

Business Airport

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SPECIAL ISSUE

NBAA SDC2015:
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Shanghai, China

Singapore: You need to fly there!

Strong economic growth, competitive tax rates and a dedicated workforce mean the city state is ready for business

Also in this issue

Interview: Kevin Wu, chairman of the Asian Business Aviation Association, talks about the opportunities available in China

LOCATION FOCUS: CARIBBEAN ♦ THE CHANGING FBO BUSINESS MODEL
VAT COMPLIANCE ♦ BUSINESS AIRCRAFT SALES TRENDS

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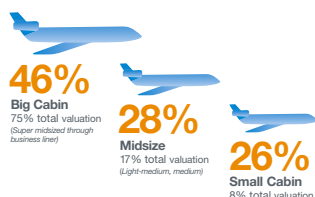
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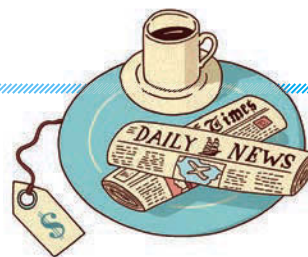
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Welcome

In January 2014, I was lucky enough to spend two weeks in St Lucia on a belated honeymoon with my husband. It was the first time I had ever been to the Caribbean, and the island was simply stunning – a real paradise that was hard to leave and even harder to reminisce about this winter!

In this issue, we look at the growing popularity of the Caribbean region and the business aviation facilities available (see *Island life*, page 12). There has been a host of recent FBO openings and acquisitions in the region in the final months of 2014. Signature Flight Support acquired three FBOs – in Antigua, St Kitts and Nevis – from FBO 2000 in August 2014, while more recently in November, Jet Aviation signed a management agreement with Executive Flight Support to manage its FBO in The Bahamas from January 1, 2015.

Growth in the region is being fueled by the economic recovery in the USA, according to Rolland Vincent of aviation consultancy Rolland Vincent Associates, with a rise in corporate profits being the most important factor. "We expect demand will remain robust for charter and fractional fleets to and from the Caribbean," he says. "The region has traditionally been a magnet for vacation homes and real estate development."

Another region of the world seeing a boom in business aviation is Asia, and China in particular – according to aviation consultancy Asian Sky Group, the Greater China business jet fleet increased by a compound annual growth rate of 34% from 2007 to 2013, and the fleet grew by 21% to 370 in December 2013, compared with 308 in

December 2012, with mainland China accounting for 248 of those business jets.

Singapore is also seeing strong growth. Figures from the Singapore Ministry of Trade and Industry indicate the economy grew by 2.4% year-on-year in the third quarter of 2014 – the same pace of growth as in the previous quarter – which along with a highly educated workforce and open immigration policy has attributed to the rise in business aircraft in the country. "Business aviation growth in Singapore is growing healthily, aided by the efforts of the Singapore government to increase air traffic and service providers in Seletar Airport," says Yvonne Chan, managing director at Universal Aviation – Singapore, in *Hub of activity* on page 32.

The Asian Business Aviation Association (AsBAA) is working with local governments, civil aviation authorities and other successful trade bodies, such as NBAA, to grow business aviation throughout Asia. "The US business and general aviation market is much more mature than ours, so there are lots of good practices for us to learn and convey to the Asian region," Kevin Wu, chairman of AsBAA, tells *Business Airport International* on page 38.

ABACE, organized by AsBAA and NBAA, and taking place on April 14-16 in Shanghai, will provide another platform for industry leaders in Asia and around the world to learn from each other and find new opportunities. As always *Business Airport International* will be present at this event.

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Superior Aviation Group to build US\$3.2bn aviation town in Beijing



Superior Aviation Group has announced plans to construct a 1,970-acre aviation 'town' on the outskirts of Beijing, China, that will meet the needs of general and business aviation aircraft manufacturers, maintainers, owners, sellers and pilots.

The US\$3.2bn Superior Aviation Town will comprise a manufacturing center, general aviation exhibition center, an executive airport, a duty-free bonded area, an aero club, a 7,800ft hard surface runway and upscale living facilities.

Speaking about the new development, Timothy Archer, Group CEO of Superior Aviation Group and chief commercial officer of Superior Aviation Town, said, "China is a large country and needs to create a modern aviation infrastructure to enable business and personal travelers to take advantage of the benefits of private aviation.

Superior Aviation Town and Executive Airport is meant to be a model project to help stimulate other areas to build their own airports and facilities to support private aircraft operations.

"The Superior Aviation Town Executive Airport will have all the modern facilities and conveniences required to meet the needs of upscale business and private aircraft crews and passengers, including maintenance, fuel, hangars, tie-downs, an FBO facility and other services."

The Executive Airport will be able to handle upward of 10,000 operations in 2017 with an increase to 20,000 in 2020. The airport will be serviced by a major highway and high-speed rail, making it ideal for Beijing-based companies and individuals that want to take advantage of the added freedom and mobility that private aviation has to offer.

When completed, Superior Aviation Town's new Executive Airport will be what is referred to as a 4C-class branch line. The total land available for the airport's construction is over 741 acres, comprising one 50-acre core area, 36 acres for the runway, taxiways and apron, a 38,000ft² executive FBO/terminal, a 6,500ft² air traffic control building and the main runway with a 190ft width to meet the needs of a variety of business aircraft. The initial ramp area will be able to hold 50 business aircraft. There are plans to increase it to accommodate up to 150 aircraft in the future.

Situated near the Jingping Expressway and served by an on-site train station, the Exhibition Center will be a full-time display and exhibition facility that will enable high net worth consumers to shop for China-produced products in a convenient, comfortable and truly upscale setting.

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"The Superior Aviation Town Executive Airport will have all the modern facilities and conveniences required to meet the needs of upscale business and private aircraft crews and passengers"

Timothy Archer, Group CEO, Superior Aviation Group

Top & above: **The 741-acre site for Superior Aviation Town**
 Left: **A full-time display and exhibition center will attract high net worth individuals looking for China-produced products**

"There are also plans for a complementary showroom for luxury automobiles and other upscale consumables. Superior Aviation Town is as much about encouraging a flying lifestyle as it is about flying airplanes," said Archer.

Superior Aviation Town will feature dedicated aircraft factory showrooms. Located near the Executive Airport, they will provide a convenient and efficient way for customers to compare and experience various models of aircraft. The Showrooms will allow each seller to create a setting that will complement their aircraft.

The new development will also include state-of-the-art municipal infrastructure, as well as high-end educational facilities, healthcare, dining, entertainment and recreational facilities. Superior Aviation Town's masterplan includes upscale apartments, high-end office buildings,

signature international hotel groups, luxury brand automobile dealerships, custom-made clothiers, duty-free and boutique shops, and providers of other top-level lifestyle enhancing services and products.

The development will also offer higher-end conveniences and services for everyone who lives or visits Superior Aviation Town, including restaurants, pubs, swimming pools, parks, walking trails, gymnasiums, stores, entertainment and more. The town will feature a central landscaping design, creating the town's 'green lung', similar to New York's Central Park.

The Aero Club will provide an aviation-oriented environment including a flight school, flying club and social club. The Aero Club will meet every level of its members' growing interests, ranging from how an airplane is made to how best to use

their aircraft and pilot's license to enhance their active lifestyles.

The Aero Club's modern flight school will have a pilot store, classrooms and flight simulators as well as privately owned aircraft available for rent. Members of the flying club will also have access to the simulators and rental aircraft. Club members who are aircraft owners may also take advantage of on-site aircraft management and service offerings.

Once construction begins, the manufacturing center, exhibition center and phase one of the residential facilities will take two years to complete, with the executive airport completing six months later. The project is being financed and operated by the Superior Freesky Investment Management Co Ltd and bids are currently being accepted from three established companies to manage the ongoing operations. <



Granite Aviation opens US\$1.6m FBO at Sandpoint Airport, USA



Granite Aviation, a Phillips 66 Aviation-branded dealer, has opened a US\$1.6m FBO at Sandpoint Airport in Idaho, USA. The facility boasts a new 3,700ft² terminal, a 7,000ft² hangar, four aircraft refueling trucks, deicer truck and a newly constructed 190 x 900ft aircraft ramp.

Sandpoint Airport has experienced a recent spike in business and personal air travel as a result of increased tourism, local company growth and citizens transitioning from part-time to full-time residents. On-airport aerospace companies include Tamarack Aerospace Group (business jet winglets), Quest Aircraft (maker of the Kodiak turboprop aircraft) and Timberline Helicopters.

"The reason to open a new facility at Sandpoint Airport was determined mostly by changes in the city of Sandpoint," explained Andrew Berrey, Granite Aviation owner. "Over the past 10 years, Sandpoint has truly changed into a great resort town. Situated on Lake Pend Oreille, Sandpoint has over seven restaurants that you can boat to, spread around the lake; a strong sailing community; and great fishing and hiking. During the winter, Schweitzer Mountain (nine miles from town) offers almost 3,000 acres of terrain as well as a great cat skiing operation [whereby ski hill grooming machines are used as a logistical tool for accessing the backcountry].

"People are moving here or buying second homes after discovering that places like Vail, Aspen and Sun Valley do not offer everything they need. People are realizing that for the price of a condo at other resort towns, you can live in a waterfront home here and still have great skiing and restaurants. I truly believe that nowhere else in the country offers as much as Sandpoint when

it comes to resort town living. The new FBO is really just a product of the changes happening at Sandpoint. The previous FBO facilities at the airport were run down and not suitable for the type of air traffic we were receiving on a daily basis. Jet traffic into the airport has steadily increased over the past 10 years and a new facility was way overdue."

The Sandpoint facility provides full-service and self-service Jet A and Avgas. It also provides type 1 de-icing, hangars, light maintenance, Hertz rental cars, courtesy cars, catering and after-hours service. In addition to the standard services, Granite Aviation has aircraft rental and a full-service flight training center offering accelerated sport-pilot certificates, private pilot and instrument training.

"The passenger experience is improved from the moment they step off the airplane. There are now

covered entryways and carports to protect travelers from the weather. We now offer a pilot lounge complete with couches and TVs, a flight planning room, a conference room and a comfortable lobby with a stone fireplace," continued Berrey.

The contractors for the Sandpoint FBO were Idagon and Dempsey and Associates, and Granite Aviation received financial support from the Sandpoint Urban Renewal Association and Bonner County.

Granite Aviation already has plans to extend its facilities at Sandpoint: "In the next five years, we would like to build a new 12,000ft² hangar for winter aircraft storage," explained Berrey. "In the near term, we are looking at adding more ramp space so that we can accommodate more and larger aircraft. We are hoping to have the additional ramp space completed by July 2015."





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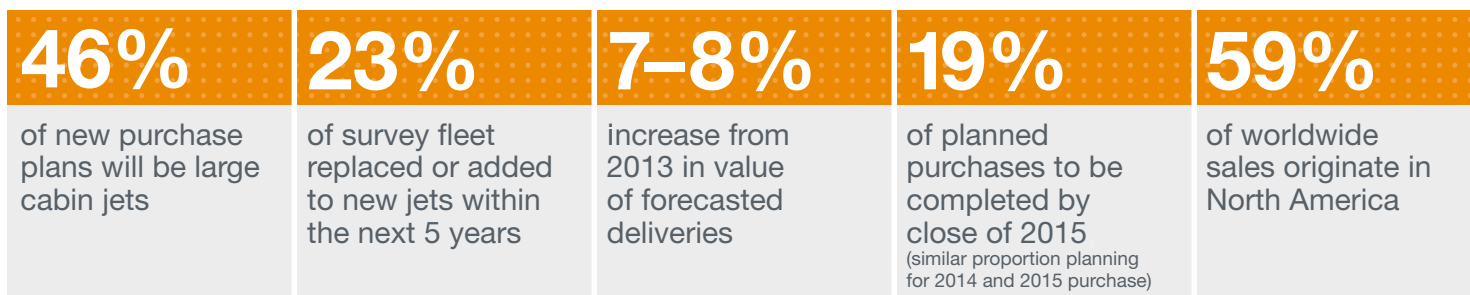
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Honeywell predicts strong business jet growth over the next decade

Honeywell Aerospace has published its 23rd annual *Business Aviation Outlook* report, which forecasts up to 9,450 new business jet deliveries worth US\$280bn in 2014-2024.

The report reflects an approximate 7-8% increase in projected delivery value over the 2013 forecast, fueled by slightly higher unit deliveries coupled with modest list price increases and the continued strong showing of larger business jet models in the delivery mix.

Brian Sill, president, business and general aviation, Honeywell Aerospace, commented, "Industry deliveries are anticipated to be up modestly again in 2015, reflecting momentum from several model introductions and some gains linked to incremental global economic growth."

Operators interviewed by Honeywell plan to make new jet purchases equivalent to about 23% of their fleets over the next five years, either as a replacement or in addition to their current fleet. This level of interest is several points lower than the past four survey cycles, but is in line with results of 25% or less that were the norm until 2006. Of the total new business jet purchase plans, 19% are intended to occur by the end of 2015, while 14% and 22% are scheduled for 2016 and 2017, respectively. The survey does not allocate projected demand to specific years beyond 2017.

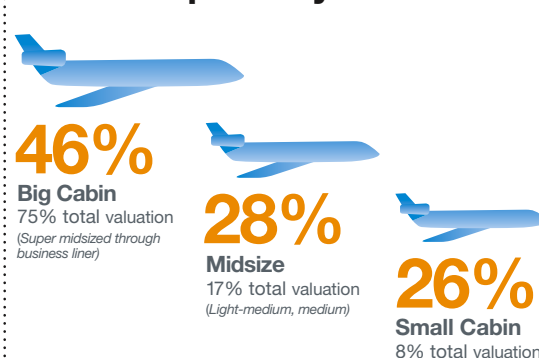
Another notable finding in the 2014 survey was the improved interest levels for midsize and small-cabin aircraft in operator purchase plans. While large-cabin models still garner the largest share of specific buying plans, the midsize and smaller models recovered some share for the first time in several years, reflecting improved prospects for popular production models as well as stronger interest in newer models just now available or soon to enter service.

"The long-term macro trends that support demand for business jets are still in place, notwithstanding the topical issues we find coloring responses to the 2014 Operator Survey," Sill said. "We believe global business aviation growth will be aided by structural and regulatory reforms, longer-term economic growth and aircraft innovation."

Aircraft deliveries

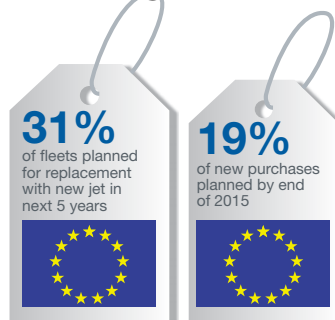


Purchase plans by aircraft class



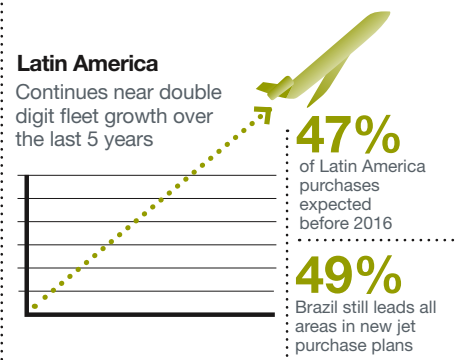
Regional spotlight

Europe:
Rebound in European purchase plans leads all regions despite softness in Russia

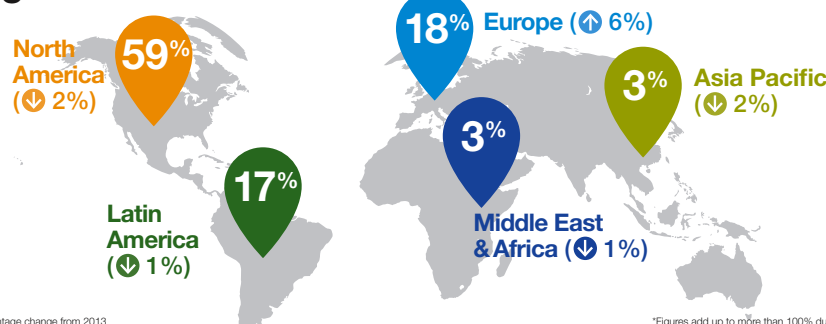


Latin America

Continues near double digit fleet growth over the last 5 years



Regional demand



() - percentage change from 2013

*Figures add up to more than 100% due to rounding.

