, especially for smaller business jets.

"Quotes must factor in the potential cost increase. The last thing we want is for companies is to under-price themselves," he says. "We're actively encouraging people to come here. This is an opportunity for the business aviation community to show what it can do. Some brokers may be tempted to take the lowest price, and when operators who thought they had a competitive

edge are forced to go back to the client because they find they can't fly at the price, it could give negative feedback about the whole industry."

One question that was still to be resolved as *EVA* went to press, however, was whether the CAA will designate a diversion airport within the London area for business jets during the Olympics.

"As most of the usual diversion airfields will be slotted, operators may have to nominate alternatives away from the London area. It is possible that a mothballed military aerodrome in the south-east may be made available," Hill says.

He points out that in most cases a pilot would probably opt for an additional 20-minute hold rather than diverting if there is a problem on approach. A more complex issue is what happens if a runway goes down at Heathrow, which will have an immediate impact on airspace right across the region, but NATS is understood to have carried out extensive simulations of various what-if scenarios.

Another aspect that remains unclear at this stage is the extra security measures that will be required. The DfT and the UK Border Agency have yet to make a decision on which types and sizes of aircraft will face passenger screening.

Owners and operators were already making enquiries to Gama offices in the US and the Middle East before Christmas, though Jones says these were "not yet translating into firm bookings". In January the company began getting out and talking to brokers. "They're the secret to feeding information out into the operating environment," he says.

As bookings start to increase, Jones expects surprise on the part of clients that they can't transfer by helicopter direct to the main Olympic park. "Large families from the Middle East or Asia may want to land and head straight to the Games, but they will have to go by chauffeur-driven car or VIP bus.

"The industry is concerned about surface transport to and from the Olympic stadium," he comments. "London is going to be extremely busy during the games and anyone doing business in the City could be affected." ●

Business airports practise their winning smiles

Business aviation in the UK is set for a busy year in 2012, according to Brandon O'Reilly, CEO of TAG Farnborough Airport. The Olympics follow closely on the heels of the Diamond Jubilee from 2 to 5 June, celebrating the Queen's 60 years on the throne, and the Farnborough Airshow on 14-15 July.

"The Jubilee celebrations will bring in heads of state and we'll pick up some of that. The Olympics also presents an opportunity for us to showcase our service delivery," O'Reilly says.

Farnborough has a significant share of the traffic passing through the 11 main business aviation airports serving south-east England. Historically, however, it has been limited to 28,000 aircraft movements, including just 5,000 at weekends. Last year the government approved a phased increase to 50,000 movements per year through to 2019, with 8,900 weekend movements. "We were running the risk of being the airport that said 'no'. But in 2012 we are allowed 37,000 movements, which gives us plenty of headroom," says O'Reilly.

The timing of the Olympics is counter-cyclical because it falls in months that are generally quiet for business aviation. July and August will be no heavier than "a busy June", he adds. Farnborough has been allocated ample slots to meet demand and is not expecting to have to hire in special short-term personnel.

However, advance bookings, mainly from the US, started coming in as early as last October. This is despite the fact that Farnborough is diametrically opposite the main Olympic site in Stratford, east London.

While O'Reilly recognises the importance of good onward connections to

Cambridge Airport, which has a new independently managed FBO, is open round the clock during the Games

London, he does not believe that landing as close as possible to the glamour track and field events is a priority for everyone. "Companies will run events related to the Games, rent a country house and do business from there," he says.

At less than 30km from the Olympic Park, Biggin Hill is the nearest airport except London City and is less restricted than its larger neighbour, which has to accommodate both scheduled and business traffic.

Eurocontrol figures for 2011 indicate that Biggin Hill achieved the strongest growth in business aviation traffic of any London airport at 13.3%. Business development manager Robert Walters says high-end jet aircraft of more than 20 tonnes, such as Gulfstream, Global, Challenger and Falcon models, saw growth of more than 30%.

Biggin Hill increased its corporate market share to 15% in December, behind only Luton (33%) and Farnborough (24%), which are both arguably less well located for day visitors to the Olympics.

The airport believes there will be many day visitors to the Games, due to cost and the shortage of hotel accommodation in London. Sponsors will fly

Industry learns from football's World Cup

All the global aviation businesses involved in the Olympics are attempting to draw lessons from the last major international sporting event, the Football World Cup in South Africa in 2010.

That experience was "phenomenal", according to Cedric Migeon, MD of ExecuJet Europe. But he points out that direct comparisons are difficult, because the World Cup traffic passed through fewer gateways. London has many more airports, but is hosting an even bigger event.

Several teams based themselves in Johannesburg for the duration of the World Cup and used Lanseria International Airport for domestic flights to other host cities for group matches. But the main influx of business jets was for the final, when huge numbers of foreign heads of state, FIFA delegates, sponsors, celebrities and other VIPs flew into Johannesburg.

Most of the flights predictably arrived at the last moment and Lanseria's management claimed to have handled them all successfully without disrupting the scheduled operations of locally based low-fare airline Kulula. At one point, almost 200 business jets were parked up at the airport. One runway was closed to provide additional parking but, providing one of the iconic photos from the tournament, many multi-million dollar aircraft were obliged to park alongside on the grass.

The main controversy, however, centred on Durban's new King Shaka International Airport, which had opened just a month ahead of the event. On the night of the first semi-final, three flights were turned away and many more delayed after air traffic controllers closed local airspace.

The airport said private aircraft were supposed to relocate to the old Durban International Airport 60km away to park after setting down their passengers, but many pilots had refused to move off their landing positions.

Cedric Migeon says ExecuJet has figured out a smarter way to manage its FBO operations at major international events

Lanseria handled the World Cup well, but many of the near-200 business jets that flew there had to park up on the grass

ExecuJet South Africa handled more than 1,400 business jet movements at Lanseria and 2,200 in all during the World Cup, equivalent to several months' normal traffic. The company's FBO at Lanseria sold 2 million litres of fuel on the evening following the final alone.

Migeon says the tournament showed ExecuJet how to better organise its FBO management. "You have to arrange services such as catering, fuelling and third-party limousines on a case-by-case basis. This generally doesn't take much time, but we learned that it's much better to pre-set the commercial relationship and receive a global invoice at the end of the event rather than per job."

In addition to its FBO activity, ExecuJet operates worldwide charters. Its offices in locations such as Moscow and Geneva were beginning to receive Olympic charter enquiries as long ago as November, but Migeon does not expect the pace to heat up until three months to go.

"Aircraft owners are keen to maximise utilisation of their aircraft for those two months," he says. "We are undertaking crew training and timing the maintenance schedule so that all aircraft are available to fly at that period."

Early bookers will face less competition for aircraft and slots, while those committing later must expect to pay a higher rate, says Air Partner, one of the industry's largest charter brokers. David Macdonald, director private jets, relishes the challenge.

"It will demonstrate the benefits of our industry when scheduled carriers fill up," he says. "But it will be a feeding frenzy. Be sure to get the plane and airport you want – and think about who you're giving your money to, because to have to book so far ahead is unusual."

Air Partner is receiving enquiries from Europe and Russia, and expects to fly in big groups from the US and the Far East. Macdonald says this will involve large aircraft as well as smaller private jets.

The Olympics will attract many first-time business aviation customers who will need to be aware of who they are booking with, he warns. "Honeypot" events can bring out in the worst in the industry by attracting unscrupulous individuals who seek to turn a quick profit.

Macdonald claims there will be unlicensed aircraft in operation, and people taking deposits without a bona fide product. The truth about access to slots could be massaged, leaving clients disappointed.

AHEAD OF THE CURVE

TRUE IN 1951 · TRUE TODAY

INVESTING IN YOUR TRAINING

LEARNING CENTERS · HELICOPTER TRAINING · ADVANCED TECHNOLOGY · FIXED-WING TRAINING

FlightSafety, the world's premier professional aviation training provider for more than 60 years, continually invests in your training. New high-quality training programs, advanced-technology Level D and Level 7 simulators for current and next generation aircraft and a growing international network of Learning Centers and training facilities.

Expanded training includes everything from night vision goggle to helicopter-specific crew resource management. We deliver an ever-deeper lineup of eLearning courses; new LiveLearning programs and Operational Day Flow training system; added functionality on the myFlightSafety Customer portal; enhanced VITAL X visual system imagery; and increased support for flight attendant training. A large and growing number of our courses meet international regulatory approval. Current and planned investment in new facilities includes approximately 750,000 additional square feet to further improve conveniently located training and services for our Customers from 154 countries.

EXPANDING WORLDWIDE

- New Learning Center in Hong Kong
- New Cessna Maintenance Learning Center in Wichita, KS
- New Simulator Design and Manufacturing facility in Broken Arrow, OK
- New expansion to double the size of Dallas, TX, Learning Center
- New and upcoming expansion of other Centers within our network
- Pratt & Whitney Canada Engine Training – Now available at 12 locations around the world

NEW PROGRAMS • NEW LOCATIONS

- AgustaWestland AW139 – Lafayette, LA†
- Bell Helicopter Bell 206 – Lafayette, LA
- Bell Helicopter Bell 407 – Lafayette, LA
- Bombardier Challenger 605 – London Farnborough, UK*
- Bombardier Global 5000 – Columbus, OH*
- Bombardier Global 6000 – Columbus, OH*
- Dassault Falcon 900LX – Dallas, TX*
- Dassault Falcon 7X – Dallas, TX
- Dassault Falcon 7X – Paris, FR*
- Embraer Legacy 450 – St Louis, MO‡
- Embraer Legacy 500 – St Louis, MO†
- Embraer Legacy 600 – St Louis, MO; Houston, TX; Paris, FR
- Embraer Legacy 650 – St Louis, MO*
- Embraer Lineage 1000 – St Louis, MO; Paris, FR
- Eurocopter AS350 – Tucson, AZ
- Eurocopter EC135 – Dallas, TX
- Gulfstream G280 – Dallas, TX*
- Gulfstream G450 – Dallas, TX*
- Gulfstream G450 – Hong Kong*
- Gulfstream G550 – Dallas, TX*
- Gulfstream G550 – Hong Kong*
- Gulfstream G650 – Savannah, GA*
- HondaJet – Greensboro, NC*
- Pilatus PC-12 – Dallas, TX*
- Sikorsky S-76D – West Palm Beach, FL*

*Available in 2012 †Available in 2013 ‡Available in 2014

Investing in your training is what we do. It keeps us – and you – ahead of the curve.

For information, contact Scott Fera, Vice President Marketing · 718.565.4774 · sales@flightsafety.com
flightsafety.com · A Berkshire Hathaway company

FLIGHTSAFETY 60 YEARS CELEBRATING SIXTY YEARS

FlightSafety international

different groups of customers and staff each day to attend events which in many cases will go on well into the evening – and may be surprised to find slots are in short supply at airports whose main business is scheduled flights, comments MD Jenny Munro.

However, Biggin Hill itself will not have the flexibility it wanted after Bromley Council rejected two proposals for an extension of opening hours during the Olympics. "All we wanted [in the revised submission] was five extra hours per week for seven weeks," Munro says. "We're disappointed because we managed to motivate the silent majority. We went from 5% to 40% local support during the consultation period."

There are slots available between 2100 and 2200, but only to allow locally based aircraft to return to Biggin Hill. The airport had hoped for an extra window until 2300, but even under these constraints it had already booked in 285 aircraft for the Olympics by mid-January, including a lot of American traffic – thus approaching half of the 680 additional flights it expects to handle during the period.

Munro estimates that more than 30 companies based at Biggin Hill will benefit from providing services for visitors to the Games, including engineering companies, caterers, car hire firms and shuttle services connecting to the rail network. "Bromley had a chance to be a gateway – and still does, but now in a more limited capacity. What revenue could have been generated for the local economy will now never be known," she says.

If airspace and slots start to look inadequate as the event approaches, Munro thinks UK plc could still make a region-wide decision to extend opening hours at business airports. "But that will be a problem for us because of the need to resource it. Staff would have to be recruited, vetted and trained. We're probably at the point of no return already," she says.

There are three FBOs at Biggin Hill. The airport itself provides an FBO service and plans a roster of "meet and greet" staff as well as strengthened immigration teams and baggage handlers. The two independents on site, Jet Aviation and Rizon Jet, are making similar arrangements although all the companies will be redeploying management at what is normally a quiet time of year.

Even during the Olympics not every day will be equally hectic, Walters points out. "It won't be like the opening ceremony, the closing ceremony or the final of the 100 metres the whole time. Some planes will be parked here for three weeks and will not have to be repositioned, as we will be taking a runway out of commission."

Jet Aviation plans to relocate from its current FBO facility at Biggin Hill when refurbishment of the former Bluestream Aviation premises is completed at the end of April. Blustream went bankrupt in 2008.

The investment increases the company's footprint nicely in time for the Olympics – "a great opportunity for all of us," says Chris Webb, general manager of Jet Aviation UK. The current FBO will either be dedicated to a specific client or remodelled as a crew quarters, he explains.

The worldwide Jet Aviation network will help promote Biggin Hill as a convenient Olympic gateway. "It's hard selling against Luton and Farnborough, but people are wising up to what this airport has to offer," Webb says. "Luton is open 24 hours, but our ramp is much less congested. This could be a real springboard for us."

Rizon Jet opened an exceptionally well appointed VIP terminal and FBO with multiple lounges, a business suite and boardroom in May 2011. Owned by Qatar-based GSSG Holdings, the £18 million facility is geared to handle anyone up to VVIPs and Middle Eastern royalty, says director Allan McGreal.

He says the Biggin Hill location has "strategic relevance to the City", and the view north from the third-floor observation area underlines the point, with Canary Wharf and the office blocks in London's traditional business quarter clearly visible.

As with all the airports on the perimeter of London, the onward journey for those travelling direct to an Olympic venue will be a key consideration. Biggin Hill has prepared an Olympic planner showing the dates and locations of all the events and the transport options from the airport, including a transfer time of 6-10 minutes to London Heliport in Battersea, a 20-minute road trip to connect with the Javelin rail shuttle at Ebbsfleet, or a limousine

LONDON'S SCHEDULED AIRPORTS DURING THE OLYMPICS

HEATHROW
Usual load factors apply. Runway capacity reduced to 36. Confirmed slots unaffected. Not available for ad hoc flights. Team charters and heads of state flights must use alternative airports.

GATWICK
Lower capacity declaration for the Olympic period. Ad hoc slot requests processed from 31 January. Traffic distribution rules apply: GA slots during hours of peak congestion must be booked 10 days in advance. Olympics-specific flights team or official flights will require secondary approval from airport. Additional flights during the night period may be permitted once demand has been clarified.

STANSTED
Load factors increased from 23 July-14 August. Ad hoc requests have been accepted since 1 September. Slots requested since 1 January are subject to operational evaluation. Olympics-specific flights team or official flights will require secondary approval from airport.

LONDON CITY
The closest airport to the venue. No scheduling restrictions due to proximity to venue, no operational restrictions advised. No changes to operating hours (0630-2200 Mon-Fri, 0630-1230 Sat, 1230-2200 Sun). Business and GA ad hoc requests processed after 31 January.

Biggin Hill, not a scheduled airport, is neverthless well placed for central London

service all the way into Stratford that it is calculated will take no more than 45 minutes.

Biggin Hill's management looked into the possibility of setting up a temporary heliport at Ebbsfleet to further streamline the process and received official approval for the scheme, but ruled it out after assessing the infrastructure work and staff recruitment – including additional immigration officers – that was necessary.

High-end visitors would still have needed to take the Javelin train for the 10-minute final leg to the Olympic Park, and would not have received the preferential treatment they might expect. "The product wasn't properly end-to-end," Munro says.

Chris Webb sees the Olympics acting as "a real springboard" for Jet Aviation at Biggin Hill

Last-minute rush

Despite being open for business round the clock during the Olympics, Cambridge Airport had seen less than 2% take-up of available slots as of late December.

"Tour companies are only just beginning to understand the ticket allocations they've got," says airport director Archie Garden. "We naively expected more corporate-sponsored holiday charters in the 20-50 seat bracket. But we're all just waiting. I'm now convinced most bookings will be at the last minute, even depending on what nationalities are represented in the finals of the big events."

With hotels fully booked and some events scheduled to run late into the evening, however, a day trip to the Olympics could be viable for the five UK regional airports with a 24/7 slot allocation (the others, apart from Cambridge, are Northolt, Lydd, Manston and Southend).

Cambridge is under an hour by road from the Olympic Stadium and Water Park. "US and European operators may not know how close to the Olympic site we are. Guests departing late-finishing events can still get to us before midnight," Garden says.

Usually the airport shuts at 2100, but during the Games it will offer full service from 0600 to 2400 and has 20 slots per hour. Between 0000 and 0600 there are still eight slots an hour, though surcharges will apply because of the extra ATC cover needed.

Like most of its rivals, Cambridge has introduced a deposit system to try to prevent block booking. "It's a deposit, not a fee. It's non-refundable but will go towards the landing fee. There will be no increase in fees," Garden explains.

Regional and business airports to the north of London such as Cambridge and Oxford expect to benefit during the Olympics because routes in and out are less impacted by the city's central controlled zone.

Cambridge is especially keen to promote its services since it has been fully open for corporate traffic only since January 2011. Owned privately by the Marshall family, the airport acted before then primarily as a gateway for the Marshall aerospace business and never marketed itself for general aviation, though it did occasionally handle VIP flights.

The airport has invested in a new GPS approach to complement its ILS system and Garden says: "GPS benefits incoming aircraft from the US particularly, as they are familiar with this at home and it gives them more flexibility."

Cambridge also has a long-established flying school and he adds: "We're probably the only viable outlet for small VFR aircraft that operate without flight plans."

