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## Asian business aviation market pulls out of the storm

By: **GHIM-LAY YEO** SINGAPORE  
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If the weather at the inaugural [Asian Business Aviation](#) show in [Macau](#) was any indication of the state of the industry, aircraft manufacturers and charter operators can breathe easy and look forward to clearer skies ahead.

The show, held on 10-11 June, began ominously. A thunderstorm brewed the night before, and morning rain threatened to close the static display at [Macau International](#) airport.

But by midday the rain clouds had lifted and, with them, the spirits of those attending. Aircraft manufacturers reported positive meetings with potential customers, with at least a couple expecting to close sales after the show.

"We weren't feeling that optimistic before this, but things have turned out better than we expected," says Chuck Woods, chairman of the [Asian Business Aviation Association \(AsBAA\)](#) and chief executive of Macau-based charter and management firm Jet Asia.



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Following a grim year in which the industry was hit severely by the global economic downturn, business aviation players now have reason to hope.

Private charters are up and airframers expect solid growth in Asia, looking to China as the main driver of that surge.

AsBAA has observed a 30% growth in charter sales among its members compared with 2009, says

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Woods. While he acknowledges that the growth was from a low base, the reversal in the industry is encouraging, he adds.

Airframers, excited by the business potential offered by Asia, are striving to boost their resources in the region.

[Gulfstream](#) has based more than \$48 million in inventory in [Beijing](#), [Hong Kong](#) and Singapore, on top of setting up a Beijing-based maintenance support team and appointing new personnel in the region.

"In the last year, we've doubled our parts and materials inventory in Asia," says Gulfstream Product Support president Mark Burns.

The Gulfstream in-service fleet in Asia had grown to 113 aircraft by the end of 2009, from 84 in 2008 and 37 in 2005, says Gulfstream's vice-president for international sales Roger Sperry.

The manufacturer also recently delivered its first aircraft - a G450 - to China's Minsheng Financial Leasing and plans to work further with the leasing company.

## **BULLISH**

"We are very bullish about the Asian business aviation market, and we feel we are still in the early stages of developing this market," says Sperry.

Hawker Beechcraft, which already offers its customers authorised service centres in Hong Kong, [Shanghai](#) and Singapore, hopes to have one up and running in Beijing within the next 12 months, says its president for Asia Pacific, Justin Lee Firestone.

The manufacturer will station four aircraft in the region as part of a programme to bring aircraft closer to potential customers.

"Typically, our aircraft will fly back to the USA after a show, but we are keeping four aircraft here and they will move around the region," says Firestone.

Airframers are also optimistic about growth in other parts of Asia. Indonesia, Japan, Malaysia, Thailand and Vietnam are bright spots, says [Cessna](#)'s director for international sales Todd Duhnke.

[Dassault](#) Falcon's vice-president for international sales Jean Michel Jacob expects to grow its fleet of five aircraft in China to seven by the end of June and expects to deliver a Falcon 2000 in the Philippines soon.

[Airbus](#) forecasts it will deliver five large corporate jets a year in Asia Pacific, mostly in China.

With aircraft sales expected to increase, charter, management and aviation services companies are hoping to ride the wave.

Hong Kong-based TAG Aviation Asia, which manages 13 aircraft, wants to increase this to 20 by year-end, says director of business development Jolie Howard, adding that TAG saw fast recovery in the second half of 2009.

Private aviation services provider [ASA](#) Group expects to enter the aircraft management business this month with a [Bombardier Global Express XRS](#) belonging to a client in Singapore, says chief executive Simon Wagstaff.

"We are still bullish about Asia. It is the land of opportunities," Wagstaff adds.

Despite the rosy outlook, business aviation players say challenges still exist in Asia, compared with the USA and Europe.

## **LANDING APPROVALS**

For one, landing approvals take too long to secure in some countries and operating costs are much higher compared with other parts of the world.

The fees associated with a business charter flight can be 50-100% more expensive than elsewhere, says TAG's Howard.

Industry players are also frustrated by the onerous process of getting approval for flights.

For example, the Chinese authorities treat Hong Kong and Macau-registered aircraft as non-Chinese when considering landing permissions, says Hawker Beechcraft's Firestone, so flights operated with

such aircraft pay higher fees and require more time to apply for landing rights, he says. "That needs to change," he adds.

A shortage of airports and pilots in developing markets are also a hurdle, says [Embraer](#) China's president Guan Dong Yuan.

In Japan, industry players are faced with a shortage of landing slots at busy airports and restrictions on business charter flights.

The challenges in the region, say companies, are borne out of a cultural stigma that is attached to business aircraft in Asia. "Some think: 'these people are rich, they can afford the fees'. Some resent the fact that others can own business jets. They make it awkward for you," says ASA's Wagstaff.

Firestone believes business aircraft are viewed in Asia as a "high-end" luxury product.

"This is not a toy or a definition of wealth. This is a business tool," he says. "However, many people still do not want the scrutiny associated with a private jet."

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