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Go for broker

“Most buyers and sellers are not aware that there are no international licensing, certification or business requirements that apply to aircraft sales”

Before writing a column, I do a lot of online research to be sure that I get my facts straight. Beginning with aircraft sales, I found that it is not quite as simple as just hitting the ‘add to cart’ button and quickly nabbing a plane before anyone else, but I did find a site where you can start listing your aircraft for sale within minutes and manage the ad from your personalized dashboard.

Typically, a purchased aircraft doesn’t come in a box with a user’s manual and a form stating: “In order to protect your new investment, please take a few moments to fill out the warranty registration. Answering the survey questions will help us to develop new products that best meet your needs and desires.” Although this would be useful to ensure that the next time you buy a plane you get exactly what you want.

I suggest that in order to get things right when buying a pre-owned aircraft, you need an aircraft broker – a highly experienced professional with a performance record of numerous successful transactions. With the intense know-how of the dynamics of the aircraft market, and of the specific details involved in aircraft transactions and change of ownership, a reputable broker can confidently handle any arrangement needed. Be it aircraft purchase or sale, he will meticulously process the required arrangements while administering to the magnitude of technical details and particularities, as well as complying with the numerous standards that are common in international transactions. That’s what makes a broker outstanding.

So who is the professional broker and who is not? You will have to exercise individual or corporate ‘due diligence’ when hiring the sales professional. Would you believe that overall fewer than 5% of buyers of private aircraft have done any due diligence whatsoever in reference to the people they depend on to advise and assist with millions of dollars worth of complex aviation

equipment? While other industries have regulating authorities, most buyers and sellers of aircraft are not aware that there are no international licensing, certification or business requirements that apply specifically to aircraft sales.

But, where there is a need, there is a solution. In order to achieve a higher standard of accountability and professionalism within the aviation industry, there are companies offering some kind of aircraft broker certification. After all, becoming a certified airplane broker might make one more marketable. For example, one company provides an ‘aircraft broker training’ full-day course covering the basics in an upbeat, fast-moving and condensed fashion. Classes run from 8:30am until 5:00pm and cost just under US\$400, including materials and a continental breakfast. Before registering, it is advisable to check to ensure that one has the adequate experience to understand the curriculum.

One aircraft broker told me that he doesn’t have to sell more than two aircraft a year to make a living – 5-10% commission makes it a worthwhile venture. Would you believe everything a broker says? I’ve seen a claim: “All of our full-time staff members make over 250 daily contacts to aircraft decision makers.” Really? 250 divided by eight means 30 calls per hour! So each call lasts two minutes? Another broker told me: “The most satisfying aspect of aircraft brokerage, in contrast to real estate, is that aircraft sell fast because an aircraft is one of the first things an individual or company will buy when their income increases.” That never came to my mind; I must have missed something in my career. Yet, he continued, “It’s also the first thing they sell when their cash flow changes.”

Commander Bud Slabbaert is an expert in strategic communications and business aviation development. He is also the initiator and chairman of BA-Meetup



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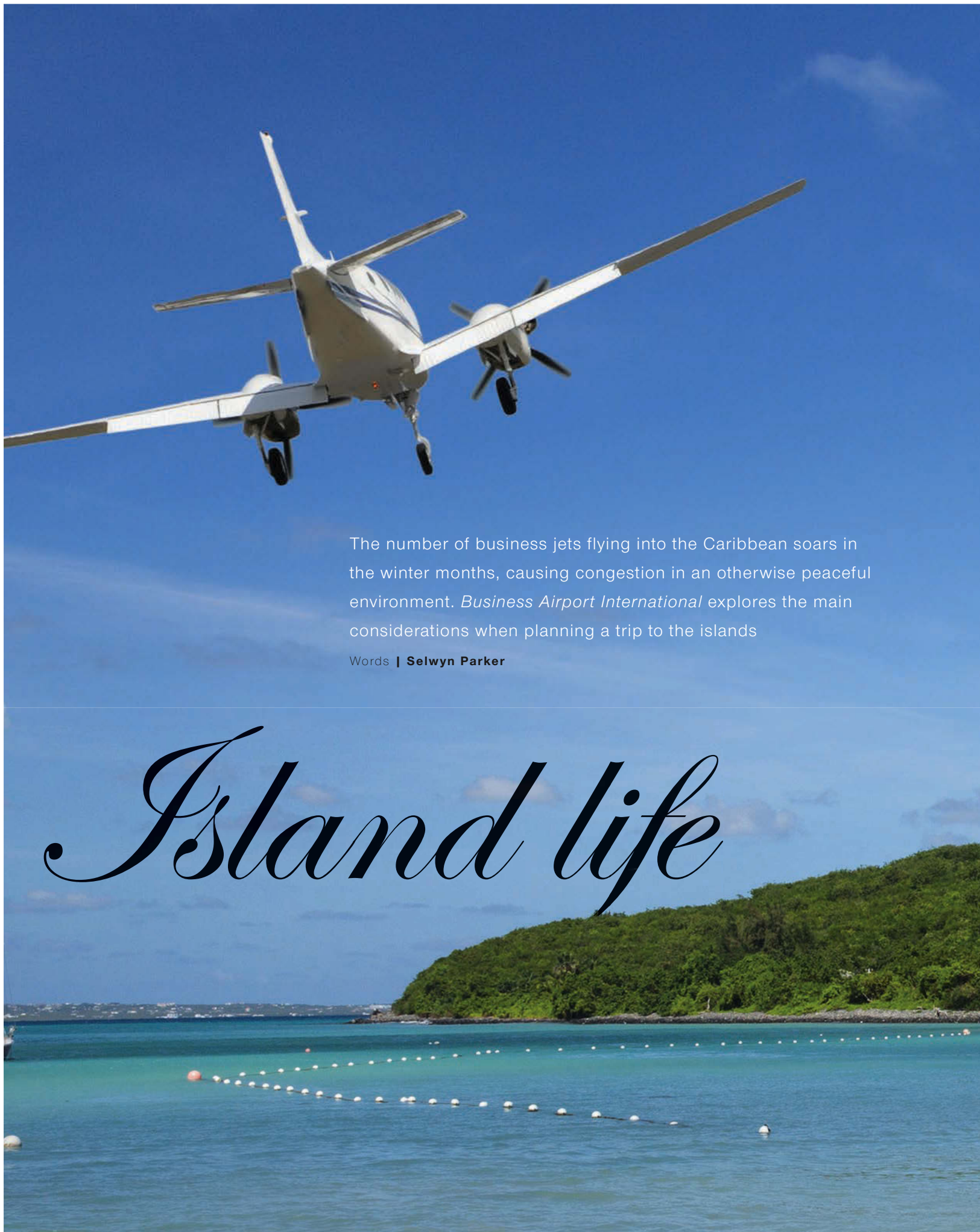


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The number of business jets flying into the Caribbean soars in the winter months, causing congestion in an otherwise peaceful environment. *Business Airport International* explores the main considerations when planning a trip to the islands

Words | **Selwyn Parker**

Island life



Thanksgiving marks the start of the peak season in the Caribbean and privately owned jets begin arriving in droves. Parking is in such demand at the top five destinations – St Maarten, Nassau (the only airport to run 24 hours on a regular basis), Exuma, Grand Cayman and Anguilla – that some pilots are forced to relocate to other airports after dropping off their passengers.

That's assuming the aircraft can land in the first place. At certain times of the day during peak season – which runs from Thanksgiving in November to early April, with spikes over Christmas and New Year – each of the top five airports are under such pressure that Universal Weather and Aviation suggests operators try to avoid them altogether during peak hours. At hard-pressed Anguilla, a British overseas territory in the Leeward Islands, the most congested period at this little airport lasts seven hours, from 12:00pm to 7:00pm.

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Local transport is also under pressure and sometimes even the hotels are booked out at sky-high rates – crew rooms can cost US\$300 to US\$500 in high season. Operators are advised not to book rooms for crew – and certainly not to prepay for them – until they are certain that parking is available.

Even the jet fuel can run short, particularly when unfavorable weather delays the normal tanker deliveries.

“Fuel tends to become a major issue for operators in the Caribbean during peak season, due to the high traffic,” explains Jessica Hosmer, senior trip support specialist at Universal Weather and Aviation. “The fuel availability can change at a moment’s notice and that fuel has to be shipped in.”

Growing planes

Although the Caribbean boasts world-class FBOs with some of the most efficient and willing service to be found anywhere, its airports sometimes have difficulty coping with the islands’ fast-growing popularity. You could say the region is suffering from ‘growing planes’ – and its attraction can only increase.

As Rolland Vincent, president of the Plano, Texas-based aviation consultancy of the same name, told the magazine, the region is starting to boom again on the back of the economic recovery in North America and particularly in the USA. He cites a range of factors, including the most important of all – a rise in corporate profits.

“We expect demand will remain robust for charter and fractional fleets to and from the Caribbean,” he explains. “The region has traditionally been a magnet for vacation home and real estate development.”

Local operators concur. Although the Caribbean was not immune to the fallout of the financial crisis, the region is making “a steady but uneven recovery”, according to IAM Jet Centre group managing director Paul Worrell, who has 25 years of experience in the Caribbean.

“We expect demand to remain robust for charter and fractional fleets to and from the Caribbean”

Rolland Vincent, president, Rolland Vincent Associates



Signature Flight Support has locations across the Caribbean, including San Juan (left) and its newest location, Antigua (above)

Signature signs on

Spotting the potential, Signature Flight Support has jumped into the fray. In August it snapped up three FBOs – in Antigua, St Kitts and Nevis – from FBO 2000, on top of the three it already owns in the region. Of the new FBOs, the new Signature Antigua is something of a plum site with its executive terminal, lounge, offices and two hangars. A haven for superyachts, Antigua is a luxury destination where passengers expect a smooth service from aircraft to boat.

On November 15, 2014, Signature also opened a world-class facility in Turks and Caicos, another hot spot, under a licensing deal with Blue Heron Aviation, a business owned largely by local residents. With 350 days of sunshine a year and the world’s third-biggest barrier reef, this cluster of 40 islands and cays southeast of the Bahamas illustrates the general appeal of the Caribbean.

In addition to existing locations at San Juan, St Maarten and Puerto Rico, the trio of acquisitions gives Signature a broad foothold in these captivating island territories, where standards are rising pretty much in tandem with the increase in traffic. The Turks and Caicos FBO



Don't run out of juice

The scattered nature of the Caribbean islands poses all kinds of logistical problems, including the delivery of fuel by tanker, for instance in hostile weather that may cause delays. The result is that the gas sometimes runs out at times of high demand. The problem isn’t as serious as it was a few years ago, because fuel companies have installed extra storage capacity, but it pays to take precautions. Normally, operators cannot arrange for fuel to be stockpiled. “Like most places, it’s sold

on a first come, first served basis,” explains IAM Jet Centre’s Paul Worrell.

Ground handlers recommend:

- Reconfirming fuel uplifts (as well as prices) the day before you want to tank up. Even if gas is available, there may be restrictions on the quantity available, especially if it’s requested at short notice.
- If possible, refuel on arrival.
- Always have enough fuel on board to be able to depart to an alternative fuel location if there is a shortage.

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Above: **Montego Bay is a popular destination**
Left: **IAM Jet Centre opened its fourth FBO in Grenada in late 2013**



at Providenciales airport, for example, will offer 11 acres of aircraft parking and hangarage on top of a 6,800ft terminal.

As Maria Sastre, president and CEO of Signature Flight Support, explains, the region is increasingly the place to be – “the location in the Turks and Caicos is a continuation of our strategic expansion in the Caribbean”.

Other islands, such as Grenada at the southern end of the Tobago Cays, are vying with the established locations. Another haven for superyachts and dotted with premium villas, it's attracting more traffic every year. So promising is Grenada that IAM Jet Centre opened its fourth FBO there in late 2013. A 4,200ft² facility, it offers private customs services that cut processing time down to a few short minutes in an elegant environment. Business jet passengers will find

“I would strongly suggest to operators that all requests be submitted early, especially for aircraft parking and hotel accommodation”

Jessica Hosmer, senior trip support specialist, Universal Weather and Aviation

themselves rubbing shoulders with top-deck clients of British Airways and Virgin Atlantic; the facilities are so impressive that, in an unusual arrangement for commercial carriers, both airlines use it as a VIP lounge.

Parking

Popularity brings its own problems, in the form of congestion. Thus it pays to work well in advance when flying into the Caribbean and especially in booking parking. As Universal points out: “During peak season, aircraft parking becomes a critical consideration when operating to many island destinations. Short-notice aircraft parking requests are often difficult to obtain during peak season. Many operators make a habit of requesting parking months in advance of the high season.”

If parking hasn't been arranged in advance, it may not even be possible to do a drop-and-go. If the airport is congested, which is more likely than not, the operator may be held or diverted elsewhere. For Signature, that was just one of the attractions of the bases at Antigua and St Kitts in the Leeward Islands – both have extensive parking and can accommodate the overload from elsewhere, especially from nearby St Maarten.

Even for ready money, there probably won't be parking at the smaller locations such as Nevis and St Lucia in peak periods. Yet, this being the Caribbean, one way or another, solutions are usually found.

“You'll always find an airport in the region to reposition to,” says Universal's Hosmer. For instance, Antigua and San Juan have overflow capacity when other locations fill up and Barbados usually has spare space even in peak season. If worst comes to worst, operators often reposition stateside, particularly when dropping off in the Bahamas.



The airport that floats

As arguments rage around the world over airport extensions that despoil the environment and the lives of nearby residents, a visionary group of individuals in the Caribbean is proposing a radical solution: a floating airport. The present thinking is that passengers would embark or disembark from a terminal on dry land while trucks delivering cargo could utilize a floating roadway. Ferries to and from the airport offer another alternative, according to the visionaries.

The main proponent is Bud Slabbaert, aviation consultant, writer and resident of the Caribbean, who believes it's an idea with global implications that are well worth pursuing. He cites some 13 good reasons for exploring the concept, including minimal environmental disruption, low noise levels, ease of construction and lower cost than a land-based airport. For Slabbaert, the waters around the islands are a perfect location to develop the concept and determine whether it is feasible for other parts of the world.

“The British Virgin Islands, Anguilla, Dominica and Haiti are potential spots,” he says. Others see fast-growing St Lucia as a suitable site.

Currently the advisors to Sir Richard Branson, who owns Necker Island in the British Virgin Islands, are interested enough to be evaluating the merits of the idea. Environmental groups are also expected to embrace the concept wholeheartedly because it does not put large areas of ecologically sensitive land at risk.

Caribbean gateway

St. Thomas and the United States Virgin Islands have long been considered the 'gateway' to the Caribbean. With the US flag flying over the territory, EPA standards required of fuel for both jet and marine customers, with one of the deepest harbors in the region and all the convenience of a US territory but more than its share of natural beauty, it is easy to understand the attraction to the area.

Visitors can readily fly into major airports from the USA and Europe on St Thomas, St Croix, St Maarten, Antigua and Barbados, to name a few. Corporate and charter aircraft enjoy the choice of many additional airports on multiple islands.

A few things to remember to make your journey as smooth as possible: major credit

cards are often not accepted outside of resorts; local currency of USD, Euros and Pound Sterling are helpful; power outages are not uncommon so bring your book, towel, flip flops, swimsuit and relax; internet connection can be variable so use your tropical days as an opportunity to unwind in some of the most beautiful surroundings and on some of the most beautiful beaches in the world; the Caribbean is close to the equator so sun protection is a must.