More than 30 companies at Biggin Hill will benefit from the Olympics, believes airport MD Jenny Munro

London Oxford Airport will be allowed to operate between 0600 and 2400 for the Olympics and "may have extended opening hours forever," says James Dillon-Godfray, business development director. The frequency of traffic at the shoulder periods is limited and after 2300 is especially low, so he expects little adverse reaction from the local community.

The airport installed primary and secondary radar in October. Now completing commissioning, the new equipment is scheduled to come on line in April.

Oxford has six IFR slots per hour. "This was decided ahead of the radar installation, but we hope to renegotiate once CAA and NATS see it and are comfortable with it," Dillon-Godfray says.

The airport currently sees around 6,000 business aircraft movements a year, 15% of its overall aviation activity, and the figure grew by more than 12% last year. One reason was an increase of up to 21% in the runway's licensed lengths at the beginning of 2011, enabling longer-range private jets such as the Global and G550 to undertake commercial transatlantic flights. Runway strength was also reassessed, making Oxford suitable for use by heavier regional jets such as the Embraer 190 and Avro RJ.

Oxford also completed 17,800sq metres of new high-strength apron last year and resurfaced some of its existing surfaces, doubling parking capacity.

Located outside the congested London Terminal Manoeuvring Area, and with costs that are claimed to be lower than most alternative airports in the region, Oxford expects to take a substantial share of the anticipated threefold boost in business aviation traffic during the Olympics.

Most international visitors will opt to stay in London's West End, one hour's drive away, but Oxford is a popular base in its own right and boasts several thousand hotel rooms of up to five-star standard, at better value than central London. There is crew accommodation within just five minutes of the airport and bedroom facilities were recently added in the terminal building itself.

Oxford received its first Olympic bookings in November but Dillon-Godfray expects the real fight for slots to start just six weeks before the Games. Peak demand for flights out of the UK is easy to predict, he says: 13 August, the day after the closing ceremony. ●

The Middle East is exploiting its favourable geographical position and petrochemical wealth to take a bigger share of the global business aviation market, reports Martin Roebuck

Oil still fuelling Gulf economies

Business aviation activity in the Middle East is worth $800 million, estimates Steve Jones, general manager of Al Bateen Executive Airport in Abu Dhabi.

Saudi Arabia accounts for 42% of the market in the region and the United Arab Emirates 31%, reflecting the underlying strength of their economies and the fact that oil remains the key growth driver. Saudi Arabia has 18.9% of the world's proven world reserves while the UAE boasts 7%. The latter's oilfields are primarily in Abu Dhabi, whose increasing wealth to a large extent has compensated for the economic crisis suffered by the neighbouring emirate of Dubai in 2009-10. Dubai depends on business and tourism rather than natural resources, and went into reverse when its property bubble burst, but is now edging back towards prosperity.

Figures for business jet growth in the Middle East for the decade to 2010 tell a misleading tale, with Saudi Arabia bottom of the league table showing just a 2% increase. This is because the business was already relatively well established there. In fact today's business aviation fleet in the kingdom is 23% larger than it was 10 years ago. And the growth is unlikely to stop there, with the Saudi economy expected to grow at an average rate of 6.1% over the 2010-2015 period.

The Middle East's share of the global business aviation market remains modest at around 2% of the current fleet of 18,400 aircraft, according to Chris Seymour, head of market analysis at Ascend. However, the region is responsible for almost 5% of the 2,700 aircraft that the consultancy is aware are on order, while it classifies a further 22% of orders as "unknown" in origin, so the region is clearly a growing force.

MIDDLE EAST BUSINESS JET GROWTH, CAGR 2001-2010

Qatar	18%
UAE	18%
Lebanon	16%
Bahrain	10%
Jordan	9%
Kuwait	4%
Iraq	4%
Oman	4%
Saudi Arabia	2%

Geographically, the Middle East forms a bridge between east and west, a natural advantage exploited massively by carriers such as Emirates, Etihad and Qatar Airways. Flight times are typically nine hours to Beijing and Jakarta, seven hours to Frankfurt and London, five hours to Moscow and less than four hours to most of India. Increasingly, as India and China grow, the Gulf countries can provide technical stops, maintenance and all the required ancillary services.

It is forecast that the Middle East will receive 450 new business jet deliveries in the 2010-2019 period. The region's business aviation fleet will grow at a compounded annual rate of approximately 8%, with larger types continuing to be most favoured. Super medium (37%) and heavy jets (31%) represent more than two-thirds of the present market.

Andrew Hoy, MD of ExecuJet Aircraft Trading, says: "In terms of 'heavy metal', few countries beat Saudi Arabia owing to the large number of Boeing business jets, Airbus corporate jets and larger jets that are privately owned and operated. The market for larger aircraft which have a global range is well established and continues to expand."

The same trend is evident in Dubai, despite its recent woes. Empire Aviation Group (EAG), which is based in the emirate, announced at NBAA a contract for the operation and management of an Embraer Legacy 650 to join its fleet of five Legacy 600s.

The 650, an extended-range derivative of the super midsize 600, can fly up to 7,112km (3,840nm) with eight passengers and thus enables EAG to reach major business destinations such as London, Singapore, and Johannesburg.

EAG, formed in 2007, is a provider of integrated private aviation services, including aircraft sales,

management, charter, finance and insurance.

"The addition of the new Legacy 650 to our managed fleet will enable us to enhance services for our customers, expanding our long-haul fleet, while maintaining the cabin comfort of our existing Legacy 600 fleet," says Paras Dhamecha, executive director of EAG. "Being the first to offer this aircraft in the UAE is very exciting for us, as demand for our private aviation services increases."

Al Bateen's Jones notes the extent to which internationally recognised charter operators, MRO and FBO organisations are now working with local partners in the Middle East, for regulatory or purely commercial reasons. Meanwhile, scheduled carriers such as Qatar Airways (see separate story overleaf) and Saudi Arabian Airlines have set up their own business aviation subsidiaries.

Saudi Private Aviation took delivery of its fourth Dassault Falcon 7X at the end of last year to become the largest operator of the type in the world. The aircraft can reach New York from Dubai. Sixty Falcons are now in service in the Gulf region, accounting for almost 10% of Dassault's business jet sales.

With major business aviation developments underway at many of the region's airports, including King Khalid International in Riyadh, Dubai World Central and Al Bateen, Jones says a

Continues on p19

Investment in Al Bateen pays dividends

The first dedicated business jet airport of its kind in the Middle East and North Africa (MENA) region, Al Bateen, began operations the end of 2008 and saw almost 9,800 commercial movements in 2011. General manager Steve Jones expects this total to grow to 12,700 by 2014.

The airport is located 5km from the central business district of Abu Dhabi, capital of the UAE. Jones says: "The airport's strategic location, providing access to the central business district of the city, is one of the key strengths of this facility."

Abu Dhabi Airports Company (ADAC) has invested $50 million to help turn the former military airport into a business aviation gateway. It now boasts a state-of-the-art flight operations centre and dedicated crew suite alongside the executive terminal, and a business campus offering stand-alone offices as well as full business traveller facilities. A shopping centre complete with banks and a conference centre is under development and a luxury hotel is planned.

Operationally, Al Bateen has more than 90 parking/maintenance spaces in hangars for different aircraft sizes and more than 20 apron parking stands. A new FBO service, DhabiJet, has helped streamline aircraft handling and turnaround. Plans are in hand to convert more hangars from military use, build new ones, enhance utility supply and further improve the runway and apron.

The airport saw a 12% increase in aircraft movements in the third quarter of last year, compared with the same period in 2010. Jones says a healthy mix of private aircraft and charter operations, including additional flights by tenant operators, generated the extra traffic.

The fastest growing segment was visiting aircraft using Al Bateen as a regional stop-over or as an alternative gateway to Abu Dhabi and the UAE. Visiting aircraft made 202 movements during the quarter, an increase of 42%.

A 15-minute drive from the Yas Island racing circuit, the airport recorded more than 150 business aircraft movements during the Abu Dhabi Grand Prix alone. All visiting VIP aircraft using the executive terminal over the week-long duration of the event were offered free landing and parking.

Rotana Jet, which received its AOC in April 2011, operates corporate air charters out of Al Bateen using a Gulfstream G450 and an Embraer Legacy 600. The company has taken a long-term lease on a hangar and maintenance facility at the airport in preparation for a significant scale-up when it takes delivery of an Airbus 319ER in the second quarter of this year.

Abu Dhabi's Al Bateen airport expects 30% growth in the next three years

Meanwhile Jet Aviation Abu Dhabi has been approved to provide line maintenance for business aircraft operators flying into Al Bateen. Michael Rücker, VP and GM of Jet Aviation Dubai, said the development was "very timely" given the rapid increase in the customer base and the number of aircraft movements through the airport.

Gate Gourmet is providing aircraft provisioning and catering services from a new 770sq metre facility now being built at Al Bateen. The contract from ADAC marks Gate Gourmet's debut in the Middle East with partners Western Group and Sultan International.

Lineage takes ExecuJet to new level

A number of new managed aircraft have joined the UAE-based ExecuJet fleet during the last year, including a Challenger 850 in October and a Lineage 1000 in January.

The Embraer, the largest aircraft under the company's management, takes its total to 22. It is configured with 19 VIP seats and will be based in Dubai to complement ExecuJet's existing charter offering, which now runs from the Hawker 800XP and the Learjet 60 to the Challenger 605, Falcon 900DX, Challenger 850 and G5000.

Six of the fleet are partially managed, with ExecuJet simply looking after their airworthiness and maintenance requirements, while the rest are fully managed. For these the company provides comprehensive services including crewing and flight planning, together with organising charters for additional revenue.

Established for more than 10 years in the Middle East, ExecuJet was one of the first independents there. It is based at Dubai International but has built a customer base right across the region.

Mike Berry, MD ExecuJet in the Middle East, says: "Dubai's geographical location, positive tax environment, wealth density and excellent infrastructure for the aviation sector have proven to be significant contributing factors in the recovery and growth of the business aviation sector."

Aircraft sales in the region have been very active. The entire business community in Dubai was impacted by its financial crisis two years ago, Berry says. Although the emirate has restructured its debts and recovery is underway, some companies took delivery of new aircraft they had ordered in happier times and placed them straight back on the market, seeking to offload assets following the downturn.

The ExecuJet maintenance facility in Dubai has tripled its capacity over the last year with the addition of a new hangar. ExecuJet has become a prominent third party and independent MRO provider for business jets, supporting a wide range of OEMs and and now employing more than 135 maintenance personnel. The company announced at the Dubai Airshow that it had won this year's Bombardier Authorised Service Facility award for excellence in the international category.

ExecuJet offers traditional Arab hospitality at its remodelled Dubai FBO

A refurbished Dubai FBO was also on the up in 2011, with a 20% increase in aircraft movements in the last quarter. ExecuJet handled more than 300 movements per month and says all countries in the region were active, with Saudi Arabia and Qatar notably busy.

Other than the closure of Libyan airspace for several months and the need to adjust services to Egypt and Bahrain at the height of local unrest there, Berry reports limited impact from the Arab Spring. "The UAE is now seen as a safe haven," he says.

However, the breakneck growth of Dubai International, in particular the fast-expanding operations of Emirates and flydubai, is constricting expansion there. The new Dubai World Central Airport 40km away in Jebel Ali, the first phase of which opened in 2010, is designed to alleviate some of the pressure and Berry says the long-term plan is for general aviation to migrate there.

In another key announcement at the Dubai Air Show, ExecuJet and National Air Services (NAS Holding) represented by its private aviation arm NasJet, detailed plans to enter a strategic partnership. They will together operate the new FBO at King Khalid International Airport (KKIA) in Riyadh, plus other potential future FBOs.

NasJet operates a fleet of 18 private aircraft, and manages 60 more. While it is not a regulatory requirement, it makes pure commercial sense for ExecuJet to operate in partnership with a company of this standing in the Saudi market, Berry says. "By forming a joint venture with NAS Holding we have won a partner with a deep understanding of the Middle East private aviation landscape and a large captive client base given its position as the leader in Middle East private aviation."

KKIA's existing FBO facility urgently needed replacing and a new private aviation terminal will be built by early to mid 2013, Berry says. Two new licences were awarded, to ExecuJet and Saudia Private Aviation, which will make four operators including incumbents Jet Aviation and Arabasco.

The NAS-ExecuJet consortium will occupy an initial 1,500sq metres in the facility. A third partner is another NAS subsidiary, ground service provider NAGS, while Nastech and Lufthansa Technik will offer FBO clients maintenance on most private aviation aircraft types and models.

Bilen Air Service attracted 14 new foreign operators to its FBO at Istanbul's Atatürk Airport in the first two months after going into partnership with ExecuJet Middle East. This generated a 30% increase in movements and Bilen president Hakan Celt is looking for a 50% increase in monthly traffic volume by the end of March.

The general aviation ramp at Atatürk offers only limited parking space. Bilen recently added 1,500sq metres of hangar space including aircraft parking, 12 storage units and 14 business rooms. The facility, which also offers private crew rest quarters, is located in front of the single taxiway with direct access to the GA terminal.

Qatar Executive extends its horizons

Qatar Executive, the corporate jet division launched by Qatar Airways in 2009, is looking to develop beyond the immediate Middle East region.

The division currently operates a six-strong Bombardier fleet comprising three Challenger 605s, two Global 5000s and an ultra-longhaul Global 6000 (the former XRS). Their average age is just one year – making them, according to Akbar Al Baker, CEO of Qatar Airways, the youngest business aircraft in the Gulf.

Explaining the logic of a network airline operating its own executive charter arm, Al Baker says: "We leverage the parent company's huge sales and marketing network support. Qatar Airways' expertise with aircraft and engine manufacturers is a further advantage, when we buy business jets and negotiate warranties and maintenance support."

Al Baker professes himself "exceptionally pleased with our results this year", but wants to do much more. "We will expand further into existing markets like Russia and other important European countries, as well as the rapidly emerging markets of China, southeast Asia and India.

"For Qatar Airways' first and business class passengers, there is a natural synergy in transferring customers onto our corporate business aircraft to their final destinations, which in many cases are not served by scheduled airlines. This is a market we are increasingly tapping into," Al Baker says.

"We cater to everyone from executives and board members of larger corporations, who have to reach remote and sometimes multiple destinations in the shortest time, to private high net worth individuals who may wish to invite their family and friends to spend the weekend in a luxury resort in the Maldives.

"Our business jets are also popular among government delegations and politicians, since we offer VIP safety and security as well as absolute confidentiality and discretion."

In addition to its own fleet, Qatar Executive is also responsible for chartering out larger group aircraft to clients such as sports teams.

The division employs a dedicated flight deck crew of almost 50. "All our pilots and flight attendants are trained to Qatar Airways' standards, with simulator visits twice per year," Al Baker says. "Our aircraft are maintained by our own maintenance organisation."

While its core business is aircraft charter, Qatar Executive offers a full suite of services ranging from aircraft management and maintenance to FBO services such as fuel supply, cleaning and hangarage.

Facilities at the existing Doha International hub include an airport VIP terminal in addition to Qatar Airways' own dedicated premium terminal. Qatar Executive's maintenance operation there, based in a 6,400sq metre hangar, serves Qatar Executive and other private jet operators as an approved Bombardier service facility, and can serve all the manufacturer's aircraft flying into Doha.

Construction of what Qatar Executive describes as "the most prestigious FBO in the Middle East" is underway at the New Doha International Airport, which is set to open later this year.

Recent research suggests that Qatar was one of the fastest growing countries in the Middle East in terms of business jet growth (see previous pages). This growth rate can be maintained into the future, Al Baker insists.

"There is huge potential in Qatar and the region. All our aircraft are well booked and demand is fuelled by world-class events Qatar is hosting such as the Tribeca Film Festival, the World Petroleum Congress and major sport spectacles like the Arab Games.

"However, most of our business comes through our strong relationships with international brokers, so we do not solely depend on the local Qatari market," he adds.

Qatar Airways CEO Akbar Al Baker with Jeff Roberts, CAE group president, civil simulation products, training and services

• CAE announced at the Dubai Airshow that it has signed a long-term agreement to provide Qatar Executive with pilot training services on the Global 6000 and Challenger 605 at Emirates-CAE Flight Training (ECFT), close to Dubai International Airport.

"Private aircraft operated in the Arab world are set to triple over the next 10 years so there will be a growing need for training and maintenance support," Qatar Airways CEO Akbar Al Baker said at the event. "To meet this growing demand, it is essential for us to acquire the best possible quality training for our crew."

As anchor customer, Qatar Executive pilots will be the first to train on the new Challenger 605 full-flight simulator as soon as regulators certify it. Training on the Global 6000 has already begun. ECFT, jointly operated by the Emirates Group and CAE, will take pilots through initial and recurrent courses as well as providing various advanced airmanship and e-learning options.

Arabian Jets, the private aircraft management company based in Jeddah, Saudi Arabia, has also entered into a long-term agreement with CAE for pilot training services on eight business aircraft types at ECFT.

The company manages aircraft including the Bombardier Challenger 300 and Challenger 850, Gulfstream G-IV and G550, and Hawker Beechcraft Beechjet 400, Hawker 900XP, King Air C90/B200 and King Air 350.

As well as its corporate office in Jeddah, Arabian Jets has satellite offices in Dubai, Cairo, Amman (Jordan), Beirut (Lebanon) and London.

Gama realises long-held Saudi wish

Gama Group is expanding its business aviation services into Saudi Arabia in a joint venture with Imitiaz Company for Aviation Services as its local partner. The new company will operate under the Gama Aviation name from later this year in Jeddah, the kingdom's second city and a vital centre for commerce and tourism.

The company will specialise in aircraft management and aims to operate charter services under its own Saudi GACA Part 135 certificate. The next step will be to add aircraft maintenance and consultancy services, replicating the company's expertise in Europe, the US and the UAE.

