



EBAA POINTS TO TRIPLE DIP IN EUROPE

News / Business aviation



EBAA comes to Geneva as it ponders its own ambitions and expansion against a confusing economic backdrop. Speaking at a pre-EBACE press conference on the 27th floor of 'The Hotel' in Brussels on April 27th, the association's CEO Fabio Gamba admitted that the picture wasn't very positive, and was in fact confusing. Europe's business aviation activity dipped last year over the previous year, and the farther east the worse the picture looks. While the situation in Russia is known – a combination of a political stand-off with the EU and the commodities crisis that has suppressed the BRICS nations – the overall figures point to a move into the third dip of a "triple-dip recession" with a curious break away from the usual correlation with GDP.

The meeting was the second time that EBAA had presented trends in business aviation, and it follows a comprehensive third-party report that was released in March. Gamba said that the study looked at business aviation in Europe from three angles – its economic contribution; time and cost efficiencies; and connectivity ("often people don't grasp the complexity" of the latter, said Gamba.)" On top of this, it has seven country profiles, including the main three of Germany, France and the UK. Together these represent 63 percent of output, from a sector that employs 371,000, adds €27bn of value to the economy and "almost €98bn" to output, according to EBAA's figures.

"The main difference is that we fly direct," noted Gamba. "We don't have hubs." He added, "We've taken the 800,000 movements by bizav annually and looked at the fastest alternative, and on average we're gaining two hours [on the airlines]."

He said that in terms of connectivity, business aviation offers some 100,000 city pairs, "25,000 of which have no commercial service. So 200,000 flights a year are not possible via airlines." He

added that many would find they were “close to an airfield wherever you are.”

On the economic situation Gamba said, “We believe that business aviation is a good indicator of how the economy is faring.” In his presentation, he pointed to the “big dip” of 2008 and another dip in 2011/12, with both tracking GDP growth. “But we started to see a decoupling at the end of 2015; GDP was up 1.8 percent but [European] bizav was down 2.0 percent. So the question is, is that only related to a number of months? Or could it mean a difficult time for Europe.” He suggested that a new wave of industry consolidation might not be far away.

EBAA’s study also looked at 2010-to-2015 with a focus on the top 10 business aviation airports. Gamba said that Paris Le Bourget was “the biggest bizav airport by far in Europe” even though it had dropped in terms of movements. But some others, such as Geneva, had seen considerable drops in movements. “So we have some concerns about Geneva.” Moscow was down almost 5 percent and Rome Ciampino almost 7 percent. Only London Luton and Farnborough showed growth, he said. The busiest city pair was Paris (Le Bourget)-Geneva with around 4,000 flights a year. Paris’s two main airports, Charles de Gaulle and Orly, see very little business aviation traffic—Gamba contrasted this with London where bizav traffic is spread around six or seven airports, giving a good array of choice depending on the part of the city you need to access.

The next most active city pairs were Paris-Nice, Milan-Rome and Moscow-Nice, but Gamba noted, “All the top four have decreased.”

He asked whether this troubled picture was “just passing turbulence? And was the promise of the east only fleeting?” Looking at 2015 departures compared to 2014 (see illustration), Russia showed a 40 percent decrease, and even once booming Turkey dipped by 6.3 percent. Ukraine was down 57 percent and Belarus down by 72 percent, though it is a tiny market, Gamba admitted. Even the Baltic countries and Poland were down, so the faltering European business aviation landscape is growing in the east. Poland had been “playing the locomotive” but not any more.

Gamba then compared business aviation passenger numbers to airline premium travelers. Bizav accounted for around 1.3 million whereas the latter accounted for 37 million, counting all flights leaving European airports for any destination worldwide. Airline premium passenger numbers have recovered, but business aviation is lagging behind. There is a correlation, however, in that large-cabin business jets continue to be strong worldwide. Business aviation is “increasingly being used for long haul” growing from 5.9 percent of movements in 2005 to 8.1 percent in 2015. “So it has increased by 40 percent while intra-European has decreased slightly” [-2.7 percent in that period]. He noted, however, that the “big machines” had struggled in terms of new sales in the past one-to-two years, “but we have a revival in [sales of] the entry-level jets.”

So there is a “bright side,” said Gamba, given that profits and margins are better on long-haul, due to lower competition. “It’s where business aviation is at its best, to fly from a small airport in Scandinavia to a small airport in Brazil.”

Also on the bright side he noted that business aviation had maintained a steady 7 percent share of flights over the past 10 years, “despite everything.”

Gamba concluded by outlining what EBAA is focusing on now, one priority being increasing the number of satellite-based precision approaches, to open up more airfields to business aircraft. He said that 500 LPV procedures were planned, and that there were already 150 in Europe so far. This compares to the U.S. with its more than 3,500 LPV approaches. “We’re telling the Commission that the runways are there,” he stated.

He said that EBAA is also working to “disseminate a Just Culture, the sharing of occurrences in a no-blame environment,” via E-SORS (the EBAA Safety Occurrence Reporting System).

Gamba also spoke to AIN after the event about what might help boost the sector, and described a new initiative to try to persuade policymakers, initially in Brussels and later in the U.S., that allowing increased foreign ownership would help what is, in fact, a global industry to perform better. “The new EU Aviation Policy talks about tapping into new markets. We saw the Transport Commissioner [Violeta Bulc] in January and said they could limit the risk by trying it on the non-scheduled sector first—and bizav is supposed to be seamless globally. We have no flags on our tails. So we believe they should open up the ownership and control between like minded countries, such as the EU and U.S.” This would also avoid the air transport sensitivities over Middle East and other foreign companies gaining control of U.S. companies by buying into European ones, and thereby getting market access too, believes Gamba. He said it is early days but the seed has been sown, in effect. “She [Bulc] said to come back if you can convince the Americans,” added Gamba.

Events-wise, as well as EBACE it has a new “Schedulers & Dispatchers” style event in October in Cannes, called Airops and dedicated to FBOs and airports.

Gray Charters

At the end of April, EBAA put a note out which urged “everyone involved with business aviation” to ensure that flights advertised and arranged are both legal and in compliance with the regulatory safety standards demanded by AOC holders.

“If you are a passenger, crew member, or anyone else who suspects a non-compliant Business Aviation activity, please report the activity to EBAA,” it said. The form is available at <http://ebaa.org/en/current-issues/reporting-non-compliant-flights.aspx> and any additional relevant documentation can be uploaded also.

The association noted that “a campaign to curb non-compliant activities must be built on concrete facts and case studies that define the importance of the phenomenon and help the association and authorities to understand the motivations behind the activities. Effective countermeasures can only be developed if the trends are correctly identified.”

It said that the information provided to EBAA would be used to produce an initial aggregated report on non-compliant activities. “This report will help us to develop tailor-made solutions to address the non-compliant activity issue, which can then be presented to national authorities.” No personal details will be published and only aggregate data will be included in the final report.

22 MAY 2016

SOURCE: AIN

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