The same cannot always be said of hotels. "I would strongly suggest to operators that all requests be submitted early, especially for aircraft parking and hotel accommodation," comments Hosmer. "Hotels tend to have a minimum stay requirement and many have a non-cancellable policy."

Paperwork

In terms of securing documentation, operators need to recognize that the Caribbean is a conglomeration of islands with distinctive histories and parentage. "It's easy for operators new to the region to lose sight of the fact that this is a network of sovereign states with different jurisdictions," explains Worrell. "The procedures are similar, but they're not always the same."

An obligatory item of paperwork is the eAPIS manifest (electronic advance passenger information system), an all-purpose document that requires specific information about passengers, pilot, crew and airplane. Uploaded online, it applies for arrivals and departures. Applicants have to enroll on the site first.

Most FBOs bend over backwards to facilitate the documentation, but operators can make life easier for themselves by recognizing the national differences. For instance, the Bahamas, a member of the Commonwealth, requires three government forms: the general declaration, arrival report and immigration cards. Operators can ease the transition landside by emailing the completed forms in advance. And don't forget the departure documents. Some FBOs, such as Odyssey Aviation, make a point of briefing pilots upon arrival to make sure they know the ropes.

Worrell's general advice for relative newcomers: do the homework beforehand and work with local FBOs and ground handlers on exactly what's needed to ensure an unruffled experience with the authorities.

Although Caribbean airports prefer arrangements to be made in advance, they can sometimes handle last-minute requests if ground handlers are put on the case. As Hosmer, a

"It's easy for operators new to the region to lose sight of the fact that this is a network of sovereign states with different jurisdictions"

Paul Worrell, group managing director, IAM Jet Centre

New location

Odyssey Aviation has begun operations at the San Salvador International Airport in The Bahamas. The new operation will be known as Odyssey Aviation San Salvador, and will commence the sale of fuel and handling to scheduled commercial airlines and general aviation traffic in December 2014.

"We are excited to have another opportunity to increase our presence in The Bahamas," comments Steven Kelly, president of Odyssey Aviation. "We look forward to a great relationship with the local community in San Salvador, and are enthusiastic about supporting the increase of tourism to The Bahamas."


The decision to open at San Salvador International Airport was prompted by

specialist in arranging paperwork at short notice, recalls, a charter operator recently needed a landing permit within 24 hours at Nassau's Lynden Pindling Airport, but could not raise the aviation authorities to confirm it. The normal lead time is four business days. In some desperation, the operator contacted Universal. Working directly with the Civil Aviation Authority, Universal got the paperwork done that same day. But ground handlers usually warn operators not to push their luck too often.

Costs

Compared with most other regions – particularly Asia, Latin America and Europe – the overall cost of services is moderate. That applies to parking, fuel, concierge and most other services. Once again, though, there are significant variations. For example, in October the Bahamas hiked the departure tax per passenger by US\$5 to US\$29. That followed last year's introduction of a scale of customs processing fees for privately owned aircraft. These currently stand at US\$75 in and out for commercially piloted airplanes, plus a US\$50 customs attendance fee for arrivals between 5:00pm and 9:00am.

Fuel prices vary massively depending on the distance it has been tankered, taxes and other factors. For instance, at Barbados' Grantley Adams airport, Jet A-1 costs US\$3.53/gallon compared with US\$7.70 at Exuma in the Bahamas (see *Don't run out of juice* on page 15).

These far-flung islands and cays might all together be loosely described as the Caribbean, but each one is different. 



Pilot Publishing Bahamas & Caribbean Pilot Guides

the announcement of newly scheduled commercial flights from Europe and Canada. The airlines are encouraging visitors to stay at the exclusive Club Med Columbus Isle, the largest of three resorts on the small island. Additional traffic is expected upon the completion of a new boutique hotel, which is expected to open in 2015.

San Salvador International Airport is an official port of entry, with customs, immigration and an 8,000ft runway. It is one of the few airports in The Bahamas where aircraft are permitted to land under Instrument Flight Rules (IFR). This means that, with the approval of the local airport authority, aircraft are permitted to land there after sunset.

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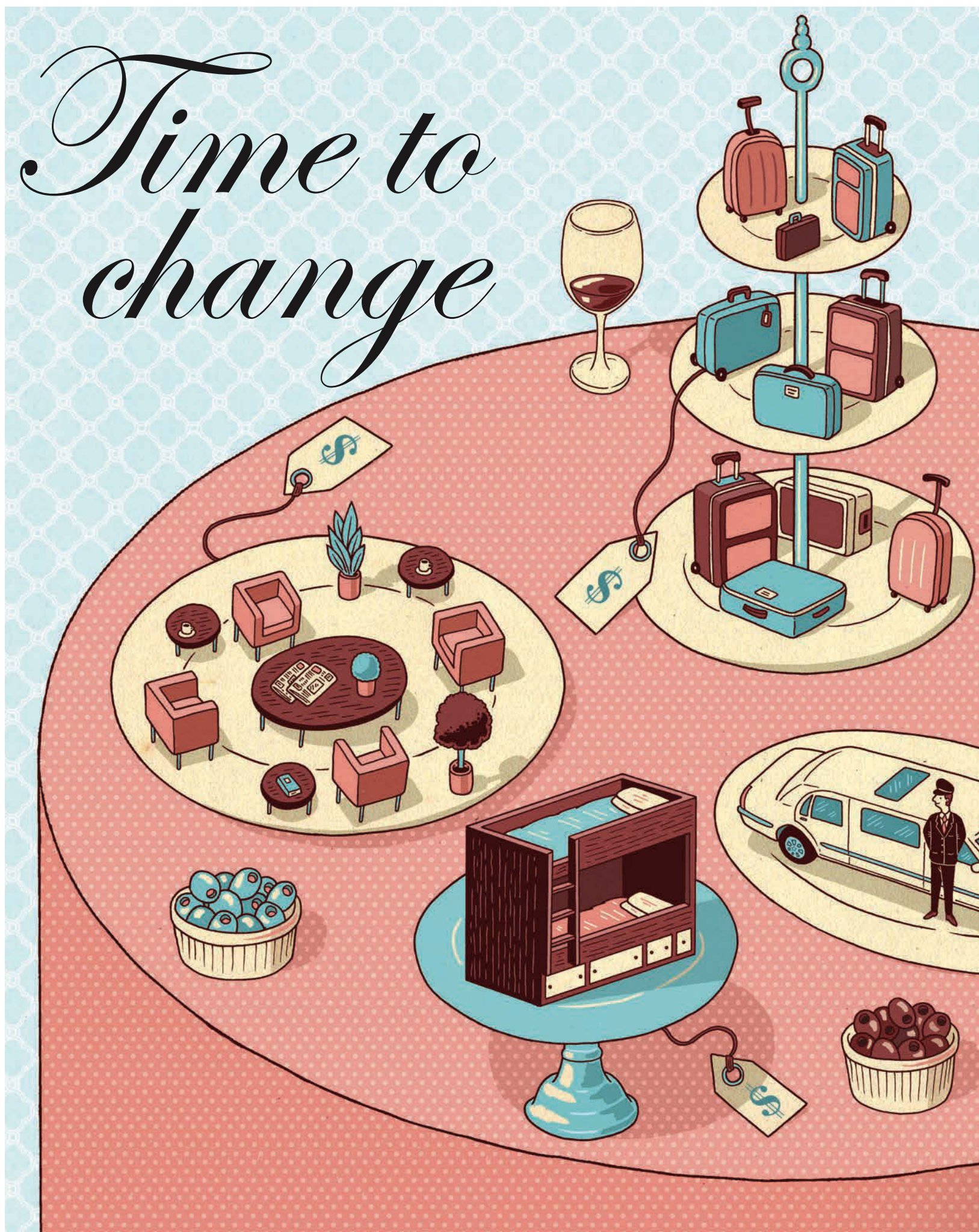


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Time to change



John Enticknap and Ron Jackson explored the new FBO business model in their presentation at NBAA in October. What lessons can be learned?

Words | **Chris Colvin**

For at least 20 years, industry experts have opined about the general decline of the FBO industry worldwide, but particularly in the USA. As business aviation graduated from piston-powered aircraft to turboprops and jets, customers have demanded more of FBOs. The capital requirements and level of provided services associated with running one have increased exponentially — sometimes with ‘minimum standards’ bluntly imposed by airport authorities.

By the 1970s, it quickly became clear that economies of scale would be required if single locations were to remain competitive. This gave rise to the national and international chains that dominate the industry today in markets with high traffic, where they compete for an ever-shrinking slice of the pie. In Houston, Texas, a sixth FBO was recently approved for Hobby Airport; in Arizona, Tucson International Airport already has six. These are not anomalies. The chain trend was punctuated in 1992 by the creation of Signature Flight Support from the merger of Page Avjet and Butler Aviation. Five years later, a video conference attended by directors of state aeronautics organizations from six different states in the USA was one of the first canaries in the coal mine, optimistically entitled, ‘Survival of FBOs: can this industry succeed or is it doomed to disappear?’



Illustration: Phil Hackett



Left: Many aircraft owners have taken to stocking up on fuel at low-cost locations to avoid paying high prices at their end destination

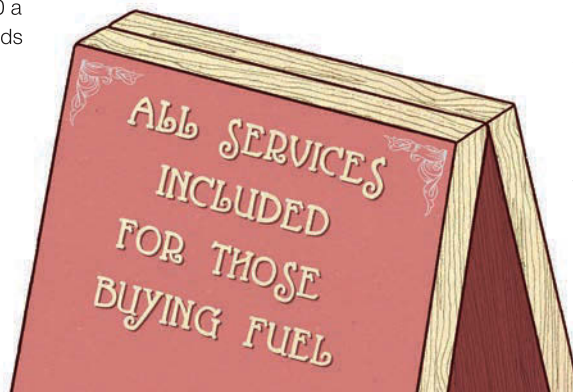
Reliance on fuel

Fuel sales are the lifeblood of any FBO. Widespread fuel tankering (whereby aircraft fill up the tank at a low-cost location to avoid having to pay higher prices at their end destination), encouraged by bad service, can quickly kill a location. In recent years, however, even exemplary FBOs have begun to address this problem in response to the historically rising cost of Jet-A fuel, the recent drop in crude oil prices notwithstanding.

According to the National Business Aviation Association (NBAA), 98% of aircraft operators and owners said they were concerned with fuel costs and had taken various actions including tankering; 76% said they had switched FBOs to cut fuel costs. The bottom may already have dropped out of FBO fuel sales, says John Enticknap, co-founder of the Aviation Business Strategies Group, which provides consulting services to FBOs. Enticknap notes that corporate flight departments now get 60-70% of their aviation fuel from fuel farms they own and that only one in three transient FBO customers purchases fuel. While Jet-A can sell for up to US\$7 per gallon in select US markets, the average gross profit for an FBO is just US\$1.50 a gallon, and that is before satisfying any demands for discounts from large customers. Although that may seem like a healthy profit margin, it really isn't, given skyrocketing insurance rates including general liability that now easily top US\$1,000 a day in some locations, the need for addition "war risk" insurance following 9/11, and customers' continuing demand for first-class amenities, facilities and perks. "Is there another service industry that gives away so much stuff?" Enticknap asked a seminar audience at the NBAA convention in October 2014.

"You can't afford to keep operating your business over a long period of time and reinvest in your business unless you have an income stream from each and every person coming into your facility"

John Enticknap, founding principal, Aviation Business Strategies Group



Enticknap cites the rise of fuel brokers as another factor putting the squeeze on FBOs. Fuel brokers are middlemen who use their network to give operators fuel discounts funded by FBOs, who in turn benefit from the volume of customers that comes from being part of that network. The broker pockets a cut of the discount, and can provide operators with other services, such as flight routing and centralized billing. Using a fuel broker can easily save the operator of a large cabin bizjet US\$500,000 per year. FBOs who are not part of a network can lose out – either being bypassed altogether or only being visited by tankering transients – but being part of one means lower margins on fuel sales. "They are going to continue to be a force in the market," Enticknap says, also pointing to online websites that include fuel tankering models coupled with real-time fuel prices.

Even without the increased growth of fuel brokering, the trend for future FBO fuel sales revenue is not encouraging. In a recent survey of FBOs by Enticknap's firm, 37% said they expected their 2014 fuel sales to be static; 18% forecasted a decline; 27% predicted a modest increase of 1-4%; 10%, growth of 5-8%; and only 8% an increase of more than 8%. Comparing 2013 to 2012, these same FBOs reported less than encouraging results; 44% said fuel sales declined; 13% said they stayed the same; 21% reported an increase of 1-4%; 9% saw growth of 5-8%; and 13% said sales increased by more than 8%. As a group, FBOs also were bearish on the future, with 48% saying they were not convinced the economy was headed in the right direction, and another 24% undecided.

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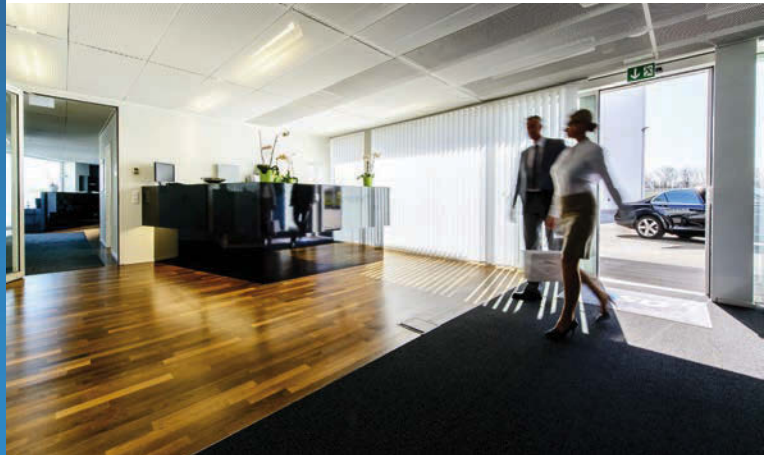
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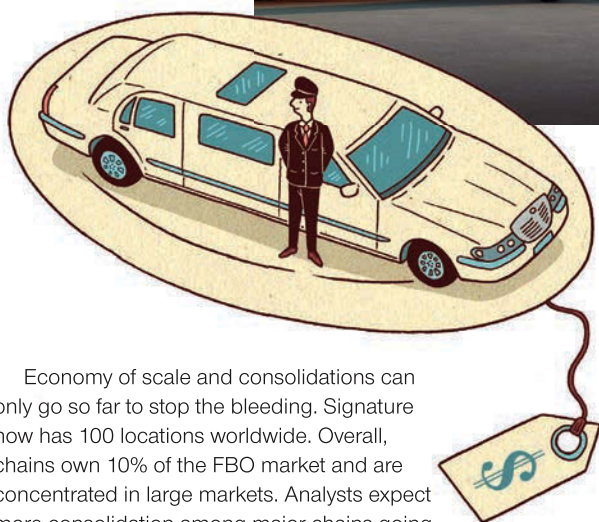
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Right: Chains account for 10% of the FBO market, and Signature Flight Support has 100 locations worldwide



Economy of scale and consolidations can only go so far to stop the bleeding. Signature now has 100 locations worldwide. Overall, chains own 10% of the FBO market and are concentrated in large markets. Analysts expect more consolidation among major chains going forward, citing Landmark's recent acquisition of 20 FBOs from Ross Aviation.

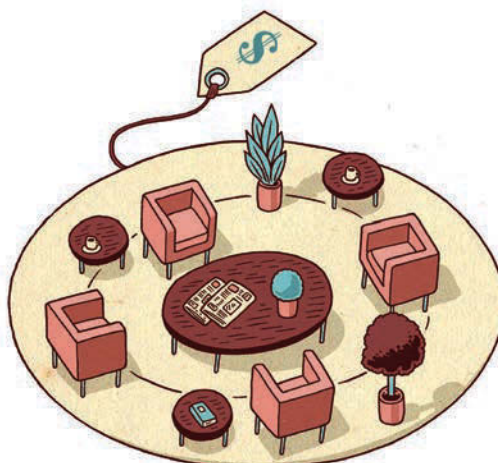
What's more troubling is that, in US\$ terms, 87% of all new business jet sales now fall into the 'large' category and all of these airplanes can easily tanker fuel on domestic and even international missions. Typical is the attitude of a Florida-based Gulfstream III operator, who regularly flies to Paris but never buys fuel there, opting instead to gas-up both ways in Ireland.