Gama CEO Marwan Abdel Khalek says: "Breaking into the important Saudi market, the biggest for business aviation in the Middle East, is a long-held wish and a significant announcement for Gama."

The group set up in Sharjah, its Middle East and North Africa headquarters, and in Dubai in 2008 and obtained its AOC in the UAE in February 2010. Gama now employs 25 staff and manages five aircraft at Sharjah and Dubai International airports, including an ACJ318 which joined the fleet in October.

The largest aircraft in Gama's Middle East fleet, the Airbus is in a configuration of 14 VIP seats and is the eleventh type for the group globally. Gama is managing and operating the aircraft on behalf of a private owner.

"We welcome the increasing involvement of experienced companies such as Gama Aviation with the growing fleet of Airbus corporate jets, which deliver the widest and tallest cabin of any business jet," says François Chazelle, VP of Airbus Corporate Jets.

Done deal: Gama's Middle East MD, Dave Edwards (left) sits at the controls of the ACJ318 with François Chazelle, corporate jets VP at Airbus

Gama has formed a new company, Gama Support Services FZE, in preparation for obtaining its UAE GCAA CAR 145 approval introducing maintenance services at Sharjah. A 12,000sq metre facility, now under construction, will provide hangarage and maintenance for business jets, to be followed by a fixed base operation.

Regional MD Dave Edwards says customers will realise significant cost benefits from Gama's investment in Sharjah. He describes the airport as "a great fuel stop between east and west."

Continued from p15

more professional business aviation environment is taking shape across the region.

The regulatory environment is also maturing and becoming more coordinated. Each country in the Middle East has its own set of regulations but most are based on EASA standards and it is becoming gradually more difficult to operate in the grey market, he points out. Regulators are monitoring operators better, including ramp and other targeted checks based on a risk matrix. They are using "watch lists" to see if operators have been reported violating rules elsewhere, and whistle blowing, once culturally unacceptable, is no longer so frowned upon.

Observing the number of charter operators with AOCs in the Middle East and India "where there was not a single one a few years ago", David Macdonald, director of private jets at charter broker Air Partner, claims the market has become overheated and failures are inevitable.

Jones is more positive, and believes that the importance of understanding the local culture and the barriers to new entrants such as majority local ownership (except in the region's free zones) impose their own natural ceiling on business start-ups. He does accept, however, that political developments in the Middle East and north Africa could slow growth, quite apart from the uncertainty in the world economy.

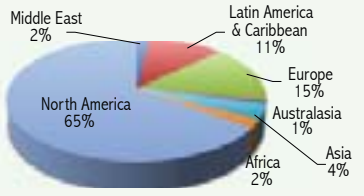
The punishing climate demands that aircraft are stored under cover and there are not enough hangars to meet demand, but Jones says new ones are now being built and ex-military facilities are becoming available.

He adds that availability of skills remains an issue, however, and Frost & Sullivan backs up his comments in a new report on MRO in the Middle East. Outside the UAE, the consultant says infrastructure remains poor and qualified technical staff are in short supply.

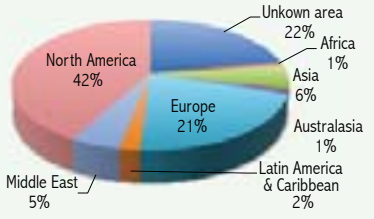
Mike Berry, MD of ExecuJet Middle East, says MRO capacity remains patchy and aircraft based elsewhere come to the UAE as the only alternative to flying to Europe for scheduled maintenance. ●

MIDDLE EAST
JET AIRCRAFT SHARE

CURRENT FLEET (18,411)



ON ORDER (2,674 KNOWN)



Source: Ascend Worldwide

Youthful entrepreneurs resist western gloom

Czech and Polish operators may suffer an inferiority complex, but arguably are outperforming more mature markets in the region

The Czech Republic and Poland were among the few business aviation bright spots in December, according to Eurocontrol's Business Aviation Traffic Tracker.

Europe saw a reduction in traffic of 5.4% in December, the third downward month in succession. The five biggest business aviation markets all shrank, with Germany recording -3.2%, France -6.4%, Italy -7.4%, Spain -8.3% and the UK -10.9%.

As two of the largest markets in eastern Europe, the Czech Republic and Poland achieved growth of 4.9% and 4.0% respectively in December compared with the same month the previous year. Although the figures remained in positive territory, the annual growth rate nevertheless slowed for both countries. The Czech Republic was 11.3% ahead at year-end compared with 2010, while business aviation activity in Poland ended the year 13.3% ahead.

The Eurocontrol data showed a decline in the central Europe functional airspace block, comprising Austria, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia and Bosnia-Herzegovina, of 3.1% in December, trimming back annual growth for the region to 3.3%.

Commenting on the figures, Fabio Gamba, new chief executive of the European Business Aviation Association (EBAA), said: "This reinforces the now widely shared feeling that 2012 will be a pivotal year. With growing operating costs (among them ATC en-route and landing fees and charges due to adjustments in unit rates, and fuel) combined with depressed demand and tight margins amid austerity measures, operators are now confronted with making capacity cuts which might partially explain the negative trend of the last three months."

Gamba added: "Such a difficult market is also taking its toll on the industry's profitability, with indicators tending to show downward yields due to an increasing number of operators offering flights at – if not below – direct operating cost, suggesting the growing necessity for some to keep afloat by artificially stimulating demand."

Dagmar Grossmann, founder of CEPA (centre) with outgoing association chairman Jiří Matoušek, left, and Fabio Gamba, chief executive of EBAA, right

Addressing the inaugural conference of the Central Europe Private Aviation Association (CEPA) in December, guest speaker Radek Špicar, director of external affairs at carmaker Škoda, said: "We have had to learn global thinking. We are keeping competitive by going overseas, which has also shielded us from the Eurozone crisis."

Škoda, now owned by Volkswagen, has opened plants in Russia, Ukraine, Kazakhstan, India and China. Although this diversification has helped the company, Špicar, who is also VP of the Czech Industry Association, was optimistic about the local economy and highlighted the excellent quality of personnel available. Good universities and high standards of tertiary education have produced a strong base of engineers and technicians, he said.

Recent political problems in neighbouring Hungary have underlined the fragility of eastern Europe's transition to democracy and to a more western-style economic model. But Dagmar Grossmann, who founded CEPA two years ago, says the fact that business and private aviation has emerged so recently across the region may protect the sector's pioneers from the financial gloom afflicting more mature markets.

"The recent history of eastern Europe is a very complex story. It's difficult to compare west and east" Grossmann says. "The industry is younger in the east, and aviation companies and brokers have been in existence for less than 10 years. People who have coped with the speed of development may be better at getting through the recession."

The European business jet fleet, including Russia, represents 15% of the total world market but owners and operators in the region account for 21% of the jets on order, estimates aviation consultancy Ascend. Given the static market in western Europe, this suggests rapid growth in eastern Europe and Russia. The company says 58 business aircraft (jets and turboprops) are based in the Czech Republic, 42 in Poland, 25 in Slovenia, 19 in Slo-

vakia and 15 in Hungary, an accurate reflection of where the real momentum has been over the last decade or so.

The majority of owners are private individuals, Grossmann says. "Companies here don't buy Gulfstreams." And she does not expect much change in the foreseeable future.

"Typical central European [owner] clients will remain private for the next 10 or 15 years. It's a prestige tool. They may finance their acquisition through a company, but the aircraft is connected to a person and management will not use it as frequently as in the US."

CEPA was formed to promote the interests of the major players in business and private aviation in those five countries together with Bulgaria, Romania, Croatia and Serbia. But Grossmann believes that despite lying at the "strategic heartland of Europe", the region still suffers from an inferiority complex and a sense of having to compete with "big brother" to the west.

The Czech Republic made the most rapid progress following the fall of communism, she says. Prague grew almost like Shanghai and now "operates like a planet of its own", although she notes that local aircraft owners still prefer Swiss or Austrian rather than Czech registration.

How does Grossmann summarise progress in the other CEPA territories? Slovakia, an inevitable junior partner to the Czech Republic after

The target was to attract western clients and I've done good charters, but it's a lot of effort to convince clients that you can offer a safe flight

Czechoslovakia split, has begun to see successful business aviation companies emerge. "Vienna is just over the border and everything is easier there. You can talk to banks, for example. Some planes depart from Bratislava instead of Vienna when they don't want to be seen," she says.

Delegates at the CEPA conference heard how two Bratislava-based operators, VR Jet and Opera Jet, are both expanding into new markets. VR has based a Cessna CJ3 in Prague and Opera Jet is trialling the Russian market with an aircraft of the same type.

Elsewhere across the region, development has been slower. Grossmann says Slovenia is a small country that has not yet been able to establish its own identity, while Hungary is "really struggling".

Poland, widely seen as one of eastern Europe's economic success stories in recent years, in fact imposes high barriers to entry for inward investors, she claims. Compared with the Czech Republic, which now boasts around 20 AOCs and has modernised its approach, she claims an "invisible curtain" still exists in Poland. The language and currency can be problematical and the government sometimes seems little different to deal with than in communist days, Grossmann claims.

Romania is keen to do business and has big potential if it can get on top of the corruption issue, though infrastructure is lacking. The country is "starting from zero" and does not yet have its own AOCs but the attitude is positive. Bulgaria is suffering with high unemployment and has less long-term potential than Romania in Grossmann's view.

The Czech Republic can probably claim the region's best infrastructure. Following local authority investment, Prague's Ruzyne Airport has a dedicated GA terminal that operates 24/7, with no slot issues.

The city's Vodochody Airport disclosed at the CEPA event that it may turn to a third party to help it build a dedicated FBO by 2014, subject to a successful environmental study.

Sofia and Warsaw have excellent airports, while Gdansk has also expressed its commitment to business aviation. "We're interesting clients for these airports. We pay immediately!" Grossmann says.

When the time is right, CEPA will consider pushing further east into Belarus, Ukraine and Russia. However, Grossmann describes the latter as a closed market where it is difficult for operators to establish full control. "You're operating in the dark. You have no legal status," she says.

Continues on p25

Czech FBO spreads its wings

ABS Jets' demonstration days give clients a chance to decide on the right aircraft for their needs

ABS Jets, the Prague-based provider of FBO and handling services, raised CZK 450 million ($22 million) of fresh capital for future development in November through an issue of five-year bonds.

The move followed the company's opening of a new 6,000sq metre hangar at Prague's Ruzyne Airport in September to cope with growing demand from existing and new clients. The new facility triples ABS's hangar capacity.

"The demand for our services reflects in the fact that 70% of capacity in our new Hangar N had been already sold before the official opening," says Vladimir Petak, CEO of ABS Jets.

"Among other projects, we are now providing third-party handling services in Bratislava, Slovakia. A significant part of our fleet is based in Slovakia and we would like to add at least one hangar there."

The current ABS fleet comprises 13 aircraft – six Embraer Legacy 600s, a Learjet 60XR, a Cessna Citation Bravo, several Gulfstreams and a new Phenom 300, delivered in the first week of 2012. In addition to these aircraft, the company manages aircraft for private domestic and international customers at Prague and Bratislava.

Having facilities in the two locations positions ABS perfectly to handle flights from the Gulf region, which can travel onwards to destinations throughout Europe as well as in Russia and the CIS countries – an area that has seen a noticeable increase in traffic. ABS has been an authorised sales representative for Embraer Executive Jets in the Czech and Slovak markets since 2007.

Commercial director Antonia Tomkova says: "Last year we launched a campaign to promote business aviation more intensively in the Czech and Slovak republics. The market is still pretty new and there is a need to explain how business aviation works and what the possibilities are in terms of aircraft purchase and management.

"We organised three demonstration days at Prague and Bratislava last year, where all Embraer's executive jets were on static display," she adds. "At the end of September, together with Phenom and Legacy aircraft, we also showed the Bombardier. It is important to give clients, their advisers and sometimes also their pilots a chance to decide on the right aircraft for their needs."

Tomkova says: "The new planes are mostly purchased by high net worth individuals rather than corporates, who nowadays prefer charter flying instead of having their own jet.

"Financing has not become much easier, but we have found that only clients who are interested in heavy jets are having to consider this. Those opting for small or mid-sized aircraft do not usually require financing."

Demand for charter services is growing slowly, but "still requires lots of work with companies, private clients, travel agencies and government, as well as the media, to explain the nature of business aviation," Tomkova says. "There is still an educational job to do. Often we have to compare the costs of airline business class tickets with business jet travel to prove to clients that it is a rational economic travel choice.

"However, we can say that in recent years, more clients have started to use business jets for their travel. There is significant growth in the number of flights using VLJs and light jets especially. While the average flight used to be around 2.5 to three hours, last year we often saw business travellers making much shorter European flights and I expect a continuation of this trend."

Confirming his ambitions beyond the Czech Republic and Slovakia, Petak says ABS is already running a line maintenance station in Kiev. "Sofia and Budapest are in our long-term strategic planning," he concludes.

Tomkova: shorter business flights within Europe

Petak: long-term sights on Hungary and Bulgaria

Business Airport World Expo is the place for executive jet owners and operators to meet FBOs and business airports from all corners of the globe

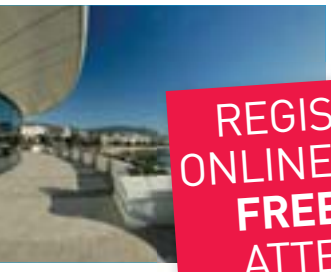
Over 150 exhibitors expected! Full list of exhibitors online

Meet all of these companies at Business Airport World Expo and its neighbouring shows! *Combined exhibitor list

328 Support | 328 Support Services GmbH | 3D Reid | A.T.S.D. (Air Tasking Service Dortmund GmbH) | ABD Airport SpA | ABS Jets | ADLUX agency Sarl | Aero Rep Ltd | Aero-Sense | Aerolux | Aeronautica | Aeroport Cannes-Mandelieu | Aeroport Lyon Bron | Air Link World International | Air Service Basel GmbH | Air Support | AirJet Designs | Airport of Vannes Golfe du Morbihan | Airpro | Altair Aero Products | Altitudes Magazine | Ambassador Jet Center | Amsterdam Software | Anguleme Cognac Airport | Argos Vip Private Handling S.r.l. | ARINC | ARINC | ATG | Aviapartner BV | AVICON | AviOne | AviOne | Aviovision | Azur Helicopters | B & W Engineering | Baltic Air Charter Association | Bangor International Airport | BART International | Base Aviation Systems Ltd | BBDC | Bergerac Dordogne Périgord Airport | Best Aviation Jobs | Business Airport International Magazine | Business Airport World Expo 2012 | Business Jet Interiors International | Business Jet Interiors World Expo | Butzbach GmbH Industrietore | Catherineau S.A.S. | Chalon Bourgogne Airport | Chameleon Products | Champion Door | Cherbourg Airport | Dawson Media Direct Limited | DC Aviation Limited | Defibtech LLC | Delta Aerotaxi | Delta Aerotaxi | DIAB GmbH | DI. Peter Reindl & Partner Architects | EAS/LEKTRO | ECM | EDMO-Flugbetrieb GmbH | Enflight | Equity Aviation Services (T) Ltd | Euraservices SL | Euro Jet Intercontinental Ltd | European Skybus | EVA International | Evergreen Apple Nigeria (EAN) Ltd | EVO Jet Services | ExecuJet Aviation Group | Executive Aircraft Services | Exeter Airport | FAL Aviation UK Ltd | Falcon Airside Ltd | Farnborough Aircraft Interiors | Finavia Corp | First Class Cars | Flightworx | Flygprestanda AB Performance Engineering | FMC Aviation Services Ltd | Gander International Airport Authority | GDN Airport Services SP.z. o.o. | General Aviation Service SL | German Aviation Service GmbH | Gestair | Glass Deco International | Goodwood Festival of Speed | Gozen Air Services | GSA/Egnos | Hadid International Services | Harrods Aviation | Hayward Aviation Limited | Heli Riviera | Hytena Aeronautics | I M Kelly Aerospace | IAM Jet Centres of the Caribbean | IDAIR GmbH | IGS Ground Services | Inflite | Ingeliance | Innotech Execaire Aviation Group | Ionbond | ITT Control Technologies | Jet Aviation Flugzeugwartung GmbH | Jet Support | Jet Support | Jetex Flight Support | JETS | Jewers Doors Ltd | John Slowsky - Nautical and Aviation Virtual Illustration | Jordanian Airports for Development & Services (JADS) | Kalogridis | Kingdom Limousines | KLM Jet Center | Kydex LLC | Landmark Aviation | LifePort | Limoges International Airport | LimousinesWorldwide.com | London Biggin Hill Airport | London Southend Airport | Madelec Aero | Mayotte Airport | Morristown Municipal Airport | MSA | Newrest | Ocean Sky Jet Centre Ltd | OHS Aviation Services GmbH | Paris Vatry International Airport | Powervamp | PPA Group Ltd | Private Catering | Quintessentially Driven Ltd | Rainsford Mann Design Air | Red Box International | Rheinland Air Service GmbH | Rockwell Collins | Rouen Seine Valley Airport | RUAG Aerospace Services | Ruag Schweiz AG | Sabrina Deco | Saint-Martin Grand Case Airport | Satcom Direct | Saudia Private Aviation | Shannon Air Services Ltd | Shannon Airport | Signature Flight Support | Sky Aviation Services | Sky Services | Skyplan FZC | Skytours Maldives PVT Ltd | Skywoods | SMAC Groupe Montblanc Technologies | SNC-Lavalin Airports | Southair Iceland | Swissport Executive Aviation & PrivatPort | TAG Farnborough Airport | Tanury Industies | Tapis Corporation | Tarbes-Lourdes-Pyrenees Airport | Tarkim Air | Tastefully Yours | The Allen Groupe | Toulouse Francazal Airport | Tours Loire Valley Airport | Townsend Leather | TrueNorth Avionics | UAS | Ultimate Jet & Helicopter Magazine | Universal Aviation UK Ltd | Universal Weather & Aviation, Inc. | Verspieren Aviation S.A.A.M. | Vestergaard Company A/S | Waaooo! Representation Commerciale | World Fuel Services | Yarwood Leather | ZEPTAIR AG | Ziolkowski Group |

*Combined exhibitor list as at 11 January 2012 ■ Business Airport World Expo ■ Business Jet Interiors World Expo ■ Business Airport Suppliers Expo

22-23 FEBRUARY | CANNES | FRANCE



REGISTER ONLINE **NOW**! **FREE** TO ATTEND

Business Airport WORLD EXPO 2012

www.BusinessAirportWorldExpo.com

➠ Continued from p21

Handling companies remain state-controlled in Russia in contrast to most of eastern Europe, where private alternatives are now widely available. In either case, however, she warns that the service ethic may be lacking and operators must go in with their eyes open to ensure they get what they have asked for.