Independent revenue streams

Enticknap says FBOs must develop revenue streams independent of fuel sales to survive and acclimatize their customers to paying more fees. These could either form part of a comprehensive package or be on an à la carte basis similar to what the airlines do today for meals, premium seats, early check-in and baggage. For FBOs, the service menu includes coffee, snacks, crew rooms, showers, wi-fi, meeting rooms, lounges, ice, crew cars – even newspapers. "Make sure every airplane that comes onto your ramp contributes to your revenues," Enticknap says. This is even more critical given the recent steep decline in oil prices as other FBO overhead costs, such as employee health care, is increasing. "The (FBO) business model is changing whether you like it or not," he warns. According to Enticknap, no FBO wants to be the first (to charge fees); however, most customers will understand the economic need for them, if properly explained and clearly disclosed.

"The FBO business cannot be predicted accurately, but we are seeing definite trends, backed up by surveys and other data, that show 4% growth in 2015-2019"

John Enticknap, founding principal, Aviation Business Strategies Group



"Don't give it away. You can't afford to keep giving services away. You can't afford to keep operating your business over a long period of time and reinvest in your business unless you have an income stream from each and every person coming into (your) facility," Enticknap advises, counseling establishing a firm link between the amount of 'free' services and the quantity of fuel sold to each customer. "They must contribute to your revenue even if there is no fuel sale and it shouldn't just be a ramp fee," he explains. This includes 'special event fees' for high volume activities, such as conventions and premier sporting events. "You have more airplanes and you have to bring on more labor for it. It's a very sensible thing to do.

"The corporate community needs to understand that they need to contribute to that revenue stream in some form or another, whether it be ramp fees or courtesy fuel purchases," Enticknap continues.

"The FBO business cannot be predicted accurately, but we are seeing definite trends, backed up by surveys and other data including the Honeywell (new jet sales) forecast, that show a flat market now and 4% growth in 2015-2019. These customers want fuel efficiency and long range. Flight departments will continue to fly as efficiently as they can, and fuel is one of their largest costs. They need to manage their business well," Enticknap explains.

"We're caught between a rock and a hard place. How we compare ourselves is really important." As a starting point, he suggests imposing minimum fees on transients not purchasing fuel equivalent to the value of one hour's fuel burn for each specific aircraft. He also encourages FBOs not to rent hangar space, often at a discount, to firms whose aircraft did not fly a minimum number of hours per month. "Yes, you want that fuel sale, but at the same time you have to pay for that real estate, and hangar costs are going up. When you negotiate a lease with a new tenant, link it to the amount of fuel they buy and the discount you are going to give them. Put it in writing," he concludes. ☞

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Pay your way

Sales tax on aircraft is a complicated conundrum, and owners and operators need to ensure they understand EU rules to avoid paying over the odds

Words | **Selwyn Parker**

As the European aviation industry in general is aware, Brussels has a reputation for producing regulations that are overly complicated. And the regulations relating to VAT (value added tax) on privately owned aircraft provide a perfect example.

"European VAT rules and regulations are all too complicated, leaving many operators paying a bigger bill than they bargained for," says flight support group Jetex Aviation. Few would argue with the global company that the whole issue of VAT is "a complicated conundrum".

In Europe, VAT regulations have grown in a patchwork fashion, with most jurisdictions applying their own interpretations on how they should work. In order to navigate the challenges, the first port of call for most owners and operators is the offices of specialists in aviation law whose job is to tailor owners' tax structure according to their specific needs.

As Aoife O'Sullivan, an aviation specialist and partner in the London office of Kennedys Law, says, "There's no cookie cutter solution."

The basics

Although it is mainly of interest to lawyers, it's helpful for owners to understand the basics of European regulations with regard to VAT. And the straight answer is: it's simple in principle and complicated in practice. All the regulations are founded mainly on much-amended directives

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VAT-free juice

No operator can afford to turn up their nose at an average saving of 19-20% on aviation fuel purchases. As Universal Weather and Aviation points out, "This translates into dramatic savings in operating costs over time." There are two ways legally avoiding VAT on fuel: one is through an exemption at point-of-sale; the other is through reclaiming VAT after paying the full price at the pump. Of these, the first is clearly the superior arrangement for several reasons. For a start, the fees for using a VAT reclaim service generally run at about 30% of the amount recovered. Second, more paperwork and office time is involved. And third, you can wait for months for the refund.

Variations in the percentage of VAT levied on fuel across the European Union, and including Norway and Switzerland, is surprisingly wide, ranging between 8% and 27%. The low ballers are Switzerland on 8% and Ireland on 13.5%, while Belgium (20%), Poland (23%), Denmark (25%) and Hungary (27%) charge above average rates. As with all taxes, governments can (and do) change these rates at any time. Universal strongly recommends that operators select an exemption program from a VAT-registered fuel reseller. Another tip is to ensure that all the invoicing fully complies with the

different jurisdictions. VAT declarations should be renewed annually to avoid losing exemptions in some countries.

Like VAT on the aircraft itself, fuel exemption is a movable feast. Although charter operators who operate for reward are more likely to win exemption, it's possible for private non-revenue operators to qualify under certain circumstances.



Variations in the percentage of VAT levied on fuel ranges from 8% to 27%

dating back to 1977. That means member states have considerable discretion in how they are applied under their own national law. The result is that the situation varies from country to country within the EU.

This has led to unwanted confusion. But is there any likelihood that the VAT regulations on aircraft will be harmonized and rendered simpler? "It's unlikely to happen in the coming years," predicts Belarmino Paradela, senior manager for economic and operational activities for the European Business Aviation Association (EBAA). And that's despite the best efforts of the EBAA, which would like to see some uniformity and has held a number of forums on the subject.

Until two years ago, the UK was probably the favorite jurisdiction in which to take delivery of an aircraft. Based on weight and usage, the rules were simple and accommodating. As long as the aircraft met certain conditions, it qualified as zero-rated. However, under pressure from Brussels, which wanted the UK (and Denmark, which applied similar qualifying benchmarks) to be brought into line with European norms, the tax authorities made two important changes. They introduced a new definition of what was exactly a 'qualifying aircraft'. And the beneficial owners had to make a formal application to the tax authorities for VAT exemption.

At a stroke, the UK lost some of its attraction for owners. Although it is still popular for deliveries, "over the last couple of years changes to the UK VAT rules have made it not quite so straightforward", summarizes Charlotte Sallabank of law firm Jones Day.



"The main complication lies in getting the structure right. We always say to clients, 'tell us how you want to use the aircraft'"

Aoife O'Sullivan, partner,
Kennedys Law

Operators should select an exemption program from a VAT-registered fuel reseller



Qualify or not

But what exactly is a 'qualifying aircraft'? In general, the asset should be 'operated for reward' – roughly speaking, for commercial purposes – on international routes. For the technically minded, this is established by what is known as a 'customer status-based test' and it's one good reason why no sensible owner operator would dare to 'import' an aircraft into the EU without consulting a law firm specializing in aviation.

Interestingly, as Sallabank points out, the notion of 'operating for reward' does not mean the aircraft has to make a profit. Your Global Express can run at a loss as a charter and still be zero-VAT rated. In keeping with much European law, the European Court of Justice has had to rule on exactly what operating for reward means in practical terms.

Up in the air

Quite apart from local tax issues in the country of registration, which are normally settled while the aircraft is on the ground, other issues arise when it's in the air. And this really can place owners in a complicated conundrum, wherever they hail from.

The most important trigger comes when the aircraft crosses an EU border and is thus deemed to have been imported for customs and VAT purposes. Here, the heart of the matter is whether the aircraft has been temporarily or permanently imported. If an aircraft is not registered in a member state and does not qualify as a 'European Community (EC) good', it should be declared for free circulation in the EC for a defined period.

Thus it comes down to whether the aircraft is designated as an EC good or not. If it's not, the aircraft becomes a kind of visitor, so is exempt from VAT, albeit depending on its use. If the former, it is subject to the various triggers that require compliance with EU customs regulations.

Don't be blinded by VAT considerations

Complicated as aircraft-related VAT may be within Europe, it eventually boils down to three possible tax structures, according to Aoife O'Sullivan of Kennedys Law. "The main complication lies in getting the structure right," she explains. "We always say to clients, 'tell us how you want to use the aircraft'."

The first option is to pay VAT and just grin and bear it. A typical example would be the owner of a UK-registered aircraft who intends to use his pride and joy pretty much entirely for personal use and does not engage in elaborate – and possibly suspect – tax structures that pretend otherwise.

The second option is to pay VAT up front and later reclaim it. This would suit an owner who intends to put the aircraft out for zero-rated charter operations through his own flight department, probably on an occasional basis.

And the final option is to obtain a VAT-free structure based on a genuine charter

operation. Typically though, this would require the owner to hand the aircraft over to the management of an air operator certificate (AOC). Such an arrangement would not necessarily preclude the owner from using the aircraft privately but, as O'Sullivan explains, he would probably have to share it with paying passengers.

"The third option is a nice solution because it puts the aircraft with an experienced operator. If an owner were to manage the charter himself, he would need a terrific flight department. These are highly complex assets. Also, the legal implications [if something goes wrong] are considerable. It's a dangerous position for an owner to be in." This is one reason why financiers of aircraft prefer the asset to be in the hands of professionals.

But when is a charter not a charter? In a highly opaque area, there's no simple definition. For instance, the aircraft need not

be out on charter all the time. But it would be foolish for an owner to secure a zero-VAT rating on the basis the aircraft would be operated on a commercial basis, and then not do so. The tax authorities won't be impressed if owner just advertised the aircraft for charter.

"You must live the story you tell HMRC [the UK tax office]," warns O'Sullivan. One of the first things HMRC investigators will do in an audit is ask for the passenger mandates. And if it's only the owner who's been sitting in the back, he's in trouble. The strong implication is that owners should not be so blinded by the desire to avoid VAT that they land themselves in trouble with the EU's tax authorities.

A temporarily imported aircraft must be registered outside the EU, operated by the foreign individual who owns it and the journey must start and end outside the EU



However, if the aircraft is foreign-owned and operated and is only in transit through the EU, it's fairly clear-cut. The aircraft is deemed to be 'temporarily imported' (TI) and thus qualifies for total relief from import duties.

But wait a minute. This is the EU and there's much fine print involved before an aircraft earns a TI. In principle, not only must the aircraft be registered outside the EU; it must also be operated by the foreign individual who owns it. Also, the journey must start and end outside the EU.

The implications of getting this wrong can be expensive. By some definitions, if the aircraft carries an EU resident, such as a board member or other employee of a company, it runs the risk of losing its TI status and becoming liable for VAT.

Further complicating things, when the aircraft flies out of the EU to a non-EU state, it is deemed to have been 'exported' and immediately loses all the privileges of the TI. If it returns, the aircraft has to be imported all over again.

And complicating things even further, the above applies in the case of a clear and

"An aircraft owner must ensure it complies with each EU member country's interpretation of the meaning of the 'up to six months' rule"

Chris Younger, partner, GKG Law

A qualifying aircraft should be operated for commercial purposes on international routes

present ownership structure. That is, the aircraft is registered outside the EU by an individual who lives outside the EU. If the aircraft were to be leased into the EU, that takes the issue up a whole new level. In such cases, once again aviation specialists should be the first port of call.

How long is six months?

US-registered or indeed foreign-registered aircraft in general can easily run into trouble here. As aviation lawyer Chris Younger, partner in Washington-based GKG Law explains, US (or other non-EU) owners are in principle entitled to a six-month exemption from VAT. But that's just the easy bit.

"There is no specific guidance in the EU customs code regarding the method for applying the 'up to six months rule'," he says. Some countries are tough and allow only one period of entry for six consecutive months for a particular aircraft. Others insist on six consecutive months for each visit. Still others allow six non-consecutive months. And a few liberal regimes restart the clock every time the aircraft leaves and re-enters the EU.

"Therefore, an aircraft owner must ensure it complies with each EU member country's interpretation of the meaning of the 'up to six months' rule and be certain not to violate the 24-month rule as well," explains Younger.

VAT is a truly complicated conundrum that will, if not correctly navigated, incur bigger bills than were bargained for. <



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Hub of activity

Singapore's status as an international hub for commercial aviation has long been established, and now the city-state is seeing a rising interest in business aviation activity

Words | Keith Mwanalushi

✧ Singapore has built on its advantageous geographical location to become one of the world's top transportation hubs for sea and air cargo. The main gateway at Changi International Airport is linked to some 280 cities in 60 countries, with 6,900 weekly flights, generally providing effective connectivity for passengers and cargo.

Figures from the Singapore Ministry of Trade and Industry indicate the economy grew by 2.4% year-on-year in the third quarter of 2014, the same pace of growth as in the previous quarter. Singapore derives much of its success from its continual innovation across various industries. To attract businesses, the Singapore government famously keeps its tax rates and tax laws competitive and takes a strategic, holistic approach toward stewardship of key pillars of the economy, such as petrochemicals, electronics and clean energy.

The multicultural Singaporean workforce is highly educated, and an open immigration policy has served to enhance Singapore's talent pool. This gives companies the opportunity to source the best personnel from anywhere in the world.

Business center

Many of these attributes have contributed to the growing importance of Singapore as a center for business aviation. For business aircraft operators, airport options are attractive in Singapore, with full services available, but operating restrictions and aircraft parking availability may dictate choice of airfields.

According to Universal Aviation, Singapore Changi requires airport slots and pushback for departure, and it can take time to travel from one point to another on such a big airfield. On the other hand, Singapore Seletar Airport has the advantage of being a smaller business aviation airfield, although it's highly recommended to work with a third-party provider to determine the best option for any particular mission.

"Business aviation growth in Singapore is growing healthily, aided by the efforts of the Singapore government to increase air traffic and service providers in Seletar Airport," explains Yvonne Chan, managing director at Universal Aviation – Singapore. Chan adds that Singapore is enjoying a spill-over from the region as there is a rise in ownership and the city-state is fast becoming a preferred playground for the wealthy within the region.

China and the greater Asia Pacific region have become increasingly ready for business aviation growth over the past decade, although the tightly controlled military airspace and limited number of open runways for business jets and other general aviation aircraft has limited that growth. However, in Singapore, change is evident. "The push by the Singapore government to develop Seletar Airport into a leading MRO provider in Asia is just beginning to bear fruit," Chan notes.

John Riggir, VP and general manager at Jet Aviation Singapore, explains that in the past 5-10 years, there has been an increase in the number of aircraft actually based in Singapore, as well as a definite move toward large cabin and long-range jets like the Gulfstream G550.

"Government investment in the modernization and upgrading of Seletar Aerospace Park has also attracted investment and long-term support from significant business aviation service companies like Jet Aviation, as well as the OEMs," Riggir states.

Coupled with the ease of access in Singapore, the zero-tax policy for international operators, and the general ease of doing business, Riggir adds that Singapore is clearly the primary business aviation support hub in the region. "And with a business aviation service industry already established, Seletar is really proving to be a great platform for further growth and expansion."

Operating differences

Riggir highlights some differences between operating in the business aviation support industry in Singapore as compared with China or Malaysia: "Here we operate within a city-state. As there are no Singapore-registered business jets, our clients are all internationally registered aircraft – which necessitates a significant investment on our behalf to ensure we hold regulatory approvals



Main image: **Jet Aviation opened its new hangar facility at Seletar Aerospace Park in May 2014**

Inset: **The 53,820ft² hangar can accommodate large, long-range business jets**

Expansion projects

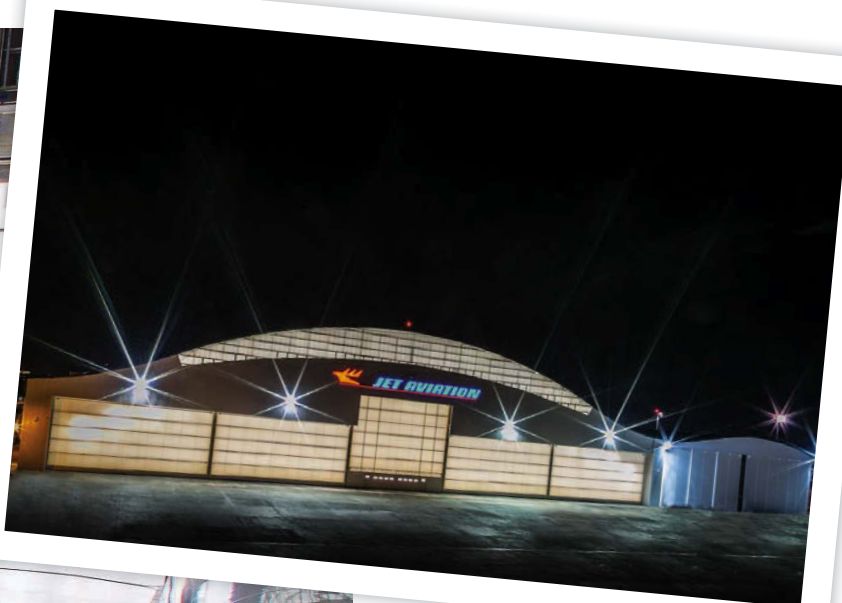
Jet Aviation Singapore opened its new 80,730ft² hangar facility at Seletar Aerospace Park on May 31, 2014, following a year-long design-build contract project with Aircraft Support Industries costing US\$25m.

The project consisted of constructing a 53,820ft² hangar alongside the existing 26,910ft² facility in order to accommodate large, long-range business jets that are gaining popularity in the region. The facility now permits up to five Gulfstream G650 or five Bombardier Global Express 7000 aircraft, and can also accommodate the Boeing Business Jet and Airbus Corporate Jet.

In addition to the new hangar facility, Jet Aviation's apron now has direct access to the tarmac and it has been expanded by 100,105ft². The company has also expanded

its staff to meet growing regional demand. Employee headcount has grown from 59 in 2010 to 123 in 2013, with a further 13 new aviation professionals expected to join the team by the end of 2014.

In April 2014, the company expanded its Interior Shop at the airport, enabling it to provide comprehensive interior refurbishment services to customers. The 4,520ft² Interior Shop is situated at the company's new hangar facility and offers interior services capabilities, from minor interior repairs and touch-ups, to full interior aircraft refurbishment. The shop includes state-of-the-art equipment for upholstery, wood and veneer finishing and carpeting, as well as a 645ft² eco-friendly spray-painting and buffing shop.



to support aircraft from multiple different jurisdictions (currently 11).

"Another difference relates to Singapore's unique position in terms of its banking and finance industry, and its regional and global influence in specialized manufacturing. As a highly favorable location for private investment, residence and banking, Singapore as a city is also very attractive to companies and individuals involved in business aviation," Rigger explains.

Chan points out, however, that Seletar Airport is much smaller when compared with some in Malaysia or China, or even Changi International Airport, and through this process of increasing air traffic and service provider options at Seletar, "there is concern that there is now an over-abundance of service providers in Seletar Airport compared with the situation at Changi International Airport." Parking is also limited at both Seletar and Changi, although an alternative parking arrangement is easing that issue at Seletar.

"Business aviation growth in Singapore is growing healthily, aided by the efforts of the Singapore government to increase air traffic and service providers in Seletar Airport"

Yvonne Chan, managing director, Universal Aviation



"Business aviation traffic in Singapore has enjoyed strong growth since 2007, registering a compound annual growth rate of 14%. In recent years, the growth trend has moderated, and we expect a more stable growth rate moving forward," says See Seng Wan, general manager of Seletar Airport. "Business aviation users comprise mainly individual owners of private jets, as well as corporate owners. They value flexibility in slots, as well as expediency in airport clearance processes. Adequate aircraft maintenance support is also an important consideration, to ensure the serviceability of their aircraft, and to minimize any potential delays to their schedules."

Infrastructure upgrades

In terms of whether enough is being done to meet demand and expectations of the business aviation community, Wan reminds us that there has been significant effort and investment made to build up the Seletar Aerospace Park, including the upgrading of Seletar Airport's infrastructure to enhance capabilities.

"These include the extension of the runway to 1,836m (6,023ft), constructing an instrument landing system, and increasing the number of aircraft parking stands. Another key project in the pipeline is the upgrading of the current passenger terminal building, to provide better facilities and improve the user experience for our business aviation passengers," Wan adds.

In August 2013, Seletar Airport embarked on a full-scale review of the service and safety standards of its ground-handling agents, as part of its long-term strategy to position the airport as a top business and general aviation airport in the region. Wan reports that a new ground-handling license framework has been introduced since April 2014, whereby ground-handling agents have to comply with enhanced service and safety standards under the new license terms. "There are currently a total of six ground handlers at Seletar Airport, each offering users a spectrum of ground-handling service options. This has resulted in a rise in the overall standards of

Business aviation traffic in Singapore has enjoyed strong growth since 2007, including at Seletar Airport



Changi Airport Group



"Over at Changi Airport, our experienced team from Gateway also offers a comprehensive range of ground services well-suited to the specific needs of this segment"

Tony Goh, senior VP sales and marketing, SATS



ground handling at Seletar Airport, translating to a higher level of service to the airport's users," comments Wan.

Regarding catering options, Tony Goh, senior VP for sales and marketing at SATS, says the scale and quality of flight kitchens, combined with the expertise in providing premium catering, means the company "can offer food solutions customized to the requirements of the private jet segment". He adds, "Over at Changi Airport, our experienced team from Gateway also offers a comprehensive range of ground services well-suited to the specific needs of this segment."

As in most major cities, the FBO clientele in Singapore is highly international, coming from all around the globe. "We strive to support all requirements for business-dedicated flights, including private, charter, medevac and military flights, handling, refueling and maintenance," explains Rigger. He also stresses the need to fully understand the importance of discretion, which business aviation clients appreciate.

Challenges ahead


With growth comes challenges, and challenges are not unfamiliar in this industry. Chan says perennial challenges when operating at Seletar include occasionally lengthy bureaucratic procedures, space and resource constraints, "and a lack of understanding from the airport management of what the different segments in business aviation need to operate and their various operational requirements".

Chan adds that, ultimately, it becomes a chicken-and-egg situation where airport

stakeholders should be allowed to develop and provide a level of service, which will not only reflect well on Seletar Airport and the country in general, but will also benefit airport management and its bottom line.

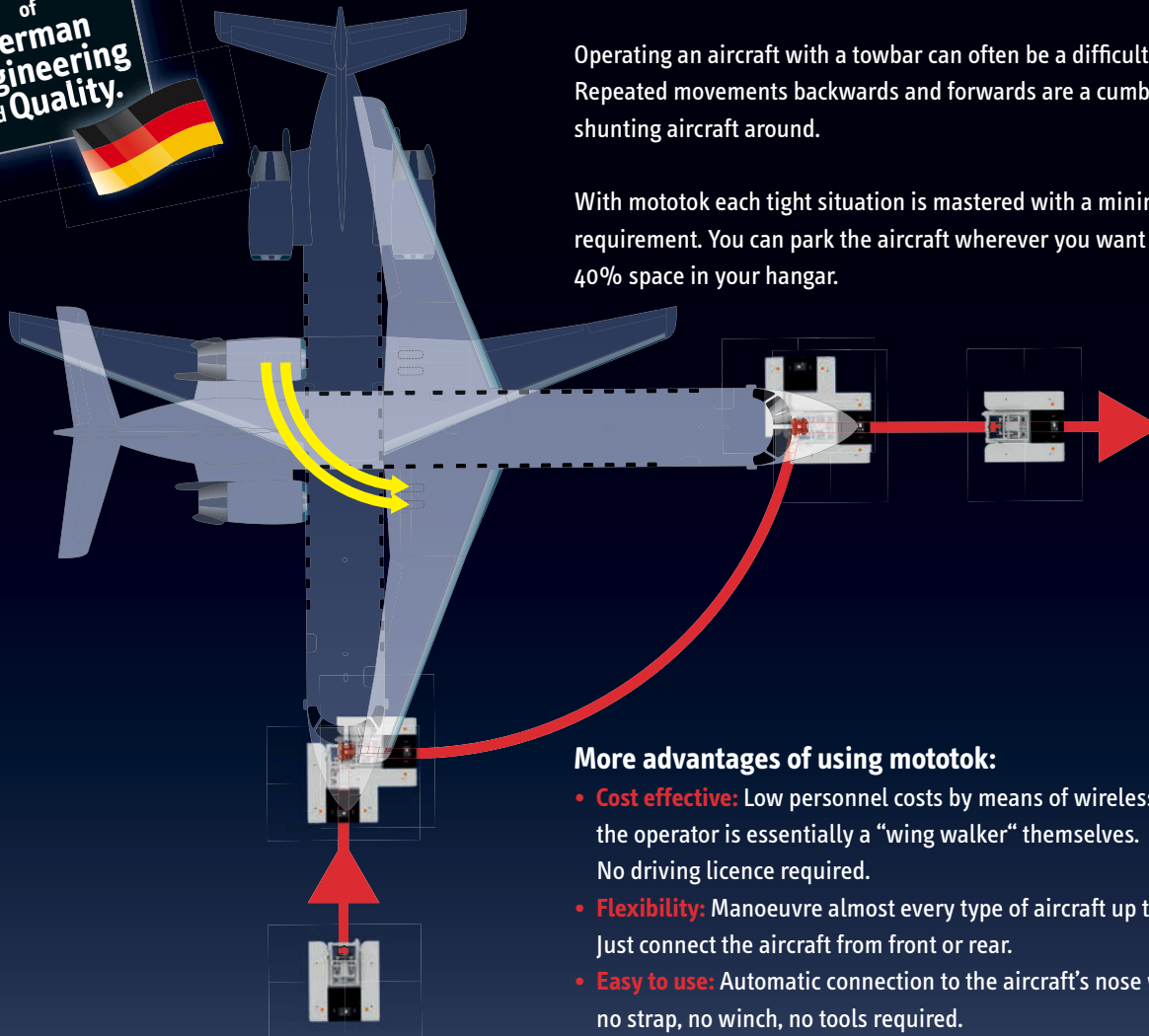
The efforts of the Singapore government have been widely welcomed by the local industry stakeholders; however, some, like Chan believe that, through this process of development and investment, much more should be explored and achieved.

"A healthy business aviation market should be able to support a proportionate number of providers and operators in a non-monopolistic market, so that both supply and demand are able to grow organically. There is potential for this to become a reality if the Seletar Airport facility can be managed appropriately. Seletar runway is still short for certain aircraft types to reach optimum range," she stresses.

Rigger admits that the industry faces similar challenges in Singapore as it does in other regions around the world operating in business aviation. "Our commitment is to safety, continuous improvement and the highest business aviation standards. Our new facilities at Seletar underscore this commitment, as do our training and development programs for licensed engineers and our long-standing good relations with OEMs. That said, given the excellent infrastructure and established business environment in Singapore, we have considerable opportunity to advance our services and successfully meet the business aviation requirements of our clients," Rigger concludes. 

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Business aviation in China is on the rise and there are plenty of opportunities still to be had, according to Kevin Wu, chairman of the Asian Business Aviation Association

Words | Hazel King

“In the past 5 or 10 years, the business aviation industry in China has seen very fast growth – five years ago, there were essentially no business jets in the country but by the end of December 2013, in mainland China alone, there were over 200 jets,” says Kevin Wu, chairman of the Asian Business Aviation Association (AsBAA).

His claims are backed up by figures – according to aviation consultancy Asian Sky Group, the Greater China business jet fleet increased by a compound annual growth rate of 34% from 2007 to 2013, with year-on-year growth of 21% taking it to 370 in December 2013, mainland China accounting for 248 of those business jets.

According to Wu, the growth can be attributed to a strong Chinese economy, which over the past 20-30 years has seen annual growth of 9%. “The Chinese economy has also been reformed and has moved from a planned to a market economy, which has seen an influx of high net worth individuals into the country,” he adds.

East coast cities in China are seeing the most business, particularly Beijing, Shanghai and Hong Kong, where many private business owners are investing.

Overcoming challenges

However, business aviation is still a relatively young market in Asia, and there are a number of challenges to be overcome, which is where AsBAA comes in. “AsBAA works with other industries, associations, our member companies and individual regulatory government agencies to foster the highest degree of efficiency and safety, which is paramount in this industry,” Wu explains. “We work with business aviation entities in and outside of Asia, including NBAA in the USA, to learn their best practices. The US business and general aviation market is more mature than ours, so there are lots of good practices for us to learn and convey to the Asian region. We also advocate these best practices to the government agencies to promote business aviation.”

*Room
to grow*





"The US business and general aviation market is more mature than ours, so there are lots of good practices for us to learn"

Kevin Wu, chairman, Asian Business Aviation Association

About AsBAA

Asian Business Aviation Association (AsBAA) is a non-profit association that represents about 80 entities based in Asia or around the world. These include the leading operators, aircraft manufacturers, major service providers and business aviation users. They all have a specific interest in the advocacy and development of the business aviation industry throughout Asia.

AsBAA provides a platform for communication and actions enhancing business aviation access, regulation, safety, knowledge, training, public awareness and contribution to the economy. Its main goal is supporting the aviation industry with knowledge, expertise and experience on complex and current matters.

AsBAA serves its members, all business aviation stakeholders and the wider public. The association is committed to promoting excellence and professionalism amongst its members, to enable them to deliver best-in-class safety and operational efficiency. AsBAA is a member of the International Business Aviation Council (IBAC). It provides a network for sharing knowledge and experience through its website and the organization of conferences and meetings.



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Above: **The static display at ABACE allows visitors to get a closer view of the latest business aircraft available**

What are the challenges facing business aviation operators in Asia? "Firstly, the infrastructure is inadequate, especially in China. We don't have enough FBOs at the airports, and there are no dedicated business aviation airports, so infrastructure is a big challenge," Wu says.

"Regulations are also restrictive – in many countries the civil aviation authority applies airline regulations to business aviation, which is not appropriate. For example, they request that small business aviation companies hire more staff than required – the same amount that they would request for a commercial airline. But business aviation is not commercial; it is basically private transportation, so the threshold should be much lower in terms of staff numbers. Airline regulations are too restrictive for the business aviation sector," he adds.

Lessons to be learned

Finding the staff can be a challenge, explains Wu, and AsBAA is working hard to promote business aviation opportunities to the younger generation. "Qualified and trained pilots, mechanics and management are scarce resources; not many people in China know what business aviation is, let alone have experience with it, so we have begun hosting education sessions. At ABACE [the Asian Business Aviation Conference and Exhibition organized by AsBAA and NBAA] in Shanghai in April 2014, we invited the very best aviation and aeronautical university students to attend an education session and visit the static display [see *Teaching a new generation*, right]. They were very excited by the opportunities available to them," says Wu.

Teaching a new generation

Hosted by NBAA and the Asian Business Aviation Association (AsBAA), the ABACE2014 student day offered the opportunity for aviation-minded students to learn more about the scope of careers available within business aviation. The event featured a variety of presentations on topics, such as challenges facing the industry and the universal appeal of aviation.

AsBAA chairman Kevin Wu joined NBAA president and CEO Ed Bolen in welcoming students, noting their unique opportunity to join the business aviation industry in Asia during its early stages of development.