The client has the right to a clean car that is there for them on time, but if ground transport is not supplied as promised, there may be no redress, Grossmann points out. "You have to phone ahead, and make sure the person you're dealing with is in a position of authority."

The light jet market is more dynamic in eastern Europe than in the west, although many business jet operators in the region are running on a micro scale, with two or three aircraft and a handful of staff, in a way that would not be viable in established markets.

The difficulty of obtaining of finance for new aircraft, particularly for deals under $10 million where the demand is greater, has been a significant issue. But the picture is improving at locally owned banks and Grossmann predicts that owners will start to turn to these, put off by the tough terms Swiss and other western banks can impose. Local banks that are not connected to a "mother" bank are beginning to see the potential of business aviation, she says.

Convincing the client

Grossmann became one of the first locally owned operators to enter the east European market when she set up Grossmann Jet Service in Prague in 2004. "I wanted to create a strong model with no more than five aircraft, but I faced a lot of problems I was not ready for, such as the difficulty of finding experienced staff," she says.

Grossmann charters out an Embraer Legacy and a third party-owned Hawker 900, but is selling a Citation.

"The target was to attract western clients and I've done good charters, but it's a lot of effort to convince clients that you can offer a safe flight, you have landing permissions, that catering is going to be OK," Grossmann says.

Wealthy international business people have a perception that salaries are lower in eastern Europe, so costs will be lower. In many countries that simply isn't true, she says. "You need two people for each position, so there aren't really the savings you may imagine."

Another issue is that people who are still relatively new to the idea of commercial and operational freedom are unprepared to take responsibility for their decisions. Large western operators that lack the capability to expand directly into the region have put local agents in, but most have not been bold enough to set up their own operations, either nervous of local culture or uncertain about the scale of the opportunity.

These developments take time, Grossmann accepts. She points out that despite its economic might, the former West Germany took took 10 years to integrate with East Germany.

She doesn't want to grow her own company if it simply means managing a larger, fragmented fleet, and makes clear that she wants to locate owners who fit (they don't necessarily have to be Czech). Indeed she has turned down prospective partners who were unwilling to accept her conditions and structures.

Grossmann is prepared for lots of handholding as she accompanies owners into what may be a new arena for them. Some first-time owners focus only on the purchase price of an aircraft but may not be attuned to maintenance and the costs of pilots, for example. Others say they want income from charter flights but can't advise availability of dates. "It's an educational process on my part," she says.

On the reverse side of the coin, it is important to retain the value of the owner's asset as well as making one's own margin, and Grossmann claims not all operators take sufficient care over that.

Illegal charter is a much discussed issue in eastern Europe, but Grossmann says: "It's not as common as in Russia or the Middle East. There is an easy answer. I don't think a company taking work on an AOC with proper operational control can do it."

Importance of records

Daniel Luetolf, CEO of Swiss Aviation Consultants, stresses the importance of east European operators monitoring aircraft and, in particular, aircraft records.

Picking up this point, Grossmann questions how the western market will deal with pre-owned aircraft from the east. She suspects brokers will raise doubts over documentation and aircraft history.

Yet it is the "pilot revolution" that most concerns her. "There are a lot of pilots available as they continue to get offloaded by commercial operators such as Austrian Airlines. But they have great power and believe their salaries are too low even at €10,000 per month. It's the biggest cost factor after initial financing of the aircraft."

Pliots habitually demand two weeks on, two weeks off or will take an aircraft out to Asia and regard it as working time even if they're lying on the beach before making the return trip, Grossmann alleges.

She claims this is unsustainable, given initial and recurrent training that can total €1 million over five years. Pilots must reduce their expectations if they want long-term work, she insists. They need to recognise that being paid on time and working safely for a secure company is a better bet than shopping around. "It's a tough negotiation but this is a partnership," she says.

Grossmann would welcome a coordinated approach from operators, but admits she is not making herself popular, even among her own CEPA membership, by pressing for this. ●

AIRCRAFT TRADING EXPERT TAKES OVER AT CEPA

CEPA has announced the appointment of Brendan Lodge as its new chairman. Lodge, based in the UK where he is business development director of JetBrokers Europe, brings to the association a new skillset in the field of international aircraft financing and trading, and will serve CEPA for a 12-month term.

Before joining JetBrokers in June 2010, Lodge served as aviation director at Kaupthing Singer & Friedlander, development manager aviation at Hitachi Capital Business Finance and finance development manager at Lombard's Aviation Unit.

CEPA founder Dagmar Grossmann says: "Brendan is a popular and talented aviation professional. His business takes him to the CEE region frequently and he has experienced at first hand the challenges this region faces in obtaining aircraft finance. In the CEE region winning over banks and financial institutions to lending is critical as several countries in this region are experiencing strong growth."

Rebirth of the VLJ?

Some light jet builders survived their battering from recent headwinds better than others and are ramping up development again, Ian Putzger reports

The turbulent history of the very light jet concept took another twist last October, when Piper Aircraft announced that it was suspending development of its Altaire business jet indefinitely after re-evaluating the project and the latest forecasts for the sector.

According to Piper interim president and CEO Simon Caldecott, the programme was on schedule, on budget and hitting performance targets, but development costs had risen above the point where they were "recoverable under foreseeable light jet market projections".

Caldecott added: "Clearly, the market for light jets is not recovering sufficiently and quickly enough to allow us to continue developing the programme under the economic circumstances we face."

There may have been more to this than the uncertain market outlook. The Altaire was in a relatively early stage of development and that made it easy for Piper's management to shelve the project. The original concept of a Piper jet went back some time, but the redesign that marked the start of the Altaire project was more recent, points out Peter Maurer, CEO of Diamond Aircraft, which is working on another contender in the VLJ segment, the D-Jet.

It has been suggested that Piper was never entirely comfortable with the VLJ concept, having come rather late to the table. Its aircraft was turning out more complex – and thus more costly – than originally envisaged, which would have made it a tough sell against the Cessna Mustang and other rivals.

Whatever the case, Piper's shelving of the project marked the latest in a string of casualties on the road to delivering the supposed "new BMW of the country club set", as one aviation consultant describes the VLJ segment.

Others view the Altaire's end as another nail in the coffin of the air taxi concept that underpinned the most high-profile VLJ project, the Eclipse. Commentators recall how the original Eclipse venture filed for Chapter 11 bankruptcy protection in November 2009, followed by Chapter 7 liquidation three months later, and point to the fate of DayJet, the most prominent exponent of the air taxi philosophy. Instead of fielding 1,000 VLJs within five years of its launch in 2007 as projected, the Florida-based carrier ceased operations in September 2008.

"In the beginning there were a lot of people with big ideas. It did not turn out the way they hoped," says Magnus Henriksson, business manager of charter analyst Avinode.

Mason Holland, who leads the second-generation Eclipse enterprise, which trades as Eclipse Aerospace, reckons that the time was not ripe for the air taxi concept when DayJet and the original Eclipse tried to blaze a trail for VLJs. The souring economic situation and the resulting downturn in the general aviation business certainly took a heavy toll on efforts to bring VLJs to market.

Although the downturn has hurt the entire aviation sector, the General Aviation Manufacturers Association says the business jet segment suffered the worst pain in the industry in the first nine months of 2011, recording a 12.3% decline in aircraft deliveries compared with the like-for-like period the previous year. And in 2010 business jets had already slumped by 20.3% from January-September 2009, with light jets faring the worst.

Piston aircraft deliveries were down 8.8% in the first nine months of 2011, bruising aspiring light jet producers such as Cirrus Aircraft and Canada's Diamond Aircraft. "The market hurt a lot last year. We had to learn how to shrink a company," says Dale Klapmeier, Cirrus CEO and co-founder.

In 2006 and 2007, Cirrus built about 700 aircraft a year, but over the last three years output has been in the mid-200s, he adds. "That greatly changes your appetite for development."

The erosion in residual values has further undermined the case for light jets, according to Ian McDougall, CEO of FSS Alliance, a full service provider to the corporate aviation sector. Those prepared to stretch to the price of a Phenom 100 can get hold of a high-quality larger aircraft right now, although the operating economics are proportionately higher, he says.

FSS Financial Services, the firm's financing arm, has seen some activity on the VLJ side, says company president Mike Casey. Mostly this has involved straight loans and leases, as buyers have taken advantage of cheap capital. Banks have become more willing to lend money for jet acquisitions, Holland agrees, although not yet at the level he would like to see.

Although banks have relaxed their lending restrictions somewhat, many personal owners, who have replaced air taxi operators as the major target group for light jets, have been forced to reconsider their finances in the economic slump. Small business owners, a large part of this clientele, found in the downturn that funds for projects that had looked secure earlier on suddenly were no longer available, forcing them to find other sources and to rethink their priorities, notes Rolland Vincent, president of aviation consultancy Rolland Vincent Associates and a former executive at Bombardier and Cessna.

Most manufacturers working on light jets have faced similar pressures, and several of them ran out of funds. "Many have been undercapitalised. Their ROI horizon has been quite short," Vincent comments.

Most observers agree that the original Eclipse venture was a victim of this scenario, as was Adam Aircraft Industries, which plunged into bankruptcy in 2008. Others blame their demise on a lack of grounding in the aviation sector. "Companies like Adam and Eclipse were 'greenfield' operations. They had no history in making aircraft," comments Maurer.

"There were several who never got beyond the prototype stage. None were serious contenders in any commercial market," agrees McDougall.

Diamond and Cirrus have had their fair share of experience with scrambling for funds in tight financial situations. The D-Jet and the Cirrus SF50 looked in jeopardy last year, with both manufacturers forced to scale back their businesses when funds became tight. Diamond suspended its test flight progamme last March.

Both companies eventually managed to find new business partners and secure fresh funding. Cirrus merged with China Aviation Industry General Aircraft (CAIGA) last summer, while Diamond announced in November that Medrar Financial Group, a Dubai-based investment company, had acquired a majority stake for an undisclosed sum.

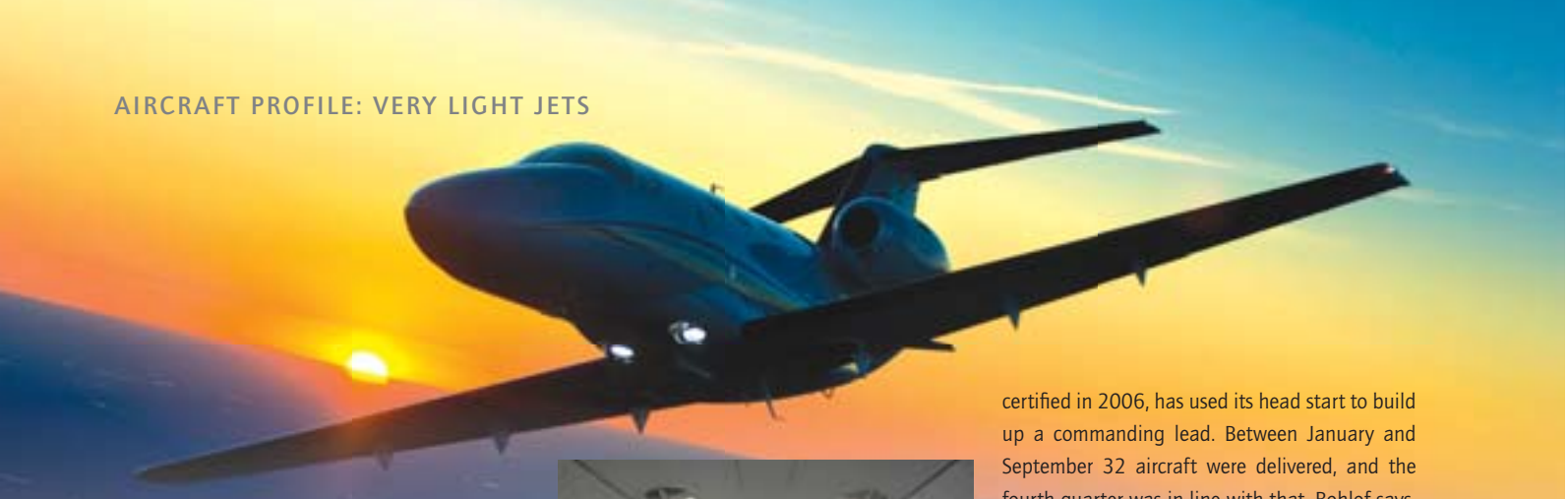
"In the past we were severely limited by our cash position. The SF50 was severely hurt by the economic downturn, so we were not able to progress that initial programme," admits Klapmeier. "With the purchase of Cirrus by CAIGA, not only can we dream about the SF50 again, but we can also develop a growth path."

With fresh support under their wings, Vincent sees a good chance of the D-Jet and SF50 both making it through. "They come from proven manufacturers who have a step-up base of customers," he says.

Undeterred by the woes that have beset the VLJ segment, Holland, Maurer and Klapmeier all see a promising niche between piston aircraft and jets larger than the Phenom 100. Holland points to travel patterns in North America, where 70% of all private jet trips are 750nm or less, usually with three passengers or fewer on board.

Avinode's statistics for the European market suggest a similar opening there. Almost 60% of these are shorter than three hours, and 40% below two hours. Seventy-three percent of flights have four or fewer passengers, and 40% either

Diamond is aiming squarely at the owner-pilot market to begin with



one or two passengers. This has worked well for the Phenom 100 and the Cessna Mustang, says Henriksson. Both aircraft are increasing their share of the European market and look likely to continue their upward trajectory with more entering service.

Negative connotations

As they move closer to certification of their jets, manufacturers tend to move away from the VLJ label. They rather brand their coming aircraft as personal jets or entry-level jets, lest they be associated with the failed air taxi vision of the original Eclipse venture.

"The term VLJ has negative connotations. Most prefer to call them personal jets. And they really are, whether it's the CEO and his wife using them on the weekend or on a business trip. They are a business tool or a lifestyle tool, like personal apps," says Vincent.

Maurer comments: "We never got excited over the air taxi business. We wanted to create an entry-level jet. We aim first at the owner-pilot. The initial market is owner-flown. Longer term, we see applications commercially. It makes sense for corporations to have a small jet for short distances."

Cessna has largely avoided the air taxi concept in its marketing of the Mustang. "We've sold it as an entry level personal jet," says Brian Rohloff, business leader for the Citation Mustang and Citation M2.

For his part, Klapmeier describes the SF50 as a personal plane "designed around the owner in the front left seat", a non-professional pilot. "That design philosophy drives the development of the plane. It has to be intuitive, easy to operate, easy to fly," he says.

McDougall characterises the existing contenders in the market, the Mustang and the Eclipse 500, as designed for the people who turn left as they enter the aircraft. They are delightful for the pilot, not so much for the passenger. The cabins are small."

Maurer comments that the comfort level on a personal jet should be similar to that on a conventional business jet, but he believes it is impossible to marry high-altitude performance,

The Mustang is increasing its presence in European airspace

comfort and low cost in light jet design. Manufacturers must go for two of these criteria and pursue the third as best they can.

"We wanted to offer low cost, but a high level of comfort. We sacrificed high-altitude performance," he says. "On shorter distances you usually don't go up to 41,000 feet."

So far three prototypes of the D-Jet have flown and Diamond is currently working on the shell for a fourth, which will be used for certification testing. Maurer estimates this will take about two years.

At this point Klapmeier is not ready to reveal timelines for bringing the SF50 to market. Cirrus will pursue certification more or less simultaneously around the globe. He expects certification to go relatively smoothly in countries where the company's SR20 and SR22 piston models are already certified.

Having obtained certification for its Total Eclipse jet in the US in October, Eclipse Aerospace announced the following month certification in the UAE, along with orders for five aircraft that will be registered there.

Meanwhile, work on the Eclipse 550 is "on track and on schedule", according to Holland. The new model, which uses the same airframe as the 500, is slated for delivery in 2013 at a price tag of $2.695 million.

Holland is confident that the 550 can take over from the Mustang as the leading model in the entry jet space. Cessna's aircraft, which was certified in 2006, has used its head start to build up a commanding lead. Between January and September 32 aircraft were delivered, and the fourth quarter was in line with that, Rohlof says. "Now we're pushing towards 400 deliveries."

At the large end of the personal jet segment, the Phenom 100 established a new home in the US last year as Embraer built a business jet customer centre in Florida, where it now assembles the aircraft. The manufacturer expects to deliver 31 Phenom 100s from the new plant this year. According to Embraer, the type was the most delivered executive jet in 2010, with 100 units handed over to customers during that year.

The Phenom 100 is set to face competition from Cessna's M2, formally launched in September. Deliveries are scheduled to begin in the second half of 2013. The company is not going public with its demand projections, but says the plane will fill a gap between the Mustang and the Citation CJ family. "Mustang owners were looking for more speed and a bigger cabin," Rohloff says. "The M2 creates a step-up for Mustang customers and keeps them in the family."

For the Eclipse 550, Holland foresees demand for 50-100 units per year. The company's business model is sustainable at a rate of 50 a year, and output can be pushed up to 100 with the existing set-up, he says.

Cirrus intends to adjust its output to what the market will bear. "We have pent-up demand, which will drive production. Long term we will figure out where the market is going," says Klapmeier. He estimates the company will end up turning out 150 planes a year, but adds: "It should be 400 or 500. We have to communicate the value of these airplanes to the world."

Holland estimates that about 40% of Eclipse 550 production will go to US customers. Elsewhere, he sees potential in Europe, Latin America, Asia and the Middle East. For Cessna, North America has been the strongest market, followed by Europe. The company has beefed up its sales force in preparation for a strong international drive. Asia and Latin America are major targets, but other markets are also under review, Rohloff says.

"China is obviously the bullseye for a lot of aviation companies," he says. However, he believes the country currently lacks the infrastructure necessary for a vigorous traffic in light jets.

Owner-pilots and beyond

Owner-pilots are the market segment all the new entrants are targeting initially, but they have higher ambitions further down the road. Holland reckons on sales in equal measure to people flying the Eclipse 550 and passengers happy to sit in the back.

For the Mustang, the majority of the clientele are small business owners, but there is also "a good population of personal ownership", Rohloff says. "A lot of times the Mustang becomes a stablemate for larger aircraft, to be utilised for shorter trips," he observes.

Opinions are divided on fractional ownership schemes. "Fractional ownership is all around us. There is no reason why it couldn't apply to smaller planes," comments McDougall. Likewise, Maurer regards the concept as viable for personal jets, pointing to its current use in both the piston and small jet aircraft segments.

Cessna has seen little evidence of this, however. "We don't see the fractional ownership model as a significant market for the Mustang," Rohloff comments.

Vincent also has his reservations. "Shared ownership tends to be a regional phenomenon because of local tax regimes," he remarks.

NetJets likewise appears to have no appetite for personal jets. "We don't currently have VLJs and there aren't any plans to integrate them in the fleet as it stands," comments a spokesperson.

Charter is widely viewed as a promising opportunity, however. Holland argues that it would make sense for charter operators to have personal jets in their fleet for short runs to complement their larger jets. Diamond Aircraft has already had expressions of interest from several charter operators in the D-Jet. "It's a good way to draw potential customers into the charter segment," Maurer says.

A few of Cessna's customers are using the Mustang for charter activities. "We're starting to see that increase," Rohloff reports.

Klapmeier sees personal jets unlocking huge potential in the charter segment. "Part 135 charter operators have turned charter into a multi-thousand-dollar operation. A lot of people don't consider charter because they can't afford several thousand dollars. We turn this to 1,000-dollar charters," he says.

Vincent is not prepared to consign the air taxi idea to history just yet. DayJet had a lot of potential but stumbled over its choice of aircraft, lack of critical mass and having too many planes on the ground, he says. "You need a high dispatch rate. I think it can work, but it needs a very reliable, proven airframe."

Klapmeier describes himself as a strong believer in the air taxi concept. "With better scheduling software out there, air taxi is going to make sense," he declares.

Not surprisingly, there is a lot of scepticism, too. "With air taxi, the hurdle you have to get over is the acquisition price of the aircraft. That's challenging. There is no easy way," McDougall says. "You've got to put rear ends on seats at fairly low cost. It's very tough if you have strong competition from the charter market." ●

Piaggio's new production line will be efficient and 'green', just like its aircraft. But customers don't have to sacrifice style...

Sound economics Italian flair

Construction is well underway at Piaggio's new €100 million manufacturing plant in Villanova d'Albenga near Genoa, which is scheduled to come on stream at the end of 2013. The project marks out Piaggio as one of very few aircraft manufacturers with the confidence to be investing in additional production capacity, the company's general manager, Eligio Trombetta, told the NBAA conference in Las Vegas back in October.

Piaggio claims to be the only company in the world active in the design, manufacturing and maintenance of both aircraft and aero engines. Under a joint venture with Pratt & Whitney, the company expects to turn out around 100 engines this year.

The new 49,300sq metre facility will back right on to Villanova d'Albenga's small general airport and will thus have direct access to a 1,500 metre runway. It will produce parts and subassemblies for the P180 Avanti II aircraft as well as manufacturing and repairing engines.

The factory will replace a plant in nearby Finale Ligure, though final assembly will continue at a separate plant in Genoa, 30 minutes away. Piaggio is aiming for greater process efficiency and has designed the new line on lean manufacturing principles for improved production flow and speed. Aircraft parts will travel 450 metres instead of 3km as they do at present. Taking into account other features such as reduced energy use, Piaggio will seek ISO 14004 environmental certification at the new site. It will also create a museum telling the story of the company from its foundation in 1884.

Fourteen aircraft were delivered last year, up from nine in 2010 and well within current production capacity of 38 aircraft per year.

"We will be able to produce up to 50 aircraft per year at the new plant, but it won't be a case of flicking a switch," says John Bingham, president and CEO of Piaggio America and chief marketing officer worldwide for Piaggio Aero Industries. "We will ramp up as demand requires. We won't build for stock, unlike a lot of our competitors."

Bottom-line bonus

The Avanti II is the world's fastest turboprop, with a maximum speed of 745kph (402 knots) and a range of 2,780km (1,500nm) that puts it in the same ballpark as most light and mid-size jets. Updated P&WC PT6A-66B engines have improved performance and cruise speed, and the aircraft can operate out of smaller airports with landing and takeoff distances that no jet of comparable size can match.

The full stand-up cabin is the biggest by some way in the mid-size jet and twin-engine turboprop class. Good sound insulation and sea-level pressurisation contribute to an unrivalled standard of cabin comfort, Piaggio claims.

With more than 200 aircraft in operation worldwide, there is no such thing as a "typical" Piaggio customer, Bingham says. The prospect of fast, spacious travel with low environmental impact is equally attractive to wealthy individuals, private and public corporations, especially businesses keeping an eye on the bottom line. "To own a turboprop is a far more sensible business proposition, saving 35-40% on acquisition and operating costs," he says.

There may have been a time when turboprops were perceived to lack glamour, but Piaggio's high-profile ownership surely counteracts this impression in the minds of potential customers.

The company's shareholder structure comprises Tata Ltd, the UKL arm of the Indian Tata Group; Mubadala Development Co, the investment company helping drive the economic

diversification of Abu Dhabi; and two Italian families, Ferrari and Di Mase. The aircraft display Ferrari's instantly recognisable prancing horse livery and the Scuderia Ferrari racing team is happy to have the Avanti II as its business aircraft due to its style as much as its state-of-the-art technology and performance.

The build-to-order strategy and a continuing production backlog means distress marketing during the downturn, Bingham emphasises.

"When the market went south, we decided on a different, aggressive approach. We wanted to end up bigger on the other side of the recession. With a new facility coming, it was a question of how we would use this capacity. We decided to look at new markets that we were not in, to supplement the North American and European markets when these returned to full health."

This quest to broaden the potential customer base led to type certifications in several emerging markets, principally the BRIC countries. India certified the Avanti in 2009, followed the next year by Brazil and Russia. Piaggio entered the Australian market in 2011 and announced at NBAA that its aircraft had received certificate from China's Civil Aviation Authority, permitting registration and operation throughout mainland China and in Hong Kong.

"This opens the way for the Avanti II in one of the most promising markets of the world," said Piero Ferrari, Piaggio chairman. "The low operating cost gives us a unique advantage in the market and allows us to offer Chinese customers economics, performance and operation that were not previously available. China and Hong Kong represent big potential markets for the aircraft in both its executive and special mission versions."

Bingham says: "All these are huge markets with significant numbers of business people, and we're now able to sell in all of them. We've picked up two orders in Russia, with five more to come. We're waiting to conclude an order in Australia and are awaiting our first business from China."

Piaggio was especially keen to penetrate the Brazilian market, where it believes its product is well suited to the challenging local topography. "It's a robust aircraft with everything set high up," he comments. "You can look after passengers effortlessly cross-country in the spacious cabin."

The company appointed Algar Group last August as exclusive distributor and service provider for the Avanti II in Brazil. The first delivery to a Brazilian customer was made the following month and a second order quickly followed.

The aircraft's low fuel consumption and small carbon footprint is expected to play well in a market that is increasingly attentive to 'green' issues and Piaggio will use Brazil as a springboard into other South American markets, Bingham says.

Maybe, one day, a jet

Despite the numerous advantages Piaggio cites in both environmental and commercial operating terms for its turboprop over jets of similar size, the company is not definitively ruling out developing a jet of its own. In response to continuing media speculation, Bingham says: "As soon as we have a clearly defined package, we will open up."

Meanwhile, various enhancements are understood to be under development for the existing Avanti, including propellers, brakes and air conditioning. However, he is reluctant to go into specifics at this stage, commenting only: "We're looking to see the potential benefits and we would want anything we introduce to be retrofittable. But nothing is certified, and major improvements don't always come to market."

Piaggio offers a variety of interior layouts. The fact that the aircraft is single pilot certified gives the option of an eighth passenger seat if required, in addition to a double divan, a single seat facing forwards or sideways and a club four.

"Once they have specified the base seat layout, owners are pleased that they can specify their own materials and finishes. It's not just a cookie cutter process."

Piaggio has a co-marketing agreement with yacht maker Benetti, but this does not extend to crossover of design or internal fit-out. It simply means the companies share exhibition stands since they are targeting similar customers.

Investment in its North American service centre network has corrected what Piaggio admits was a competitive weakness. Customers now have 18 facilities available, up from just seven two years ago.

In Brazil, full back-up was in place from day one thanks to the selecton of Algar as local representative. The company has existing facilities in Belo Horizonte and Uberlandia, and could add another three in Sao Paulo, Brasilia and Manaus as the customer base builds.

But there are other ways of tackling service issues, Bingham says. "Algar has a truly amazing approach and flies mechanics to wherever the problem is, rather than waiting for the aircraft to come to them."

That's a level of passion and commitment typical of those involved with the Piaggio project. ●

AVANTAIR (WHO ELSE?) TAKES THE 100TH US PIAGGIO

Avantair, the Clearwater, Florida-based fractional ownership operator and the world's largest Piaggio customer, took delivery of its 56th P.180 Avanti aircraft in November. The occasion was an important landmark for Piaggio, which celebrated its 100th US delivery.

"Piaggio is our longstanding partner and we are pleased to be the North American provider of fractional shares, leases and flight time cards in this aircraft in North America," said Steve Santo, CEO of Avantair (right). "The Avanti II provides exceptional comfort, speed, safety and unparalleled value to our customers and has helped us to grow our market share across all of our private aviation programmes."

John Bingham, president and CEO of Piaggio America (left), comments that the 100 deliveries underline how well suited the Avanti is to both private and commercial operators in the US market.

"A number of charter operators have fleets of our aircraft," he says. "Avantair's equipment averages 100 to 120 operating hours per month, which is serious testimony to the robustness of the aircraft."

Under the patronage of

H.H. Sheikh Ahmed Bin Saeed Al Maktoum
President of the Dubai Civil Aviation Authority,
Chairman of Dubai Airports and
Chairman and Chief Executive of Emirates Airline and Group

airport show

22 - 24 MAY 2012, DICEC, Dubai, UAE.
Middle East's Premier Exhibition

Book Your Stand Now!
www.theairportshow.com

SUPPORTERS

LEAD MEDIA PARTNERS

Reed Exhibitions

Reed Exhibitions FZ-LLC, PO Box 77899, Abu Dhabi, UAE.
Tel: +971 2 491 7615, Fax: +971 2 491 7612, Email: info@theairportshow.com, www.reedexpo.com

GE Aviation's H80 turboprop engine, pictured here on a test rig, recently received EASA type certification

Longer-legged H80 gets its wings

GE Aviation's H80 turboprop engine received type certification from the European Aviation Safety Agency in December, and has thus become the first engine from the company to go the EASA route first, with FAA certification set to follow.

Paul Theofan, president and managing executive of GE Aviation's Business and General Aviation Turboprops division, described certification as "a significant achievement for the GE Aviation facility in the Czech Republic along with the engineering teams in Evendale, Ohio, and Lynn, Massachusetts, which helped in the design".

The H80 engine builds on the proven M601, using 3D aerodynamic design techniques and advanced materials to create a more powerful, fuel-efficient, durable engine that requires no recurrent fuel nozzle inspections and no hot section inspection. It will provide the option of a single- or dual-acting governor, allowing customers to have flexibility in propeller selection. The overhaul interval is extended to 3,600 flight hours or 6,600 cycles.

The H80 engine has been selected to power multiple applications, including Czech manufacturer Aircraft Industries' L410 commuter plane, Technoavia's newly designed Rysachok 10-seat general aviation aircraft and the Thrush 510G agricultural aircraft, which will enter into service shortly.

GE Aviation is supporting the H80 with an expanded service network, naming Premier Turbine as a designated repair centre for the new engine and the M601 in North and South America. Appointed as authorised service centres for both engines are Smyrna Air Center, Cascade Aircraft Conversions, Winnipeg River Aircraft, Sky Tractor Supply Co and Cutter Aviation for North America; Alagro Fumigaciones, Solo Aviation, and TAM AE for South America; and AG Aero for Australia, New Zealand and the Philippines.

Mauritius-based Air-Tec Aviation Maintenance was confirmed in January as an authorised service centre for the H80 and M601, offering comprehensive line maintenance, removals and re-installations of engines and LRUs and engine spares for both engine families. In addition, Air-Tec will provide some on-wing heavy repairs and manage a pool of spare/rental engines for the African region.

"Air-Tec has extensive experience with L410/420 aircraft," said Theofan. "Africa has a large installed base of M601-powered L410 aircraft and represents a significant growth opportunity for the H80 engine."

As an operator in its own right, Air-Tec has the largest L410 fleet in Africa. The company also sells and leases L410s and 420s to regional airlines, aid agencies and NGOs, oil exploration companies and clients requiring smaller aircraft.

Aircraft Industries' new L410-UVP-E20, powered by twin H80 engines and fitted with Avia AV-725 propellers, made its maiden flight over the manufacturer's home airport of Kunovice, in the eastern Czech Republic, in November. The propellers are an upgraded version of the current V-510, with modified blades, improved aerodynamic efficiency and reduced weight.

The engines performed "extremely well" during the 40-minute flight, according to Miroslav Kozisek, product support director at Aircraft Industries. "The flight test crew put the aircraft and engines through many manoeuvres, and the results are very promising as we begin our flight tests. We look forward to certifying the aircraft/engine combination and offering our customers the new H80 engines as a powerplant on the L410," he said.

Theofan commented that the flight marked the first time the H80 engine had powered a commuter plane, and was encouraged by the test flight data. "While the current L410 has been popular in Russia, South America and Africa, the H80 engine's significant hot-day take-off performance and high-altitude cruise speeds will allow the re-engined L410 to operate in additional regions around the world, which is exciting news for existing L410 operators as well as new potential customers," he added.

The H80-powered L410 is expected to complete certification in the third quarter of this year. Aircraft Industries will fit the engine on all new L410s, and offer an upgrade programme to existing customers flying M601-powered aircraft.

More than 1,100 L410s have been produced since the aircraft entered service in 1969, and some 450 aircraft are still in operation. Aircraft Industries signed a five-year sales agreement with GE Aviation in February 2011 for the purchase of H80 and M601 engines.

BUSINESS AVIATION ON FULL DISPLAY IN SHANGHAI — MAKE PLANS TO BE THERE

ABACE

SHANGHAI, CHINA

MARCH 27, 28, 29, 2012

Shanghai Hawker Pacific Business Aviation Service Centre on Hongqiao International Airport

Exhibits, Dozens of Aircraft on Side-by-Side Display and Education Sessions All in One Location

WWW.ABACE.AERO

The Asian Business Aviation Conference & Exhibition is co-hosted by The National Business Aviation Association (NBAA), the Asian Business Aviation Association (AsBAA) and The Shanghai Exhibition Center, in Partnership With Shanghai Airport Authority.

Expanding the offer in turbulent times

CEO Martin Lener explains why the time was right to add an ACJ to the Tyrolean fleet, and how he is diversifying to combat current weakness in the charter market

Austrian charter operator and aircraft management company Tyrolean Jet Services (TJS) has added an Airbus ACJ318 ER to its commercial business jet fleet.

Owned by an Asian family, the ACJ was completed at Lufthansa Technik in Hamburg in 2010. The owners decided in the middle of last year they could generate better revenue under a new operator and put the aircraft in the hands of Innsbruck-based TJS.

"As a long-established business jet company, it was a natural next step for us to add an ACJ because of the new standards of comfort and space it offers," says CEO Martin Lener.

Airbus designed the ACJ to meet client requirements at the top end of the corporate jet market, where demand is increasingly for larger equipment. The aircraft's cabin is claimed to be twice as wide and offers triple the volume of long-range competors, giving up to 19 VVIP passengers additional room to relax or move around on board. "We are able to carry larger executive, family and government groups, allowing them to take advantage of features that other business jets cannot deliver," says Lener.

The ACJ can fly for 9.5 hours and has a range of 7,780km (4,200nm), yet its fly-by-wire controls and carbon brakes contribute to an excellent short-field takeoff and landing performance. The new addition to the TJS fleet has a sophisticated cabin management system including in-flight entertainment. The company promises clients a "unique, magnificent dining experience" thanks to a well equipped galley manned by highly experienced cabin staff.