Gao Yuanyang from Beihang University hosted a discussion about pilot careers with Zhu Kai, representative of the General

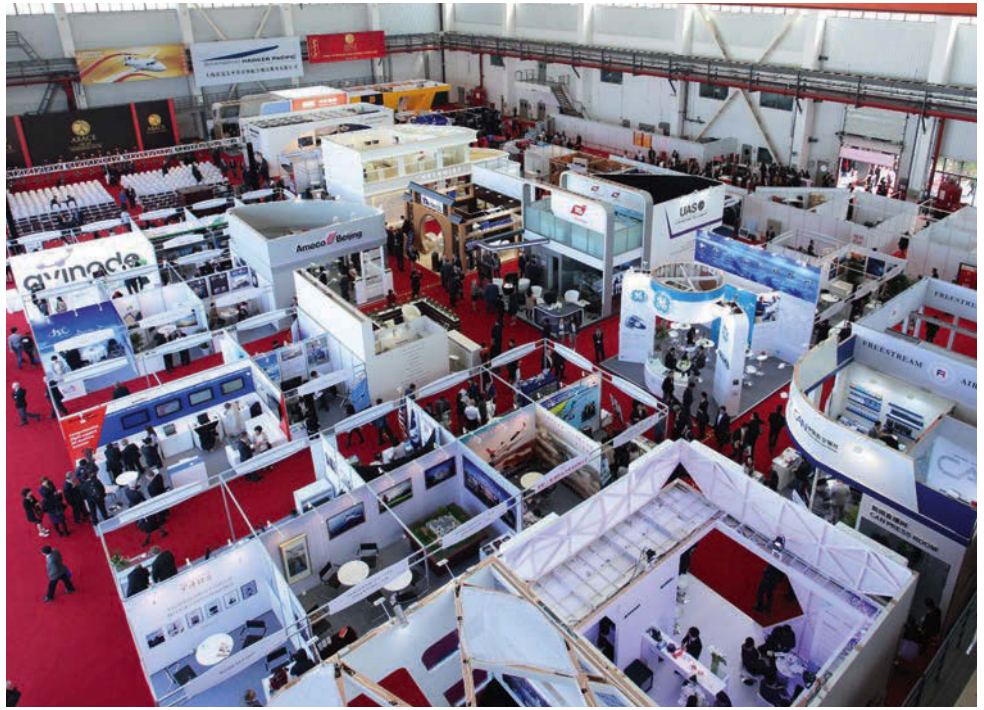
Aviation Manufacturers Association in China, while other presenters included NBAA's China representative Jason Liao, Textron Aviation Group pilot James Wilson, and David Dixon, president of Jetcraft Asia.

In addition to these discussions, engineering students from Beihang University's "Dream One" design team displayed a variety of business aircraft designs, and with their counterparts from Shanghai Civil Aviation College, toured the ABACE2014 exhibit hall and inspected business aircraft from Gulfstream, Embraer and Textron Aviation on static display at Shanghai Hongqiao International Airport.

A similar student day will be held at ABACE2015.



"Business aviation is not only for luxury pursuits; in essence it is a transportation and business tool. That is the important message ABACE brings to communities in China"



New operations

In September 2014, NetJets Business Aviation became the first global private aviation brand to begin operating in China when it obtained its CCAR-135 operation certificate from the Civil Aviation Administration of China, allowing it to offer private aircraft charter services in the country.

The company has initially begun offering management services for the aircraft in its charter fleet – including maintenance, crewing, catering and storage – under the brand Executive Jet Management China, with plans to expand into private aircraft management in the near future.

Speaking in September, NetJets chairman and CEO Jordan Hansell said, "Our NetJets China partnership has been working closely with Chinese authorities to secure its operating certificate since 2012, and we are very pleased that the Chinese government

has granted us this approval. NetJets Business Aviation and its Executive Jet Management China services will help foster the continued growth of the global NetJets business model and satisfy a growing demand for private aviation services. Over time, customers in China will enjoy similar services to those NetJets provides globally, which will conform to NetJets' leading-edge standards for safety and service."

NetJets China vice chairman Eric Wong added, "NetJets Business Aviation has put in place its principal staff, established the necessary internal structures and processes for safe flight operations, and has formed relationships with key vendors. Additionally, a US-registered aircraft, a Bombardier Global 5000, is under management with NetJets China (Hong Kong), a sister company of NetJets Business Aviation."



Above: Hundreds of companies will showcase their latest products at ABACE 2015 in Shanghai

AsBAA is planning more education activities, including university visits. The association is working with local aeronautical universities to develop a schedule for pilots, business leaders and mechanics to go into universities and conduct face-to-face talks with students.

ABACE also provides AsBAA with the opportunity to teach government officials about the benefits business aviation can bring to the economy. "We host a number of education sessions and seminars for government agencies at ABACE," explains Wu. "The event serves as a way to teach these officials what real business aviation is. In China in the past, everyone viewed business aviation as expensive and a luxury that was not for 'common' people. However, when they come to ABACE, they can see the BBJ, ACJ, single piston, turbo prop or mid-sized aircraft, and they realize that there are a number of different aircraft that can serve different purposes for different people. They see that business aviation is not only for luxury pursuits; in essence it is a transportation and business tool. That is the important message ABACE brings to communities in China."

ABACE2015 takes place at the Shanghai Hawker Pacific Business Aviation Service Centre at Shanghai Hongqiao Airport on April 14-16, 2015, and Wu is already planning some new ideas for the event. "AsBAA and NBAA are talking to the local community and the airport authority to identify new things to bring to the local market. ABACE facilitates new ideas and concepts being brought to the market, and we invite businesses from all over the world to come to this region to understand the environment and find business opportunities and mutual benefits." 



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How are business aircraft resale trends changing and what are the main considerations for those looking to buy a new jet?

Words | **Chris Colvin**

Perpetual parts and labor programs, particularly those surrounding the engines, are easy to transfer over as part of a sales transaction

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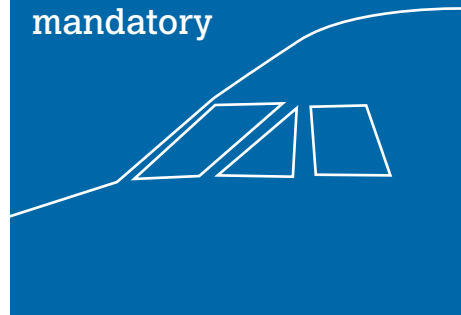
Get legal counsel involved as early as possible

Purchase plan

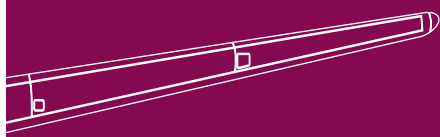
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GPS Wide Area Augmentation Systems (WAAS) and Future Air Navigation Systems (FANS) upgrades are mandatory



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“A tightening market with slowly rising prices skewed toward larger business aircraft and a more difficult environment for those seeking to finance older aircraft in all categories.” That’s the forecast from aircraft resale industry experts – in legal, finance and operations – who gathered recently at a seminar sponsored by the National Aircraft Resale Association (NARA) during the NBAA Annual Convention in October 2014.

Industry experts discussed aircraft resale trends and came to a consensus on several key dynamics, chief among them the growing share of larger business as a percentage of the overall market.

“In 2013, 49% of new business jet deliveries were heavy jets,” notes Chad Anderson, sales director at Jetcraft. “In 2005 there were 2,500 heavy jets and in 2014 there were 4,800, so it has almost doubled. Could it double again? I think so. The number of ultra-high net worth individuals has

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continued to grow at a rate of 5% per year. Now you have OEMs looking at new programs and they are smart people – there are 11 new heavy jet programs in the works among Dassault, Gulfstream and Bombardier. While emerging markets were driving growth in the heavy jet market during the economic downturn, now life is returning to the Americas, where there is the largest installed base of aircraft globally.”

Legacy versus current aircraft

Anderson divides the heavy jet resale category into legacy and current production aircraft. “They are two very different markets and continue to diverge,” he says, noting the mandated technology upgrade and financing challenges facing legacy models. Anderson notes that technology upgrades such as precision GPS Wide Area Augmentation Systems (WAAS) and Future Air Navigation Systems (FANS) are mandatory upgrades that will add costs to legacy aircraft, and lenders can be skittish when it comes to financing older aircraft.

“Lenders still exist for legacy aircraft, but they understandably have wounds from the past that are still healing. They are looking at it more carefully and their underwriting criteria are probably higher. The buying public for the legacy aircraft is probably smaller,” he says. “The good news is that the USA still has the largest network of MRO (maintenance, repair, overhaul) providers with experience with older aircraft.”

Anderson believes there are obvious price consequences. “There was a time when the average corporate jet aircraft was over 18 years old. That figure has shrunk a lot and mostly because of technological advances and buying behavior. You are going to have price fragility on the older models but they trade. You can

“There are 2,400 aircraft on the market right now, but only 950 of those were built in the past 20 years and have been on the market for less than a year”

Nick Cerratani, Cerratani Aviation Group



Above: Cerratani believes leasing is a viable option for buyers wishing to protect themselves from under-appreciating aircraft

Below: There is little supply for younger aircraft such as the Dassault Falcon 7X

buy a nice Gulfstream GIVSP for under US\$6m fully maintenance programmed. There is a lot of value in that aircraft. You are basically buying the engines and you get the airframe for free. But there is still relatively little supply in the younger category aircraft – Bombardier Global 6000s or Dassault Falcon 7Xs – which means there are probably still higher prices and the OEMs have an order backlog, so that gives us price stability.”

Nick Cerratani of the Cerratani Aviation Group concurs. “The middle market continues



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to struggle, as does the market for older aircraft in general," he says. "There are 2,400 aircraft on the market right now, but only 950 of those were built in the past 20 years and have been on the market for less than a year. If you want a model that is part of the upward trend, now would be the time to buy. On the other hand, if the aircraft you are interested in has not started to recover by now, it probably won't within the next 12 months or so. If you want to buy a Gulfstream GIV or a Bombardier Challenger 300, take your time. The market is very aircraft-specific. Unlike any other time, there is not a clear trend that crosses all sections of the market and every make and model. Each deal becomes an analysis of a specific airframe."

Aircraft leasing

Cerratani believes potential buyers should consider leasing as a way to protect themselves when going into an under-appreciating aircraft. "We have customers who have saved tens of millions of dollars since 2008 by leasing an aircraft as opposed to purchasing one. The key is to determine which markets have the potential for appreciation over the next several years with regard to ownership. If one is looking to purchase an older mid-cabin or heavy jet, my recommendation would be to lease because there is no trend to indicate that market is going to come back. Other aircraft in other markets, such as Cessna Citation CJ2s, I would recommend purchasing because those markets have actually started to appreciate. The change in capital value of the asset is the biggest factor in the total cost of ownership."

That capital overall can be easier to come by if you are willing to jump through all the new hoops in place.

"The ongoing trend since the financial crisis has been the financial system healing itself," says Mike Kahmann, managing director of CIT Business Aircraft Finance. "The availability of credit and credit terms have continued to move in the borrower's favor over the past few years, albeit off a very tight credit market that persisted during and after the financial crisis. There are more players that are active in the aircraft finance market and in different parts of that market. The availability of credit seems to be improving."

Lenders obviously want to mitigate as much risk as possible and that has accelerated the market for aircraft maintenance programs



"The availability of credit and credit terms have continued to move in the borrower's favor over the past few years"

Mike Kahmann, managing director,
CIT Business Aircraft Finance



Above & below: **Buyers looking to buy aircraft such as the Challenger 300 should take their time**



charged by the hour, explains Lou Seno of one such company, JSSI. "When people think of hourly-cost maintenance programs, it starts with the engine side. The message is that today programs in this market go hand in hand with aircraft valuation. Parts and labor programs that are airframe-only are typically called term programs. Perpetual programs, particularly those surrounding the engines, are easy to transfer over as part of a sales transaction. They are the most quantifiable in terms of valuation. Aircraft valuations today assume a program on the engines and it is a deduction from the aircraft valuation if they are not," Seno adds.

Legal team

Any aircraft transaction can be legally complex, warns aviation attorney Ed Kammerer of the law firm Hinckley Allen, who says that the federal and state governments in the USA see private aircraft as easy revenue targets.

"Get legal counsel involved as early as you possibly can. Letters of intent (LOIs) should be short and sweet. You don't want to step on your own tail moving forward. If you haven't gotten your counsel involved by the LOI stage, certainly by the purchase agreement stage, there is very little anyone can do for you once you've signed a purchase agreement in terms of protecting your rights. A consistent theme for the legal, regulatory and tax part of the transaction is planning as much as you can in advance and



"When people think of hourly-cost maintenance programs, it starts with the engine side. The message is that today programs in this market go hand in hand with aircraft valuation"

Lou Seno, JSSI



laying out a good timeline. Make sure you have an aviation lawyer. Anyone who can afford to buy a business jet has been well represented in their business life and probably has very good lawyers, accountants and advisors across the board, but those people typically don't know anything about aircraft acquisitions. Having someone who lives in that realm on a daily basis can be very helpful," he advises.

Kammerer said it is important that any aviation counsel has the right personality. "Counsel are part of the team, so you want people who play well in the sandbox with others. Everyone in the process has a particular expertise that they bring to the table. I'm not the person to tell you what aircraft to buy or what operations you should engage in. I can help you with that but it is not my decision. Think about how you are going to operate the aircraft before you acquire it, not

"Think about how you are going to operate the aircraft before you acquire it, not after. Personal use strategy is very important"

Ed Kammerer, Hinckley Allen


Above & below: **The Global 6000 is a popular choice for people looking to buy a new aircraft**



after. Personal use strategy is very important. Think about that at the outset."

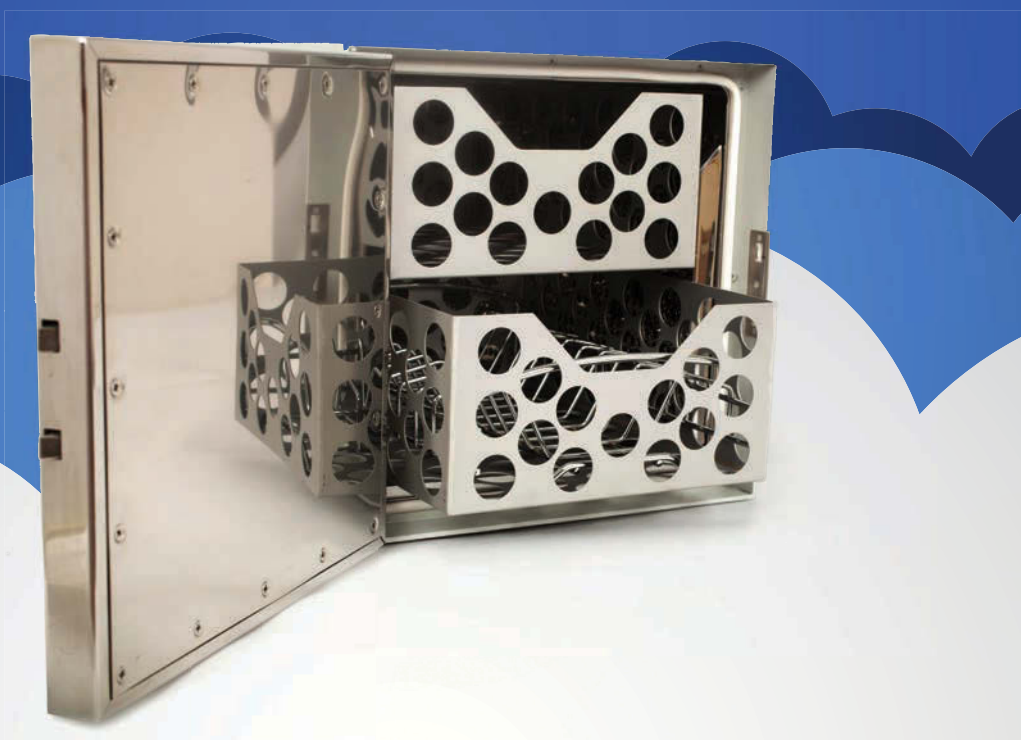
Tax and insurance

This is especially true as it applies to taxes and insurance. "One of my favorite calls is 'Hey, we just bought an airplane. Can you help us with the sales tax planning?' Well, it's too late – you already bought it. Every state that has a sales tax also has a use tax. It is really easy to buy an aircraft that doesn't have sales tax. It is a little more complicated to take care of and mitigate your use tax," says Kammerer.