In addition to charter and aircraft management, TJS offers a complete range of business jet services including flight support and aircraft sales and acquisition, designed to help owners and customers to achieve their business or financial targets. Owners are offered Austrian or any preferred alternative registration.

LENER: sharper fluctuations in the economy make it hard to predict the future strength of the charter market

The company's commercial fleet comprises a Bombardier Global Express, two Dornier 328 Jets (one in Executive and one in Corporate configuration), a Cessna Citation VII and a Citation Jet 2 plus two acquisitions in 2011, a Gulfstream G200 and the new ACJ.

Available on charter for the final two months of the year, the Airbus flew to Mauritius and the Middle East as well as doing extensive business around Europe. "There is strong demand for heavy jets around the Christmas and New Year period, but before that the market had been slow, reflecting the lack of consumer confidence. Demand was weak in November and even at the beginning of December," Lener says.

Luxury destinations such as the Maldives, Mauritius and the Caribbean have been generally in less demand during the northern winter, he notes. "There is too much capacity. Supply and demand is not in balance and rates are lower than they were in 2008."

As a relatively small operator, TJS relies on its personal service. "We've been intensively involved in the charter business for a long time and we understand this fast changing market," Lener says. The wide mix of equipment the company operates may give it flexibility, but he acknowledges it also represents a challenge in the current economic climate.

"The licensing, crewing and training needs make it difficult to run an organisation efficiently across several types. If you want to operate a Gulfstream G550 or Global Express it will cost you €30,000," he says.

The Airbus has a dedicated team of two pilots, two co-pilots, four cabin attendants and two flight station engineers, reflecting the need for more frequent maintenance checks on a large, intensively used aircraft. But Lener points out that initial training on an A318 costs less than with less popular types, "because there are 5,000 of them out there".

How far could this philosophy of an aircraft for every niche extend in future? "If someone came along with a Falcon 7X it would be another model in our fleet," Lener says – though

in some respects that could be a nice problem to have.

He points out that TJS has 10 aircraft under private management, resulting in greater commonality than might be obvious from the list of seven aircraft (and six types) available for commercial charter. For example, the company manages a second Global Express, although this is based in Kazakhstan and therefore requires its own crew.

It is impractical for fleet operators to advertise on the open market when they are looking to expand, but they can make it known through their existing network of contacts. TJS has been active in the Baltic Air Charter Association for five years – "a good way of meeting brokers," Lener says – and he has sat on the BACA council for the last 18 months.

Word of mouth from existing clients is also a valuable tool, and it is perhaps significant that the Airbus had spent only a few months with another charter operator before the owner decided to switch to TJS.

However, the charter scene has not been a happy one in the last three years or so. "The gloom and doom in the economy is such a contrast with a market that was so hot in 2006-08," Lener says. "In 2009 there were more cancellations than deliveries. There are some signs that it's stabilising now, but only slowly. Even when enquiries are strong, as they were towards the end of last year, this does not translate automatically into business. Charter clients are shopping around, and booking at very short notice."

Having worked for TJS since 1980, not long after its formation, Lener observes a speeding up of the business cycle. "We had severe turbulence in 2001, then again at the end of 2008, so the cycle was seven years. But now we have had the same again in Europe three years later. There are much greater fluctuations and it makes everything less predictable."

TJS sought to diversify to protect itself during the last downturn. It attempted a move into the Middle East market in 2009 by setting up a joint venture, ClearSky Aviation (CSA), with MerchantBridge. The partners based an aircraft in Beirut, Lebanon, initially offering air charter and aircraft management. The idea was to build on this by adding maintenance and FBO services.

Extra comfort and space made the ACJ "a natural next step" for Tyrolean

The venture survived only a year in a market that has become highly competitive, with many new players moving in. The number of unlicensed aircraft, and the inevitable impact on margins, concerns Lener.

"It didn't work in the way central Europe does," he says. "It's very price driven and the grey market is becoming more of a problem every year."

The company has maintained its strategy of diversification, but now through different business streams rather than geographical expansion. When Tyrolean Airways outsourced its catering, TJS co-invested with Welcome Air in the Innsbruck-based operation. The first year for the catering operation, Cloud Number Nine, under its new ownership has been "positive", Lener reports.

The acquisition represents only a small addition to TJS's revenues as not many of its flights originate from Innsbruck, though there will be some outbound traffic as winter sports parties complete their trips and return home.

We're happy to serve clients from other parts of the world. We understand how to treat them. We have long experience, and it's a different income stream

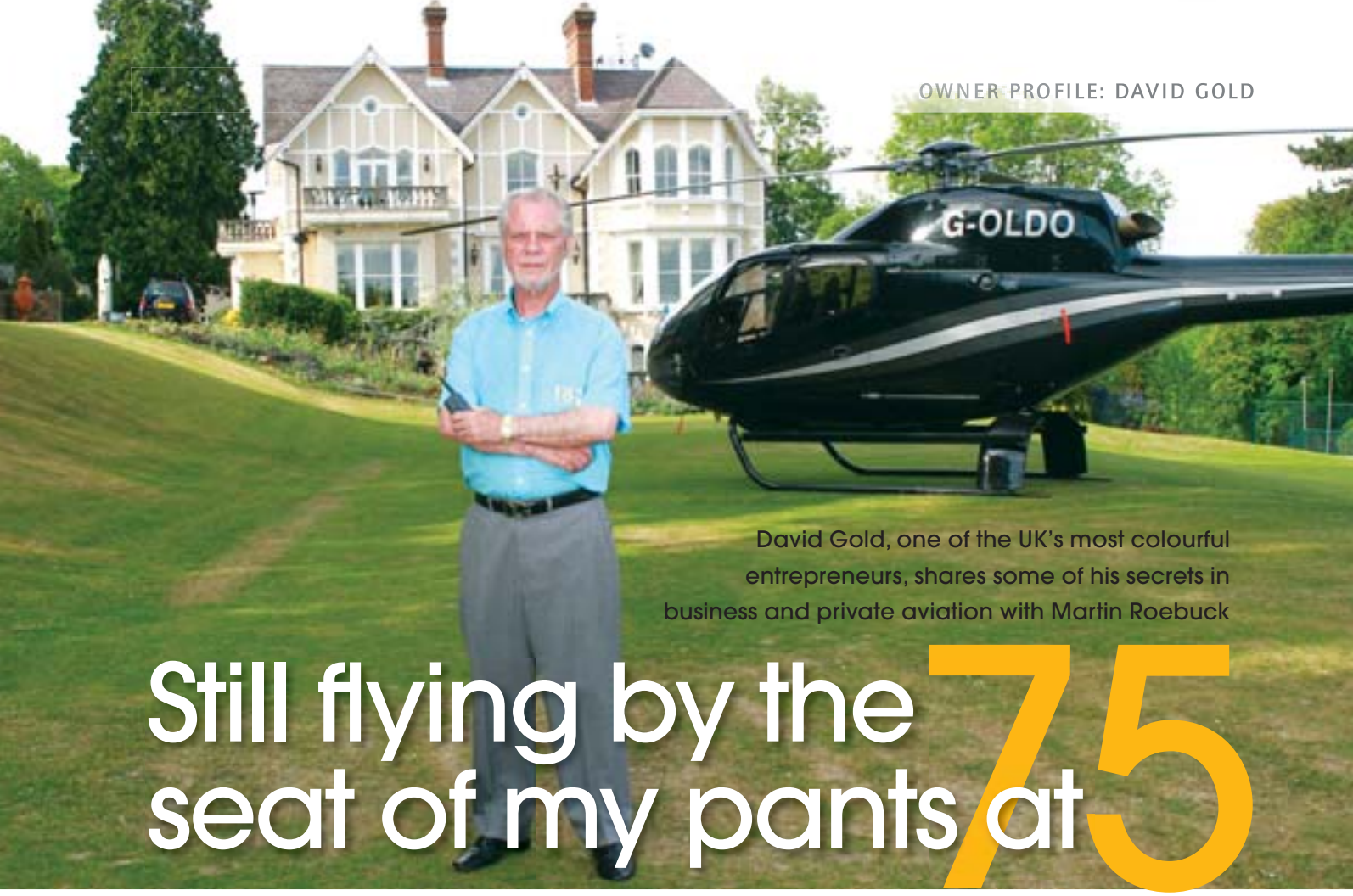
Welcome snow began falling in early December after a slow start to the ski season, and TJS further taps into this by way of a concierge service offered to people enquiring where they should ski for a weekend.

"This falls between the business jet and travel agency spheres," Lener says. "We're happy to serve clients from other parts of the world. We understand how to treat them. We have long experience, and it's a different income stream."

The company has also established its own in-house IATA travel agency for those clients wanting to fly with a scheduled carrier. "It's a platform to maintain our link with corporate clients and give them an alternative," Lener says.

Companies that have scaled down from booking private charters at least still have a reason to contact TJS and can rely on a personal service, albeit not such a lucrative one. Conversely, Lener hopes groups of 14 or 15 executives travelling on business class tickets will see the merit of a dedicated charter.

Meanwhile, TJS continues to develop its Part 145 maintenance facility for Cessna, Global Express and other business jets based in Austria, Germany and northern Italy, which now employs 10 technicians. When the upturn finally comes, the company intends to transact with customers in as many ways as it can. ●



David Gold, one of the UK's most colourful entrepreneurs, shares some of his secrets in business and private aviation with Martin Roebuck

Still flying by the seat of my pants at 75

The private aviation history of multi-millionaire David Gold is every bit as eventful as his personal and business life has been. And that is saying quite something, for in a true rags-to-riches tale, the 75-year-old owner of sex toy and lingerie retailer Ann Summers – and co-chairman of West Ham United Football Club – grew up in extreme poverty in the slums of east London before going on to become one of Britain's wealthiest men.

Gold has his own Gazelle and EC120 helicopters, which he still regularly flies to soccer fixtures and business meetings, as well as two fixed-wing aircraft – a Learjet 45 and a Cessna 182. Yet he gave up flying for several years after witnessing the death of a close friend in an air accident, and later, having regained his pilot's licence, was lucky to walk away from a crash in which he wrote off a plane of his own.

All will be explained in due course. But how did Gold build a successful business empire from such humble beginnings? In 2010, his fortune was estimated at £360 million, placing him 186th in the Sunday Times Rich List. At one stage Gold and his family were worth £550 million.

More modest than most entrepreneurs, Gold admits to having plenty of luck along the way, as well as an appetite for hard work and the ability to spot an opportunity when he saw one.

David Gold at his Caterham home with his EC120. At 75, he still enjoys piloting his own helicopters for business and pleasure

He began by selling science fiction books from a kiosk in London's Charing Cross district. When the landlord, seeking to redevelop, gave him notice he instead took out a loan (bankers being more flexible in those days) and bought the freeholds of four empty shops in his own right. It was the late 1950s and Gold had discovered there was more demand for adult literature than sci-fi. He also learned that the real profits were to be made by staying open later in the evenings and through the weekend, and made regular court appearances as he battled the then highly restrictive Sunday trading regulations.

Gold sold two of those first four shops for £3 million when another developer came calling. "I was in the right place at the right time and found that capital is king," he says. "Before I was fighting for pound notes, but that deal put me into a higher bracket."

His remaining premises from those early times are still owned by Gold Group International (GGI) and trade today as branches of Ann Summers, a brand he had bought when it was struggling to shed its sex shop reputation and move into the retail mainstream.

In 1972, by which time Gold had expanded to 10 magazine outlets, one of his main rivals, David Sullivan, "made me an offer I couldn't refuse" and the two like-minded businessmen merged their publishing, print and distribution operations. The magazine side of the business became Gold Star Publications while the partners later launched Sport Newspapers.

Gold had always had a passion for football. He played for West Ham's junior team in the early 1950s and could have turned professional for the club, but the rewards were not as great as they are now and his father decided, perhaps rightly in hindsight, that it was not a wise career move.

At the start of the 90s, having amassed their first several millions, Gold and Sullivan had the opportunity to move into football in a business rather than playing capacity by buying a minority stake in West Ham. It did not work out as dreamed, however, and they did not see eye to eye with the two families that then controlled the club.

They sold out two years later, but now had the appetite for this. Gold used his personal connections with Birmingham City to rescue the club from bankruptcy in 1993, paying the administrators the princely sum of £1. Without his interven-

tion, the long-established club would probably have folded since a supermarket group wanted to build a new store on its ground.

"It was a topsy-turvy time," Gold recalls. The club sank into the old third division but was soon promoted again and went on to win trophies.

David Gold, his brother Ralph (then a partner in GGI) and David Sullivan jointly owned 80% of Birmingham City right through to 2009, when they were offered £50 million for their share. Instead of biting the prospective buyer's arm off – "we were reluctant sellers," Gold smiles – they forced the price up to £82.5 million. Right place, right time, and another fortune pocketed.

The news quickly went out on the football grapevine. "We were bombarded by clubs," he recalls. "It never crossed my mind that West Ham would come up for sale, but as the Icelandic banks collapsed, it became clear their backers were in trouble."

So the wheel turned full circle and by January 2010, Gold and Sullivan acquired the club they had tried to buy into 20 years earlier. They paid more than £60 million for a 62.5% share of The Hammers and were appointed joint chairmen.

The club is thriving and looks set for an imminent return to the top tier of English soccer. In a further twist, if West Ham relocate to the Olympic stadium after this summer's Games (the tabloid press have speculated that the new home could be christened the Ann Summers Stadium), the club's current Upton Park ground will be redeveloped and Gold will see his childhood home finally demolished.

Triumph and tragedy

Another key part of the wide-ranging GGI business empire for many years was a charter airline, Gold Air. Gold has been a fixed-wing pilot for 38 years and a helicopter pilot for eight, but for the full background we have to go back almost 60 years.

His first experience of flying, as a 16-year-old air cadet, was almost his last. He got a trip in an elderly Tiger Moth, but was not strapped in and almost fell out when the pilot chose to show off his aerobatic skills and made an unexpected roll.

Gold didn't fly again until 1970, even as a passenger, since his then wife had a phobia about it. But he was living in Biggin Hill at the time and passed the private airport there every day on his way to the office. "I sneakily started taking flying lessons and I got my private pilot's licence inside a year. It was just out of personal interest, a boyhood dream, and I didn't tell anyone," he says.

He had the benefit of learning in a Cherokee 140 four-seat tourer rather than the usual two-seat trainer, and quickly caught the flying bug. Gold's first plane was a Piper Aztec and, just as an aside, he bought Biggin Hill Flying Club where he had trained.

Moving on to own a Cessna 337 and then a 340, Gold became a highly capable competitive pilot. Photos of these much-loved aircraft still hang on the wall at his 40-room manor house in Caterham, south of London. Gold won the Gozo Beacon in 1979, followed by the prestigious Malta Air Rally in 1980 and 1981, but grounded himself for a lengthy period following twin tragedies in rapid succession.

> **We could see that new aircraft were what people wanted. The question was always, how old is the plane?**

While demonstrating in their Harvard just after the Malta event in 1982, two close friends crashed the aircraft and were killed. Only months later, another close friend died when the Citation he was piloting crashed out at sea. He and his passengers apparently survived the initial impact, but then drowned.

"I was sickened by the deaths, so close together and so close to home," Gold says. He gave up flying and concentrated on his increasing business commitments.

It was many years later, now well established with Birmingham City, that Gold needed to get to an away fixture at Newcastle and booked an air taxi out of Biggin Hill. He tracked down the pilot, who he claims "looked like a 14-year-old", in a shed on the airport perimeter and was conducted to an Aztec even older than his own first aircraft.

The flight, in poor weather, and the seemingly casual atittude of the young pilot worried Gold, and next day he ordered a King Air 200 to meet his business needs in-house.

The aircraft came complete with two pilots, but Gold was inspired to fly in his own right again when he met a 75-year-old Russian pilot at Biggin Hill who was running around Europe in his Learjet and clearly still relishing the experience.

Gold duly regained his fixed-wing licence but soon, with requests from friends and business colleagues demonstrating the demand for a reliable charter service, Gold found himself ordering two further King Airs and a Hawker HS-125, buying a hangar at Biggin Hill and setting up as Gold Air.

Learjets were quickly added as business grew. "We could see that new aircraft were what people wanted," he says. "The question was always, how old is the plane? How fast does it go?"

Gold's next personal acquisition was a Cessna 182, but he crashed this after flying up to see the Birmingham City players at training. He came in faster than anticipated on a tail wind that air traffic had not alerted him to, and skated across freshly mown grass into a bank. Although the aircraft was damaged beyond repair, Gold says his quick reactions averted a much more serious incident.

The short landing strip at the training ground had already attracted comment from the chief executive at Gold Air, who now suggested that Gold should consider a helicopter. He immediately set about earning his PPL(H) and 14 years ago acquired a secondhand Gazelle 1, currently based at Stapleford. A second helicopter – the EC120, purchased new two years ago – lives on the lawn at Caterham.

Gold also keeps a replacement Cessna 182 and a Learjet 45 at Biggin Hill, but clearly derives his main thrill from piloting the helicopters even if the ride is less comfortable. He attends shop openings in them, as well as football matches at up to 90 minutes' range.

"I'll go as far as Cardiff or Coventry. I love the fact that helicopters are so hands-on. You're flying every second, you can't set them on autopilot," he says. "I do the renewals in the Cessna, but I use it much less."

Simplifying for the future

GGI continues to thrive in the form of Ann Summers, the Knickerbox sub-brand and various prop-

erty interests. Gold's daughters, Jacqueline and Vanessa, are respectively chief executive and deputy MD of Ann Summers, which now has around 150 stores across the UK.

However, Gold Air was sold in 2006, and Sport Newspapers the following year. Then David bought out his brother in 2008, forced to do so because Ralph wanted to step back and his children were less involved than David's.

"It was a case of simplifying everything. I had to address the succession," he explains.

Describing the sale of Gold Air to Air Partner, for a price generally quoted as £4.4 million, Gold says he had to decide whether to keep the airline on, and take delivery of the two Globals he had on order, or let it go. Taking the aircraft into account, the upside was almost £30 million.

"It was really exciting and I enjoyed it – but it's the old story. Again I got an offer I couldn't refuse," he says. "It's a great wrench to leave a business you love, though I was glad to get out ahead of the downturn."

The Gold Air managed fleet comprised six Learjet 45s plus the Hawker at the time of Gold's sale. He retained one Learjet and planned to charter it out to Air Partner, but the new owner chose not to maintain the Gold Air brand and ultimately sold the business on to PremiAir.

It's a great wrench to leave a business you love, though I was glad to get out of Gold Air ahead of the downturn

Gold does not dismiss the possibility of returning to the charter business. "It's possible we could come back into the industry," he says. But one senses that the limitations Biggin Hill is obliged to live with, plus his advancing years and the current state of the UK economy, will decide him against it.

Restrictions imposed on the airport by its local authority, Bromley Council, particularly anger him. "In a recession, we need to think about jobs and the economic benefits. It's people that have moved into the area, not long-time residents, who say they don't want the airport. But surely all those who bought property there did so knowing they were under a flight path.

"The majority say we need the jobs, all the stuff that comes off the back of a busier airport. We ought to have a bit more courage and determination. Biggin Hill has been stifled by tiny minorities and has suffered terrible decisions that restrict it to being a private Sunday afternoon airport," Gold says.

"It didn't get its own junction at Westerham when the M25 motorway was built, so it's very difficult to get to. It would be a vibrant centre now, but can't be when you can't take off before 0800 and it closes at 2000.

"When I was young, the airport was open until 2300. But 50 or 60 homeowners can turn up to oppose a development proposal. It's not democratic." ●

Feel-good factor begins to return

Benét Wilson takes the temperature of a cautious but expanding US charter scene

When the global recession hit in the autumn of 2008, business aviation was especially hard hit. Manufacturers saw billions of dollars in aircraft orders and options vanish. Hundreds of thousands of workers lost their jobs. And those who took private travel for granted took the time to rethink their need for it and how they would use it going forward..

In that mix was the charter segment of the business, which faced real challenges, says Rolland Vincent, owner of Plano, Texas-based business aviation consultancy Rolland Vincent Associates. "Customers can and did turn off charter calls. They had no real investment in the charter companies, so we saw that segment of flying drop quickly. There isn't always loyalty there," he explains.

Charter operators and brokers do provide a vital service, says Vincent. "But customers look for basic qualities and focus on price. It's been a slow recovery for this segment. But we did see holiday demand pick up at the end of the year. And we saw some of the stronger ones take the opportunity to brand themselves as a quality provider."

Magellan Jets, based in Quincy, Massachusetts, operates as both a charter operator and a jet card programme provider, working with customers to decide which options work best for them. The company experienced 30% growth last year, says president Anthony Tivnan.

"With clients becoming more privy to the way charter works, and compares to fractionals, ownership and leasing, there is greater opportunity for growth in 2012," he observes.

Notwithstanding the increase fuel costs, the charter market saw a decline in rates in 2009. Now, rates are climbing closer to pre-2008 levels, says Tivnan.

The company has added flexibility because of how it handles its aircraft fleet. "Because Magellan Jets does not own or operate its own aircraft, the consistency that we offer is above our competition. We have a larger fleet to pull from," he says. The company has access to a range of aircraft including the Gulfstream G550, Falcon 50 EX, Hawker 800 XP, Citation Bravo, Beechcraft King Air and the Bell 430 helicopter.

Business and leisure demand is highly seasonal, he points out. "We cope by proactively planning with clients to ensure the best equipment at the most competitive rates are available to them first," he says. "Business travel is easier due to business days and hours, giving us more availability."

Tivnan feels aircraft owners are continuing to retreat from the market, which is helping charter companies. "[Aircraft] owners, fractional owners and those who lease are apt to see more of the same access to the same aircraft," he says. As a company that offers charter and jet card services, Magellan has not been negatively impacted, he adds.

Downturns in the economy are difficult for any industry, says Tracy Cassalia, director of charter services for Gama Aviation's US arm in Stratford, Connecticut.

"It takes a strong management team and a dedicated staff to weather the challenges these economic conditions present," she says. "Gama's business is twofold – providing management services to our aircraft owners and supplemental charter to third parties. We have been fortunate in that many of our managed aircraft have been in our fleet for quite some time and are flexible to accommodate the needs of our charter client base."

The company has a loyal following of charter clients, says Cassalia. "We work closely with our network of charter vendors to supplement their fleets with additional lift when needed. Gama is recognised industry-wide as one of the safest operators and maintains many accreditations such as Wyvern and ARG/US Platinum ratings," she notes. "More and more clients, as well as the charter vendor network, require evidence of safe operations."

The company has seen a decrease in the demand for charter, Cassalia admits. "But we have adjusted accordingly, and now we are starting to see a turnaround. Hopefully the worst is behind us and 2012 will see a return to a more robust charter market," she says.

"The rate trend over the last few years has fluctuated due to the increase in fuel costs as well as the need to compete against operators whose rates are below what is considered industry standard. We continue to offer competitive pricing while still meeting client expectations."

Gama was founded nearly 30 years ago and has grown into a global organisation, with bases throughout the US, Europe and the Middle East. "This year we will enter the market in Hong Kong. During these years political climates have fluctuated, as have various economies," says Cassalia.

"As with any market during difficult times, people tend to be more cautious. Gama takes a long-range approach to investing, rather than reacting to specific political events or short-term economic conditions, and has successfully maintained a pattern of sustainable growth."

The majority of Gama's fleet are long-range intercontinental jets owned by corporations and individual businesspeople, says Cassalia. "We have several aircraft owners who have recently purchased new aircraft or upgraded to an aircraft with more flexibility. Our fleet composition is dictated by the choices of the aircraft owners which includes light, mid and heavy jets, giving us the advantage of being able to meet a variety of missions," she explains.

Anthony Tivnan, pictured (right) with Magellan Jets' CEO Joshua Hebert, believes rates are coming back to pre-recession level

"Gama is well recognised in the industry as a provider of customised aircraft programmes – we attract those clients who want a very personalised level of service, more like a boutique."

Gama sees small seasonal fluctuations in travel patterns at different times of year, but usually a decline in one segment is offset by an increase in another, says Cassalia. "In the summer months, for example, we might see a decrease in business travel, but an increase in leisure travel. Holiday travel, school vacations, etc also impact the seasonal aspect of the charter market," she states.

Like Magellan Jets, private aviation company XOJET, based in Brisbane, California, also provides a mix of charter and membership card services – and grew its business by the same, encouraging 30% figure in 2011.

"Our growth was only limited by our ability to grow our fleet. We will continue to invest in our fleet and expect to more than double its size in 2012," says Stephen Lambright, senior VP of marketing.

It has been a slow return for charter rates back to where they were in 2008, but they have been trending towards that level, says Theodore Botimer, XOJET's senior VP of revenue management. "However, these gains have been tended to be offset by the volatility and overall increase in fuel costs," he says. "There has been an ongoing rate recovery, but under challenging circumstances."

XOJET supplemented its fleet of Bombardier Challenger 300s and Cessna Citation Tens with a third aircraft type last year, the Hawker 800 XP. "With the addition of this aircraft, we will be able to address an even greater spectrum of customer needs in 2012," says Lambright.

He sees two forces converging in the charter sector. "First, the recent economic situation has given people cause to review how and when they fly privately," he says. "Second, there are new private aviation options available today that weren't available five or 10 years ago. People are using this opportunity to re-evaluate how they fly, actively looking at which programmes best suit their individual needs."

The charter business is no different from any other business, consultant Vincent summarises. "How do your customers feel about you? Are they loyal? Did you go above and beyond during a challenge? Do you have great people to help your customers? Can you recover and provide amazing service?" he asks.

Stephen Lambright says XOJET's fleet investment reflects confidence in charter's long-term future

"Those who do that again and again are the survivors. People pay good money, and they want fresh, clean aircraft and great service. If you don't provide that, you get weeded out."

Overall, charter companies benefited during the recession as companies backed away from firm commitments. "People were unwilling to put money on the table and that hurt jet card companies," Vincent says. "Cash became king, and charters weren't asking people to put cash up front on the table. If they did, they could get a better price, but they didn't have to."

Looking ahead, all three companies are optimistic about their prospects. "Our actions in 2011 speak for themselves. Our growth is driven by demand for XOJET's programmes and our continued investment in growing our fleet speaks to our view of the future – 2012 and beyond," says Lambright.

The goal for Magellan is to remain successful in retaining its client base, says Tivnan. "The challenge is getting the message out to owners and fractional flyers that the charter market allows for increased value and flexibility on higher quality aircraft," he states.

Cassalia defines the main challenge going forward as the operators that continue to undersell the product and hurting the business aviation industry. "Our biggest goal is to ensure that Gama continues on its path to sustained growth while maintaining our commitment to personalised service and safety of operations," she says. ●

Off the launch pad – a new plane for half the price

Nextant's remanufactured Beechjet could be the first in a complete lineup of 'as new' business aircraft

There was a deeper significance to Nextant Aerospace's handover of a 400XT aircraft in October to Michael Silvestro, CEO of launch customer Flight Options. For the ceremony marked not just the inaugural delivery from the company's production line in Cleveland, Ohio, but potentially the birth of a whole new species.

The plane is a "remanufactured" Beechjet 400A/XP equipped with new engines, avionics and a completely refitted interior. Nextant founder and CEO Kenneth Ricci told a media briefing at the NBAA Convention in Las Vegas that the aircraft are delivered "as new except for some sheet metal". The basic fuselage is unaltered, but taking into account the modifications to all its operating systems and moving parts, the 400XT is calculated to be more than 88% new. "We think we have a new airplane, as good as any coming off any production line in the world," Ricci said.

There is no precedent for this in the commercial aviation field. Remanufacturing has only been attempted with military aircraft before. Ricci's vision was to take an airframe that is one of the most robust yet built – and offers just about the best cabin space in its class – and re-engineer it to reflect the advances made in power plant and cockpit technology over the last 25 years.

Ricci founded Nextant in 2007 with this sole objective in mind. As principal of private investment firm Directional Aviation Capital, he reversed the usual approach to aircraft development by investing around $30 million up front to put the production plant in place ahead of the customary sales push. The 400XT did not log its first order until late 2010 and Nextant only began marketing the aircraft aggressively at EBACE 2011.

"It takes $400-500 million to set up a production line, even for a light jet, and for a Gulfstream maybe $1 billion. We can build for a lot less money. It cost us 5-7% of what is needed to go from a blank sheet of paper," Ricci explained at NBAA. But it took Nextant four years to make that debut delivery. "We had hoped it would be two. It takes a long time to get everything converted," he added.

It took a year to get the engines right, while the lead time on the redesigned nacelles had been nine months, Ricci said. The XT400 finally received its required FAA supplemental type certificate late last year and is now coming off the production line at two per month, a rate that is soon set to accelerate.

Remanufacturing differs significantly from

ACTION SELLS IN THREE KEY MARKETS

Nextant announced at the Dubai Airshow that it has appointed Action Aviation as its exclusive sales agent for the 400XT in the UK, the Middle East and India.

"Action Aviation has a proven track record of bringing the most innovative, high-performance business jets and helicopters to the marketplace. With offices in the UK, Dubai and Bangalore, the firm is ideally positioned to serve each of these three target markets," commented Jay Heublein, Nextant's VP of sales & marketing.

Hamish Harding, chairman of Action Aviation, added: "The 400XT's exceptional range, combined with its speed and superior accommodation, makes it an ideal aircraft for the mid-range flights typical of Europe, the Middle East and India."

CONTRASTING APPROACHES TO HAWKER REBUILD

Hawker Beechcraft Global Customer Support (GCS) announced a programme in November to supply factory-completed Hawker 400XPR and Hawker 800XPR aircraft. The company aims to help non-current owners locate and purchase airframes for installation of XPR updates backed by a full factory warranty.

As with Nextant's programme, Hawker Beechcraft will fit more fuel-efficient Williams engines, in this case the FJ44-4A-32, together with winglets. Customers also have the option to upgrade to Rockwell Collins Pro Line 21 avionics.

Nextant does not see this development affecting available inventory for its own remanufacturing programme since so many Hawker 400s are in service.

"Hawker Beechcraft's approach is significantly different from ours," Nextant comments. "Our process is a complete rebuild of the aircraft, not just an avionics and power plant upgrade. We believe that the engine we have selected is a better solution for a number of reasons, not least that it will provide greater range, increased load carrying capacity and better operating economics.

"All life-limited components are replaced and taken to zero-time status. We've redesigned the pylon and made a number of aerodynamic and other airframe improvements. We perform all heavy inspections on the aircraft – all ADs and service bulletins are complied with," Nextant adds.

"We've built an all new interior and installed a top-of-the-line entertainment/communications system as well as configuring the cabin to enhance passenger comfort."

Nextant finally reiterates that its remanufacturing process creates a standardised product that will help to preserve residual value for its customers over the long term.

other modification programmes in that it creates a truly consistent product, Nextant says. The process requires more than 6,000 man-hours for each Beechjet taken in, beginning with a thorough inspection of the airframe to ensure it is free from corrosion and any detrimental wear and tear. All limited-life components are then returned to zero-time status by replacing or completely overhauling them.

This effectively makes the 400XT a new aircraft type. The standard 400A/XP type rating is not affected, though crews must undergo differences training which is included as part of the Nextant programme.

Cabin size, speed and reliability made the Beechjet 400 one of the most popular of all the light jets, and 606 were built. Its main drawback, in common with most of the aircraft's older competitors, is restricted range. Carrying four passengers it will only stretch to 2,470km (1,333nm), largely due to the outdated Pratt & Whitney JT15D-5 engine and aerodynamic inefficiencies relating to the nacelles and pylons.

The remodelled aircraft boasts performance improvements include a cruising speed of 740kph (460 knots), reduced fuel burn that averages 20-25% depending on flight length, and a 50% increase in range *(see table overleaf)*. It thus flies as far as the CJ4 and further than the Phenom 300, and is faster than either.

Nextant claims that these enhancements together with an upgraded cockpit will create a true "category killer", with an acquisition cost similar to competing light jets such as the smaller Citations or the Premier 1.

The base price is $3.975 million, to which must be added additional avionics features plus cabin entertainment options such as high-speed wireless internet. Ricci said the typical final price was $4.1-4.2 million – "a new plane for 40-50% of the price of a Phenom [300] or CJ4".

Customers are already voting with their feet. Flight Options, the second largest company in the private jet travel business in the US, has 40 of the 400XTs on order, though it must be pointed out that there is a direct interest here since Kenn Ricci launched Flight Options in 1998 as a fractional ownership provider for pre-owned aircraft. The company has since expanded into leasing, aircraft management and jet card programmes, and has a fleet today comprising the Legacy 600, Cessna Citation Ten, Phenom 300 and Hawker 400 and 800.

Raytheon and later HIG Capital owned Flight Options before it finally came back under Ricci's stewardship in March 2009, when his Directional Aviation Capital vehicle bought the company back. He is now chairman there.

However, total orders stand at 60, and Nextant has won customers for the 400XT from Europe, South Africa and Australia as well as the US.

"It's been well received globally," says Jay Heublein, Nextant's VP of sales & marketing. "It's appealing across all categories, high-end private owners as well as fleet operators. What makes it attractive to one sector appeals to the other."

At the fuel prices prevailing several months ago, Nextant calculated the operating cost of the new aircraft at $2.13 per mile compared with $3 for the unmodified Beechjet 400. Prices have since increased, but Heublein points out that "the higher fuel goes, the more the value proposition increases".

Just as critical to customers' decision making are acquisition cost and access to competitive aircraft financing, and the company says it has worked with a number of major international banks to ensure their commitment to providing retail financing.

"Aircraft financing has become challenging and there's always going to be initial resistance," Heublein says. "It's an education process for lenders."

Although the original Beechjet 400 was designed in the early 1980s, the typical airframe age of aircraft presented to Nextant is in the five to 15-year range and this is of no concern in financing terms, he adds.

"A CJ4 loses 20% of its value over five years and so will we, but at an acquisition cost of $10 million [for the Cessna] compared with our $4 million, the cash impact is much less. Banks quickly get their head around that," Heublein says.

Crucial eight-year decision point

The Pratt & Whitney engine fitted to the Beechjet 400A/XP, the JT15D, was one of the

earliest high bypass turbofan engines. It is heavy in weight and heavy on fuel. Much of the performance enhancement achieved by Nextant has come from replacing the engines with Williams FJ44-3AP dual FADEC (Full Authority Digital Engine Control) high bypass turbofans, giving a more than 20% better thrust to weight ratio, and installing aerodynamically improved engine nacelles.

The cost of maintaining the P&W engine has increased significantly, with overhauls now costing as much as $425,000. The engines are overhauled at 3,600 hours. The cost of maintaining the Williams engine is 27% lower per flight hour and it will operate 400 hours longer between overhauls, an 11% improvement in the overhaul interval. Nextant puts the engine maintenance savings at $80 per hour or more than $317,000 over the engine overhaul period. With the average aircraft operating 450 hours per year, the optimum time for an owner to consider modification is around the eight-year mark.

"For some who already own the Beechcraft, they have a significant decision to make," Heublein says. "Do they want to continue with an outdated aircraft or cut their operating costs by 30% and bring the avionics up to date?"

Of the 20 retail planes sold so far – that is, excluding the Flight Options order – he says five have been requests for conversions from existing owners. "If a customer brings a plane to us, the expected downtime is approximately 90 days and we can offer an interim lift solution via a short-term lease while their aircraft is being remanufactured."