Insurance can be another major sticking point that should be more than an afterthought late in the transaction, Kammerer warns. He also advises on burying your insurer in paperwork now so that they will not have grounds to dispute a claim later. "Disclose everything you can to the insurance broker and/or underwriter about how the plane is going to be operated. If you have dry leases [whereby the lessor provides an aircraft without insurance, crew, ground staff, supporting equipment, maintenance, etc] or a management company, you should let the insurer know about that. My philosophy is that if there is a piece of paper associated with the operation of the aircraft, get it to the insurance company." 



AEROLUX BUN WARMER



This compact self-contained unit has been designed specifically for warming buns, bread rolls, croissants etc. Insulated to ensure a cool outer face temperature, the door decor trim can be provided to your needs.

The oven incorporates baskets and crumb tray and the baskets can have plate racks inserted for storage.





Work in progress

Walter Berchtold, general manager at RUAG Aviation, talks about the company's latest projects and how it plans to meet customer demands in the future

What services do you provide to the business aviation industry at the Geneva site?

RUAG's site in Geneva is part of the Business Aviation Unit, additional sites being in Bern-Belp, Lugano-Agno and Munich-Oberpaffenhofen. The center in Geneva undertakes full-service maintenance, repair and overhaul [MRO] operations, as well as being an FBO that offers aircraft and passenger handling, fueling and de-icing services. The MRO facility is a Dassault and Pilatus Authorized Service Center with ratings on all Dassault Falcon models and Pilatus PC-12. Furthermore, we are a Pilatus PC-12 new aircraft dealer and distributor for several western European and North African countries.

Where are you seeing most demand?

The demand for Dassault Falcon maintenance comes predominantly from Europe. In addition, we have demand from Africa, the Middle East and the Far East. Conversely, the Pilatus PC-12 MRO business tends to be more local to us in central Europe, an exception being a project

for a humanitarian air services organization we recently completed, which is serving operations in Africa. This particular PC-12 received an avionics upgrade at our Lugano-Agno facility, new paint in Munich-Oberpaffenhofen and support from Geneva.

Can you tell us a bit about your most recent project – what was involved, how long did it take, what were the challenges?

We have just completed a large refurbishment, modification and maintenance project on a Falcon 900. As well as a major maintenance check and associated repairs, this project involved the development of several new STCs [supplemental type certificates] and modifications. A particular highlight of the modifications carried out was the first business jet installation of the Vision System polarized electrically dimmable window shades, which can be instantly set to any level of shading, from transparent to dark, to ensure visual comfort. Other new features installed included a Honeywell Ovation Cabin Management System,



third flight management system, Satcom, LED cabin lights, new electrically adjustable passenger seats and a full interior refurbishment with new cabinets and replacements of all soft goods and carpet. The extensive several months-long works, combined with first article installations, provided many challenges that were successfully overcome through close collaboration and teamwork by our specialist on-site in-house engineering, the product suppliers, and Dassault and the civil aviation authorities.

What do you have planned for the future?

We are working on extending our service hours in Geneva to enable us to further reduce turnaround times of aircraft.


What are the main challenges of providing aircraft maintenance?

All our customers have particular needs, which we fulfill happily and to the best of our abilities, but there are certainly some with more ambitious demands. One challenge we are facing is space. Some of the newer, larger aircraft use more hangar space but do not necessarily require more labor. Thus, space management combined with accurate planning to ensure short downtimes is critical to maintaining a healthy work volume.

How do you work with your clients to ensure you meet all their needs?

We have customer service engineers dedicated to each project. They monitor each project closely and provide one point of contact for the customer – from planning through to project completion and invoicing.

Anything else you'd like to add?

RUAG's Geneva site has been around for decades, providing MRO and FBO services for a range of customers since it was established. We continue building on that heritage by focusing intensely on customer service and offering individual solutions to each of our customers. 

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Elite Limousine has been operating for 20 years. Its current fleet consist of 26 late-model immaculate black vehicles, which include the Cadillac Escalade, the Audi A8 L sedan, the GMC



Top: **Elite Limousine has a wide range of luxury vehicles to suit all needs**

Above: **The company serves private and business jet customers at three FBOs in Colorado**

Below: **Transportation can also be provided to and from nearby Denver International Airport**

10-passenger van and the newest edition of the Mercedes 4x4 Sprinter van. All vehicles are non-smoking for the benefit of all clients. The fleet can manage any and all needs, from corporate clients to groups and individual transportation requests.


Elite's chauffeurs have many years of experience with the company and can manage any transportation event, driving with care in all types of weather and territory.

Elite also provides many personal amenities to enhance the transportation experience, from bottled water to a newspaper, and can offer a wine or champagne service on request. Providing the very best service for all clients is the mission of Elite Limousine and its customer service representatives can manage any and all requests.

Elite Limousine was named Small Business of the Year in 2011 by the US Chamber of

Commerce, and received certification as a Women-owned Business in 2013.

Elite Limousine is a licensed and fully insured transportation company that is in compliance with the State of Colorado Public Utilities Commission and has a perfect record of customer service and compliance with Colorado state transportation regulations. Elite Limousine has the authorization required by airport authorities to provide transportation services in and out of all airports.

Elite Limousine provides a concierge style of personalized service for its clients. Its customer service representatives can assist with ski reservations and fulfill specific requests for wedding services, a night out on the town, corporate events, dinner reservations or just a surprise for someone special. The customer service representatives at Elite Limousine have the knowledge to help you with your visit to the Vail/Aspen area. 

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Vital statistics

Location: Sonderborg, Denmark

Operating hours: 24 hours

Runway length: 5,895ft

Fuel: Jet A1 and Avgas 100LL

Danish-German delight



Passengers can enjoy upgraded facilities and a new private jet service when flying in to Sonderborg on the Danish-German border

Sonderborg is a fairly small city in the south of Denmark, very close to the German border and Flensburg, the unofficial capital of the border region. Sonderborg Airport is the nearest airport for about one million people and is the closest airport for the many businesses on either side of the border. Some of the biggest businesses in Denmark have their headquarters in this region, and companies such as Danfoss, Siemens and Ecco and their partners use Sonderborg Airport's services regularly.

The airport's location makes it a popular destination for private jets, which is why it has relaunched its private jet service, which concentrates on providing an ideal and complete service for jets. Sonderborg Airport offers an exclusive VIP private jet service where it makes sure that passengers experience a smooth and comfortable connection between the jet and the business meeting.

Airport manager Anders Sorensen points out, "The location of Sonderborg Airport makes us extremely interesting for the private jet segment. Since we have so many companies in the region, both big and small, we have to focus on giving the best service for our customers using the airport as a business aviation base with their jet

on the way to the next business meeting. And now is the time to upgrade our service even more."

Sonderborg Airport is the only full-scale business airport in the German-Danish border region. The airport offers three handling packages, from the standard stop-and-go to the extra VIP offer, which includes exclusive catering, limousine service and access to the VIP lounge.

Sorensen explains, "Our staff has experience and expertise and a great passion for customer service. 'A better way' – that is our philosophy. This means we do everything to make journeys as easy and smooth as possible. The ground crew is committed to delivering our famous 'no delay service', along with anything else our executive jet clients might wish for."

As well as renovation of the lounge, the fitness room and rest facilities for crew, the airport has worked on reducing the time passengers need to spend at the airport. Limousine tarmac service is possible and ensures that passengers can be on the motorway 10 minutes after landing.

In addition to the VIP lounge and the fitness and rest facilities for crew, the airport offers a meet-and-greet service. VIP catering and hotel reservations can also be ordered. Furthermore,



fuel service and exterior/interior cleaning of the jet are available. MRO services are also available and the airport is IFR and radar equipped and ready for business 24 hours a day, year round. ✈

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Growing presence



Business aviation is well catered for in The Bahamas thanks to luxury locations at five airports on four islands

 Dependability and authenticity have proved valuable for Odyssey Aviation. In an age when the larger chains are buying up independent FBOs, Odyssey Aviation has not only maintained its position by steadily increasing business at its existing locations, but has also grown its footprint across the stunning archipelago that is The Bahamas.

Now at five locations, Odyssey Aviation has become the largest general aviation service provider in The Bahamas. This accomplishment comes with the recent announcement of a fifth Odyssey location at San Salvador International Airport (MYSM), which commenced operations in December 2014. The new location offers fuel and handling to scheduled commercial airlines and general aviation traffic. (See *Island life* on page 12 for more on Odyssey Aviation San Salvador.)

"We are excited to have another opportunity to increase our presence in The Bahamas," comments Steven Kelly, president of Odyssey Aviation. "We look forward to a great relationship with the local community in San Salvador and are enthusiastic about supporting the increase of tourism to The Bahamas."

Hangar and ramp expansion

San Salvador isn't the only island where Odyssey is experiencing growth. Odyssey Aviation Nassau, the company's headquarters at Lynden Pindling International Airport, will begin construction of a second hangar and expansion of their ramp in early 2015. "We are gearing up for a busy next year due to the prediction of another long winter and to the opening of a new mega resort known as Baha Mar," forecasts Kelly.

Main: An aerial view of the new ramp and facilities at Odyssey Aviation Nassau
Inset: The passenger lounge at Odyssey Aviation Exuma

Baha Mar is a US\$3.4bn development that boasts the largest casino in the Caribbean. It will feature an elite collection of luxury hotel brands, including the centerpiece of the resort – The Baha Mar Casino & Hotel – as well as a sophisticated Grand Hyatt, luxurious Rosewood and an ultra-chic SLS LUX. Amenities will include an 18-hole, 72-par championship Jack Nicklaus Signature Golf Course, state-of-the-art convention facilities, ESPA at Baha Mar spa and over 40 restaurants and bars, as well as exclusive designer retail boutiques. Baha Mar is located on 3,000ft of white-sand beach, just 10 minutes from Lynden Pindling International Airport. The property is expected to draw the attention of high-rollers from around the world.

Safety and service excellence

Now more than ever the Odyssey team realizes that maintaining its service and safety excellence is of the utmost importance. "Growth is exciting but we are staying focused and fine-tuning the safety and service practices that helped us get to where we are now. We want to remain the safest and most dependable general aviation option in The Bahamas. And we want to do this with a distinct island flair," asserts Kelly.

Visitors can see this island flair when traveling through one of Odyssey's FBO locations. In Nassau, the executive lounge is bursting with colors of the ocean and beach. In Exuma, the

Vital statistics

Location: The Bahamas

Airports: Lynden Pindling International, San Salvador International, Exuma International, Governor's Harbor and Rock Sound


Facilities: FBOs, hangars, ground handling, customs and immigration



About Odyssey Aviation

Odyssey Aviation is one of the most trusted providers of aviation services in The Bahamas and is consistently recognized among the top aviation service companies in the Caribbean. San Salvador International will extend the Odyssey Aviation brand to five airports on four islands in The Bahamas. Odyssey Aviation has two full service FBOs at Nassau International Airport and Exuma International Airport and two handling locations at Governor's Harbor Airport and Rock Sound Airport. All locations are ports of entry with customs and immigration. Odyssey Aviation Nassau and Odyssey Aviation Exuma are both a part of the Paragon Aviation Group, an exclusive membership of independent FBOs that provide an elite experience to general aviation travelers in North America.

seating surrounds glass encasings of shells and sand native to the island.

Ultimately, Kelly feels a sense of fulfillment with Odyssey's growth. He is a seventh-generation Bahamian. "It's exciting and feels good to be enriching and supporting a country I've always called home." Further plans for expansion and growth are certain in his mind and in the mind of his team. There is high demand for dependable and safe general aviation services in the family islands of The Bahamas, and Odyssey Aviation is the first to be considered. 

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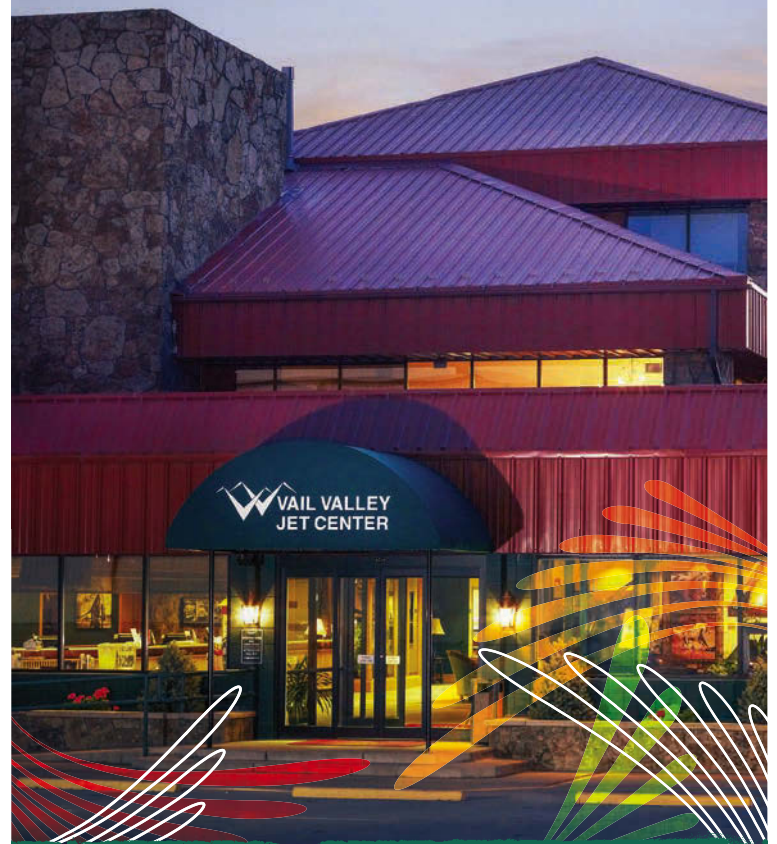
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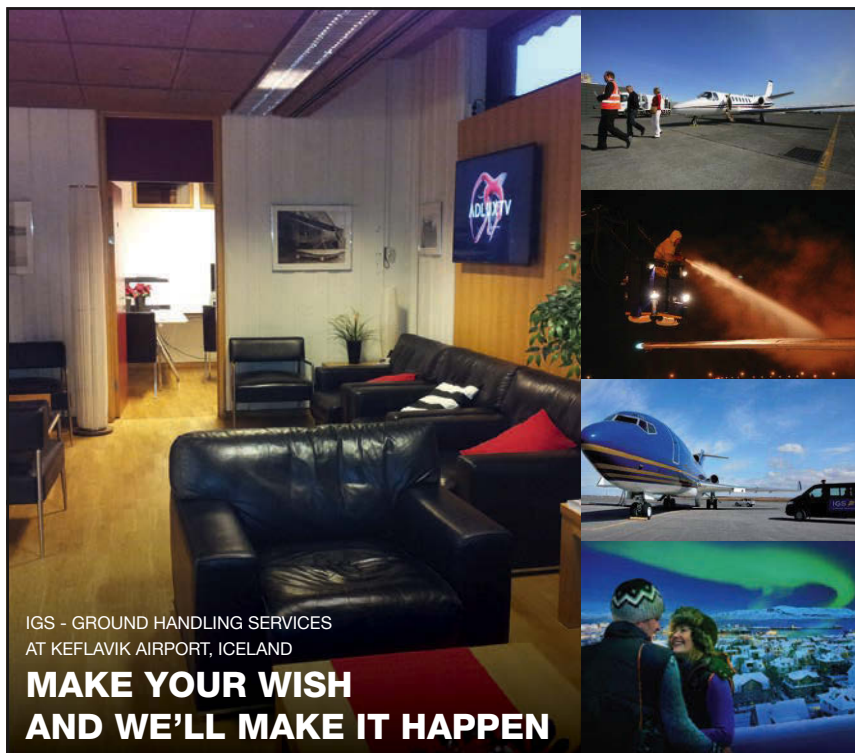
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Business Airport
INTERNATIONAL



Vital statistics

Location: Moscow, Russia

Operating hours: 24 hours

Runway length: 07R/25L – 12,139ft;
07L/25R – 11,647ft

FBOs: Terminal A, Premier Avia, Lukoilavia



Back on top

Leonid Koshelev, president of Streamline OPS, explains how numerous development projects at Sheremetyevo Airport are helping it to become a leading destination in business aviation

Describe the Sheremetyevo reconstruction project.