The 400XT is said to handle better at low speeds than its predecessor, especially on landing approach. The performance improvement is more noticeable in climb, and reduced noise emissions are an important ancillary benefit. At 35dB below stage 4, the aircraft will keep local communities happy in sensitive locations as well as incurring lower landing fees, Heublein says.

James Miller, president of Nextant Aerospace, hands the keys of the first 400XT over to Michael Silvestro, CEO of launch customer Flight Options, at NBAA

Nextant used state-of-the-art engineering methods including computational fluid dynamics to redesign the nacelle, engine inlet and tail pipe and lower aerodynamic drag. The engine was repositioned and the pylon design improved.

This all contributes to the 50% range increase, allowing the 400XT to fly four-hour sectors with six passengers at 0.74 mach. Ricci told NBAA that trans-US trips such as San Diego to Teterboro could be accomplished, with more to come when winglets are available. They will be provided as an option from Q1 2013 and will be more effective than some of the "placebos" currently on the market, he said. The additional range increase will be in the order of 7-8%, with a double-digit improvement out of high, hot airports.

In the cockpit, the Rockwell Collins Pro Line 21 avionics suite replaces the former electronic flight displays, fuel quantity indicators and engine indicators. Three or four large 8 x 10 LCD display panels will display all required navigation and flight instrumentation.

The Pro Line technology, including onboard maintenance diagnosis, dramatically increases the safety, reliability, functionality and capability of the cockpit systems and reduces the overall weight of the aircraft by 35kg. Options include IFIS (Integrated Flight Information System) and XM Satellite Nexrad Radar.

New seating plan wows customers

Nextant originally envisaged standard cabin layouts with six or seven forward-facing seats, the former giving increased cabin baggage capacity of 32cu ft and total baggage capacity of 58.4cu ft.

The aircraft displayed at the Dubai Airshow in November was in a new interior configuration with a three-seat divan and four-place club seating. The 400XT is the only light jet to offer this large divan format and boasts the most club space in its class. Heublein describes this layout as a genuine differentiator, and says 90% of orders so far have specified it.

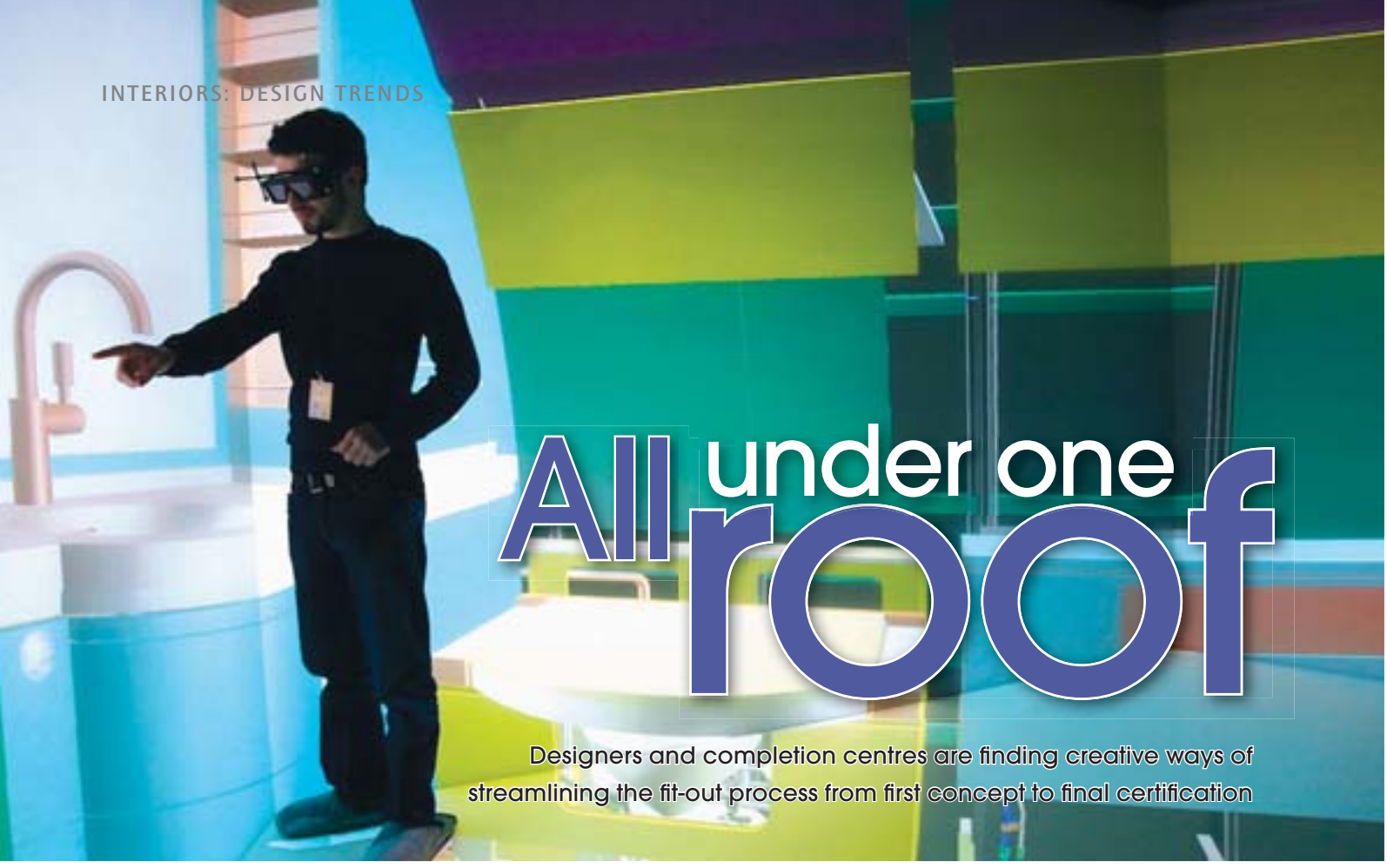
Nextant expects to build 200-250 aircraft during the lifetime of the programme, and set out with a plan of building two aircraft per month for the first year, increasing to three per month by the end of 2012 and four per month in three years' time. Buoyed by its early sales success, the company now expects to be turning out four 400XTs per month at its design and manufacturing facility at Cleveland's Cuyahoga County Airport within the next 12 to 18 months.

The company's service centre network currently consists of six US facilities and a first international one at Beechcraft Augsburg, in Germany, with more promised soon.

The ultimate vision is to extend the concept to other base aircraft and offer a full range of remanufactured jets. "Lots of companies have tried and failed to launch new aircraft – it's an incredibly expensive process," Heublein summarises. "Existing manufacturers may copy our idea, but they're not really set up for it. We were the first to certify this, and it puts us light years ahead." ●

NEXTANT 400XT - BEECHJET 400A/XP PERFORMANCE COMPARISON

	400XT	Beechjet 400A	%
Range (nm, 4 pax)	2,005	1,333	50%
Long range cruise speed (knots)	437	414	6%
High speed cruise	460	450	2%
Single engine climb rate (ft per min)	745	305	144%



All under one roof

Designers and completion centres are finding creative ways of streamlining the fit-out process from first concept to final certification

Lufthansa Technik's "virtual fitcheck" allows designers to imagine they are walking through the cabin, and to spot problems before they arise

The first collaboration between two new partners in aircraft design projects, 328 Design and Turkish Airlines subsidiary Turkish Technik, is to be an interior conversion for a Gulfstream IV. After signing an agreement with Turkish Technik in January, the 328 group, originally formed to support the Dornier 328 jet and turboprop fleet, says it hopes to continue developing its business in new directions.

328 Design emerged last year as a sister company to maintenance organisation 328 Support Services. It has EASA Part 21J DO approval and, with sister company AMDS UK, offers supplemental type certificates for a wide range of aircraft.

Of the 222 Dornier 328s that were delivered, the majority are still flying today, with 57 operators in 28 countries. Kim Fuller, sales support manager for Munich-based 328 Support Services, says most of the current aircraft are with commercial airlines in 31 to 34-seat configurations, though a number were built in a 19-seat corporate layout or are being used in special mission roles.

A new VIP offering, the 328DBJ, is a 12-seat conversion that received FAA certification in March 2011, followed by its first customer delivery.

The 328 completion team in Germany worked with UK-based CTM Design to rework the whole interior space from the cockpit back, stretching the main cabin and blocking off an emergency exit (as fewer passengers are on board) to maximise the seating area. The ceiling and sidewall panels have been redesigned and slimline PSUs fitted, creating an aircraft that claims to provide large-jet standards of space and comfort at a mid-size price.

An innovative galley concept maximises space in the forward cabin, generating nearly half a metre more working space. The main cabin measures 10 metres long, 2.15 metres wide and 1.8 metres high, enough to permit separate lounge and conference areas.

The company says the 328 DBJ feels "genuinely roomier" than previous Envoy models. A key feature of the conversion are luxurious seats based on a DeCrane VIP frame, and Fuller adds that the electronic options offered, including wi-fi, satcom and customised IFE, put this aircraft interior provider in the same leage as larger completion centres.

Through the new partnership, the skills and experience of 328 Design's aircraft interior engineers will be used to certify the designs and materials selected by Turkish Technik through an STC issued by Avionics Mobile Design Services, which became part of the 328 group in 2009. The group has a portfolio of more than 200 STCs on types ranging from the Hawker 125 to the Airbus 320.

Monuments and other fittings now being designed in Munich are perfectly suited to "a Falcon or a Gulfstream," Fuller says – and 328 is prepared to discuss Airbus, BBJ and other aircraft types. Not only is construction carried out to German quality standards, but she points out other advantages to the group's one-stop shop approach.

Many companies contract third-party designer/vendors and simply manage the interior fit-out, but the process is very different at 328. Where the new galley concept for the 328 DBJ was concerned, for example, the company built a prototype in wood, then "played around with it", shaving off a corner here and modifying it there until it was happy with the template. From there, it can now quickly apply a customised veneer to the honeycomb base unit in line with the client's tastes.

During a full conversion, the company will strip an aircraft back to bare metal and inspect it for corrosion. The aircraft is typically "as new" when it emerges from the hangar. The benefit of bringing together maintenance and cabin redesign, Fuller reiterates, is that the "must do" as well as the "nice to have" can be accomplished at the same time.

Airworthiness focus

The same attributes of German engineering and an all-under-one-roof approach to aircraft completion, backed by innovative design concepts, are key selling points for Lufthansa Technik in Hamburg.

The company promises "interiors for all international styles, from clean governmental style to rich baroque or cool Asian," and looks after every element in its in-house carpentry, upholstery, surface and metal shops. Each design is developed not just with engineering possibilities but also airworthiness requirements in mind to ensure a smooth process to certification, explains Michael Reichenecker, cabin interior designer.

An A318 fit-out to a standardised design takes about six months, but Reichenecker says a highly individualised solution for a widebody, incorporating state-of-the-art technology, will take considerably longer.

The process of capturing the client's requirements has changed substantially and may explain why Lufthansa Technik is now taking on more of the up-front design work rather than simply interpreting the ideas of others, Reichenecker believes. "Clients previously had their own designers who had perhaps worked on their yachts or homes. They might come up with a nice design but it would still have to be certified. Some know how to achieve this but it always involves a high level of coordination and integration."

Recent developments in 3D software give the client a photo-realistic way of seeing what a design will look like, and even an opportunity to "walk through" the cabin. Lufthansa Technik has now taken this a stage further with its "virtual fitcheck" system, which reduces the time, hangar space and cost involved in installing the customised cabin and for which the company has filed a patent application.

The traditional procedure has been to design the various elements of the cabin in line with the customer's wishes in the mock-up centre, build these in the workshops and install them in a test fitting. Any problems are documented and revised solutions are developed as necessary. The elements are taken back out, adjusted and only then installed for good.

Lufthansa Technik engineering and IT teams worked for more than two years with five universities on a partially state-funded research project designed to shorten the fitcheck process chain by making sure most of the components fit the first time around. Virtual test fitting reduces the number of changes required to the real components, meaning that in most cases they no longer have to then be removed, adjusted and reinstalled. Instead, fitted elements will remain in the aircraft after the very first installation, significantly reducing the length of the layover.

First, a 3D image of the relevant aircraft type is created, enabling all the components to be viewed in a faithful reproduction of the real environment. Designers then enter a large glass projection room wearing special goggles fitted with reflector spheres and tracked by ceiling-mounted infrared cameras. They can move within this virtual world, spotting conflicts such as a hose or some other obstruction that may not have been evident before, and ensuring that maintenance personnel will have adequate access in future.

The cosmetics come later. Reichenecker defines the design challenge as one of mixing the "global" style, with which clients will be familiar from travelling around the world and staying in luxury hotels, with some reflection of their own cultural traditions such as Middle Eastern or Asian-themed ornaments and artwork.

"Clients are often looking for the same design in the plane as they see on the ground, but we're more limted on the materials we can use, so we try to use the in different ways," he says.

Lufthansa Technik is increasingly exploiting the possibilities of organic LED lighting (OLED) to change how walls and surfaces look, and to offer passengers their own opportunity to change the mood by controlling the effects from their iPad or smartphone.

More than pretty pictures

Rick Roseman, owner and director of RWR Designs in Plano, Texas, is also aiming to streamline the design, engineering and certification aspect of large aircraft completion. He describes the E-First concept that he has been working on for three years as "a major piece of long-needed industry reform".

"Historically, the designer presents pretty pictures back to the owner and then starts talking with the engineering and certification departments at the completion centre – who say they can't do it," Roseman says. "Linking with those guys at the front end of the process, before you even talk with the owner, saves time and money all the way down the chain."

Under RWR's E-First principle, engineering of the interior begins as soon as soon as the floorplan is approved and solidified, instead of the current industry practice of waiting (often up to several months) for the complete design specification to be written and a completion centre nominated.

In Roseman's current experience, only around 15% of business jet owners hire their own designers. When they do, the experience can become long and drawn-out.

"Let's say a purchaser orders a new Gulfstream that comes in a number of standardised layouts from A to E, and he specifies that he has contracted his own designer, not the OEM's in-house design team," he says. "They're now obliged to involve the designer and build to his specification."

328 Design is undertaking three conversions of 328 aircraft for Nigerian start-up Skybird Air, including one in VIP configuration

Materials such as exotic woods will already be priced in but the designer is responsible for the architectural detail on the established platform. This may typically cost $1 million. Thinking about engineering and certification at the conceptual stage of a project may not immediately appear to benefit the bottom line but "quantumly improves programme efficiency at every turn and ensures that your project is build-ready, or very close, by the time your aircraft is delivered from the OEM," the company claims.

RWR works on land-based projects such as palaces and villas, as well as aircraft and yachts. The yacht industry has adopted a lot of the techniques used by the aircraft business but there are vast differences. Yachts face no weight constraints and less rigorous testing, Roseman points out. "You can't just put a piano or a staircase into a business jet."

He describes a private aircraft as "the most expensive thing on the planet per square foot, certainly more than a yacht where you pay $1 million per metre and can get four decks for $150 million. You can spend the same on a BBJ where you have far less space."

There are owners out there who still have these sums of money, but they are looking at the bottom line more carefully than in years gone by, Roseman says. "The previous generation threw money at projects. They just wanted what they wanted. In the Middle East 15 years ago, they'd sign off on anything.

"Now they take time to make a decision, then go with a proposal or reject it. Owners approve a certain cost once the specification is agreed. Then, as you get into the project, they will want to discuss it again or make a visit to the completion centre if they want something added."

RWR recently completed a Boeing 787 concept for the Chinese market that will be presented at ABACE in Shanghai at the end of March as part of a cross-industry US-China partnership programme. It's a style of project Roseman has never attempted before. He has gone for a "rich, sumptuous" feel after many hours of research aimed at understanding how high-end Chinese like to style their homes.

However, it is a secondary group brand, accessory supplier Warren Rossman (a change of spelling in line with the name of Roseman's grandfather) that is now generating as much revenue as RWR's mainstream interior design work. Warren Rossman was formed 3½ years ago, and its growth reflects both the demand for customised components, from ottomans and decorative artwork to plumbing and electrical fixtures, and the significant slowing in design projects since mid-2010.

"Completed VIP interiors look gorgeous but may need a lamp or bathrooms items to finish the job, and we decided to create a subsidiary to supply these items. The average BBJ interior costs $18 million for an 11ft 6in x 100ft space. To buy a cheap sconce off the shelf from a lighting company seems silly," Roseman says.

Initially he will roll out 70 stock designs from which clients can choose. But the items will still be bespoke made, in the client's preferred finish and with a personalised crest if required. ●

next Issue

Regional report: Western Europe

Aircraft: Mid-sized jets, helicopters

Technology: In-flight communications

Aircraft finance: Pre-owned market

Ground support: Catering

Special reports: MROs, pilot training and recruitment

طيران السعودية الخاص
SAUDIA PRIVATE AVIATION

SPA ..Privacy

SPA@saudiairlines.com | +966 9200 13310
www.saudiaspa.com.sa

Your SPA in the sky

GE Aviation
Business & General Aviation

The power to go where you want to go

Introducing the GE Passport™ Integrated Propulsion System

The GE Passport is the world's first integrated propulsion system (engine, nacelle and thrust reverser) specifically designed for ultra-long range, large-cabin business jets. Incorporating advanced technologies, the GE Passport offers longer range from reduced fuel consumption, fewer emissions and enhanced cabin comfort created from reduced noise and vibrations.* With the GE Passport, you have the power to fly powerfully, more quietly and efficiently – anywhere you want to go.

To learn more, visit **geaviation.com/bga.**

imagination at work

*Compared to current ultra-long range business jet propulsion systems.