The reconstruction started in 2005. Two parallel runways and most of the taxiways were completely resurfaced; modern navigational aids were introduced; four modern passenger terminals – D, E and C for airlines, and A for business jets – with adjacent extensive apron and city-side infrastructure were constructed to complement the two older terminals, F and B; a fast train to the city center was introduced; a new control tower and air traffic control facilities were put in place; and two modern hangars for business jets parking and maintenance were unveiled. Sheremetyevo has become the largest airport complex in Russia and one of the leading air hubs in eastern Europe with handling capacity of 35 million passengers a year. During reconstruction, the airport was struggling to keep airline traffic from Aeroflot and SkyTeam at maintainable levels, and severely restricted business jets – sending the bulk of their movements to Vnukovo.

The road link to the city was the weak point of Sheremetyevo and resulted in tedious traffic

jams, but the launch in December 2014 of the new toll highway linking Sheremetyevo with the reconstructed radial Leningradsky Prospekt has changed this.

What facilities does Sheremetyevo Airport offer business aviation customers?

There are three FBOs, two of which are in direct competition for customers: Terminal A's state-of-the-art premium service facility; and the more modest and practical Premieravia. The third FBO, Lukoilavia, is for self-handling and accepts traffic with corporate affiliations to a well-known oil company and one-off clients. There are two modern hangars with a capacity of five BBJs run by Terminal A for the parking of aircraft, as well as some line- and base-maintenance that specializes in Dassault aircraft. The hangars can accept overnight or short-term parking customers subject to availability – and preferably with advance notice. A helipad situated adjacent to Terminal A accepts any type of helicopter. Currently, helicopters can take passengers to seven helipads situated on the circular highway, or to any point outside Moscow. Starting from

December 2014, a heli-operator with EC155, AW139 and two AW109 based in Sheremetyevo will be permitted to operate to central Moscow.

What services do you provide?

Streamline OPS provide handling service at all FBOs in Sheremetyevo and is offering a 25% discount on all FBO services in November-January. This will provide operators with an opportunity to check out the new facilities shortly before and after the unveiling of the new toll highway and the start of the downtown helicopter service. Streamline provides quality flight support and handling supervision in some 100 Russian and post-Soviet area airports, so the FBOs at Sheremetyevo are part of a wide FBO chain.

What plans do you have for the future?

We want to turn the chain of supervisory services and fuel supply in all major Russian airports into a chain of practical, but good quality FBOs, catering not only for business jets, but also for the smaller general aviation sector, which is experiencing explosive development in Russia right now.

The construction of a third hangar for the parking of two BBJs adjacent to Terminal A is to start shortly and will be completed by autumn 2015. In early 2017 a third runway is to open. When the land between the old and the new runways is open for airport development there will be new business aviation facilities, but there is no definite planning for this at the moment. <

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Open for business

Vital statistics

Location: Paris, France

Operating hours: 24 hours

Runway length: 03/21 – 8,740ft; 07/25 – 9,840ft; 09/27 – 6,050ft

Facilities: Seven FBOs and five maintenance centers with Part 145 approval



Photo: Alain Leduc

Paris-Le Bourget Airport, situated to the north of the French capital, is a gateway for European business aviation

As the main business aviation hub in Europe, Paris-Le Bourget Airport is committed to providing excellence in customer service and is one of the best ways to reach the City of Light.

Close to the renowned Air and Space Museum, and a direct neighbor of the site of the famous Paris Air Show, Le Bourget Airport is unique in terms of what it can offer its customers: seven fixed base operators (FBOs); several caterers and fuel suppliers; major maintenance bases for Bombardier, Cessna, Dassault and Embraer; the main European training center for flight safety; and almost 30 other companies involved in aircraft painting, communications and navigation systems, onboard furniture, mechanics and support, and so on.

Owned by Aéroports de Paris, which operates almost 50 airports worldwide, Paris-Le Bourget is heavily involved in the future of airports and

business aviation. It was chosen by IBAC/EBAA as the site for launching the IS-BAH standardization seminar in August 2014; the airport management team has previously worked to achieve the Environmental Management ISO 14001 certificate (continuously renewed since 2005); and it obtained a new ICAO Safety Management System certificate in April 2013.

Apart from these opportunities and the positive reports from users about the airport's equipment, what makes Paris-Le Bourget different from other European business airports? What inspires the management's strategic decisions in turning the 'old' airport into one ready to face 21st century challenges?

Fully dedicated to business aviation, this airport is firmly rooted in the urban territory of the northern part of the city of Paris. Within a couple of years, a new station, part of the Grand Paris Express automatic mass transportation system,

will have been constructed at the entrance to the airport. This will allow commercial and industrial projects to feed Aéroports de Paris' development strategy of maximizing the real potential of the area (approximately 75 acres is available for future building permits). As managing director François Charritat explains, "Le Bourget is an airport in the city. We work hard to welcome the city inside the airport."

Reflecting the Aéroports de Paris slogan 'The whole world is our guest', Paris-Le Bourget is already host to a branch of the Gagosian Art Gallery, and is working with French and international authorities to prepare for the 2015 World Climate Conference. <

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FBO additions

The Vail Valley Jet Center, a full-service FBO in the heart of the Colorado Rockies, has completed construction of a new 28,000ft², state-of-the-art, corporate aircraft hangar. The additional hangar, Hangar 6, was finished just in time for the busy ski season to begin. With the new hangar addition, the Jet Center now has 184,000ft² of heated hangar space and over 20 acres of ramp space available to its customers.

The Jet Center also recently completed a remodel of its FBO lobby. The remodel consisted of a fresh new paint color, new carpet and new marble countertops throughout. The Jet Center also expanded its gift shop in order to accommodate more inventory. The remodel enhances the lobby from one end of the FBO to the other and makes it look even more like the luxurious Colorado mountain resorts that surround it.



Every year, starting in mid-December, Colorado enjoys an influx of customers from all over the world. Vail, Beaver Creek and Aspen ski resorts are the main attractions. In February, the Vail Valley Jet Center is expecting to see an influx of customers for the coveted FIS World Alpine Ski Championships, which will primarily be held at Beaver Creek. The event is expected to bring in an additional 300,000 people to the Vail Valley during the very peak of the ski season. Slot reservations are not required; however, advance notice to the Jet Center is encouraged.

There is so much to do in the Colorado Rockies during the winter months, and the

Jet Center would like to give customers every opportunity to enjoy Colorado's winter playground. In addition to great accommodation, flight crews can receive two passes to the famous Glenwood Hot Springs with every 400 gallons of fuel purchased. Or, they can enjoy a complimentary lift ticket to any of Vail Resorts' world-class ski mountains with every 1,000 gallons of fuel purchased. <

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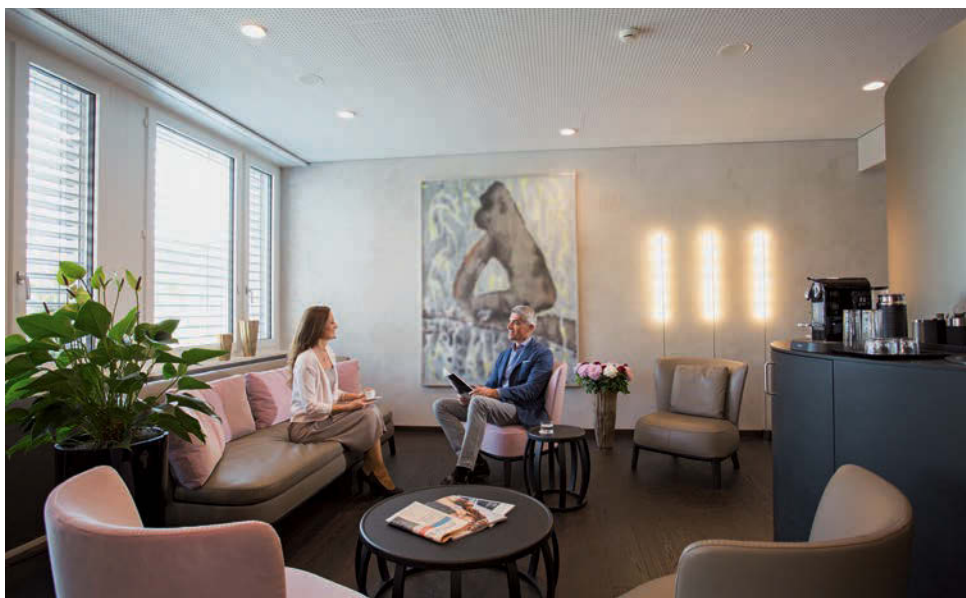
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New business

Cat Air Service (CAS), a joint venture between Air Service Basel and Cat Aviation, opened its doors for business on November 1, 2014. After months of careful preparation, CAS is now able to offer handling services to customers flying through Zurich Airport. The commitment to a high level of service quality of the parent companies has helped provide a solid basis on which CAS has built its own standards. "The challenge of building up an FBO from scratch was a great opportunity that I could not resist," says Robert Whitehead, general manager of CAS.

The staff members at CAS are all long-established professionals in this line of business, bringing many years of experience to the company. Modern equipment for ground support and custom-made vehicles help the company bring a new style of service to the business aviation ground-handling business at Zurich Airport.

Lounges for the pilots, both land and airside, cover all crew needs while they are staying at the airport. The waiting time for crews is unavoidable and here CAS endeavors to make this time as comfortable as possible. Attention has been paid to providing areas where this time can be used for sport, reading, watching TV or just relaxing.



CAS aims to provide passengers with a service that eliminates unnecessary waiting time at the airport, getting them to and from the aircraft as smoothly as possible. If delays are encountered, then the CAS staff will make any waiting time as comfortable as possible. The Cat's Corner bistro and a dedicated passenger

lounge also offer a great experience for both arriving and departing customers. <

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Business plan



To ensure they remain profitable, is it time for FBOs to switch from a reliance on fuel revenues to an à la carte service?

In October 2014, John Enticknap from Aviation Business Strategies Group and Ron Jackson of The Jackson Group presented 'Get ready for a new business aviation model' at the NBAA Business Aviation Conference and Exhibition in Orlando, Florida. In *Time to change* on page 20, Chris Colvin looks at the lessons learned from this presentation, and how FBOs can adjust their business model to increase services and revenue.

Fuel seems to be a major issue at many FBOs, especially in the USA. Profit margins are tight and many aircraft operators conduct 'tankering', whereby they fill up the tank at a low-cost location to avoid having to pay higher prices at their destination. According to the NBAA, 98% of aircraft operators and owners said they were concerned about fuel costs and had taken various actions including tankering, and 76% said they had switched FBOs to cut fuel costs. So if fuel is no longer a viable moneymaker for many

FBOs, how can they adjust their business model to remain profitable?

According to Enticknap, FBOs should develop revenue streams independent of fuel sales to survive and get their customers used to paying more fees. These could either form part of a comprehensive package or be on an à la carte basis. The service menu includes coffee, snacks, crew rooms, showers, wi-fi, meeting rooms, lounges, ice, crew cars – even newspapers. "Make sure every airplane that comes onto your ramp contributes to your revenues," Enticknap says.

But what do those in the industry think? Will creating new revenue streams by charging customers for every service they use work? Should the focus instead be attracting customers through service and safety excellence? Or can the current business model favored by many in the USA remain profitable? *Business Airport International* took to LinkedIn to find out. <

Your views



Graham Stephenson,

IS-BAH accredited auditor at Graham Stephenson &

Associates, posted, "It depends what is meant by an à la carte service. I believe that we already have an à la carte service at most FBOs. There is the basic handling charge based on MTOW and a menu of services that can be requested: fuel, toilet service, water service, GPU, catering, bags of ice, crew transport to hotel, cabin cleaning, aircraft washing, hotel booking, laundry service, washing-up service, newspaper supply, VIP Limo service, etc. I cannot see a bundled handling

charge appealing to customers as it would not be in their interests. The best way to get more revenue is to offer more and better services. Printing international newspapers is a good revenue earner. For third-party companies doing business through an FBO, such as caterers and florists, a commission charge is reasonable."



Michael Miller,

business development manager at Aero Taxi, Inc., wrote, "I was at

the presentation made by John at NBAA and got the general feeling that while the ideas are sound, there might be better ways to accomplish the goal. Ask Landmark Aviation, which tried the nickel-

and-dime approach earlier this year just to get slammed back to the old way. I feel that changing the way ramp fees are handled, as well as implementing a facility fee, would be the best way for FBOs to supplement the bottom line without charging for every little thing."



Bill Coleman,

president of The Coleman Group, commented, "I heard

the presentation and as always John was a very good speaker. But what he failed to comment on was the disarray in the fuel supplier businesses. FBOs can't survive under the mismatch of suppliers. That is what makes the FBOs' model a bit tenuous."

Your comments

What do you think? Should FBOs change the way they sell their services? How will customers react to paying for an individual item? What additional revenue streams are available? We'd love to hear your thoughts on this or any other topic affecting the business aviation industry, so visit www.linkedin.com and search *Business Airport International* to join in with the debate.

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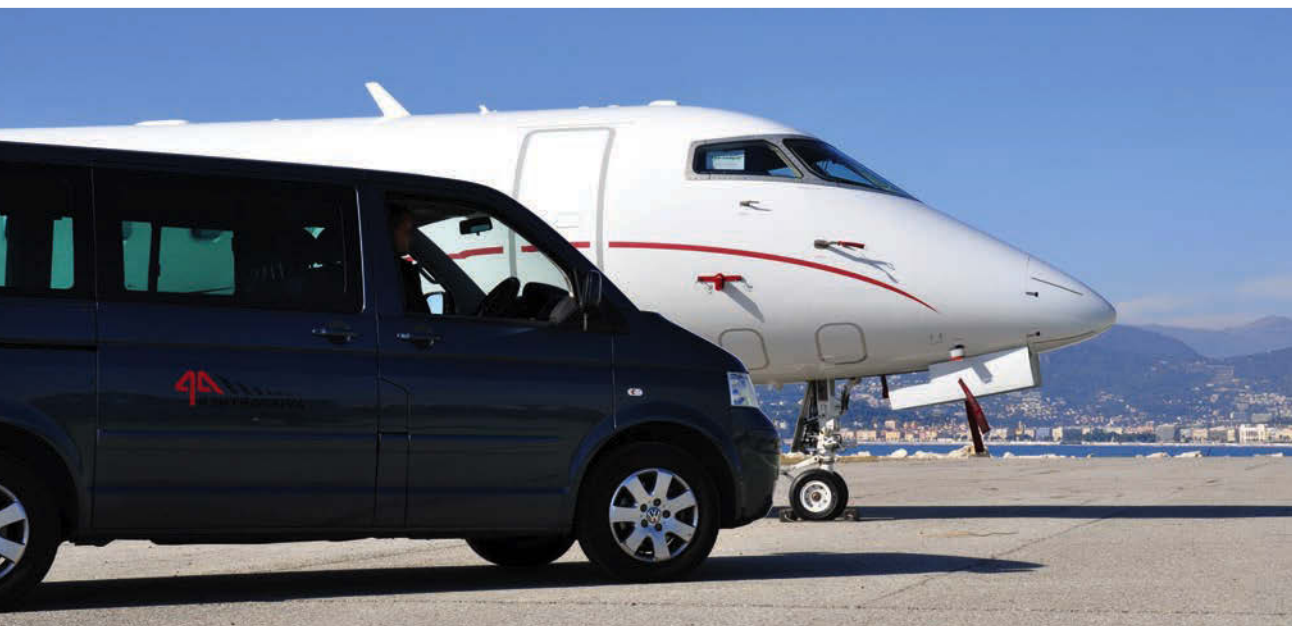
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