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## Focus on Latin America: Business aviation taking off in Brazil

By: Kirby J. Harrison

August 1, 2010

[Business Aviation](#)

The future that Brazilians have awaited for so long is at last kicking at the door. But the question now, says Francisco Lyra, the blunt-spoken CEO of the Associação Brasileira de Aviação Geral (ABAG, Brazilian Association of General Aviation), is whether Brazil is ready for it?

Brazil today is riding a wave of economic growth, propelled in part by the discovery of deepwater oil fields that by some estimates will yield 80 billion barrels of the increasingly prized and elusive hydrocarbon. That growth has created a surge in business aviation, but it has also unveiled an aviation infrastructure that is, at best, inadequate to meet the anticipated growth.

While the GDP is growing at the rate of a little more than 6 percent a year, aviation in Brazil is growing at about 18 percent. "And that," said Lyra, "is putting a lot of strain on the aviation infrastructure."

The relatively recent emergence of Brazil as an energy self-sufficient nation and the economic powerhouse of Latin America is certainly creating a blip on the business aircraft manufacturers' market maps in the form of increased business jet sales.

Bombardier, Cessna, Dassault Falcon, Embraer, Gulfstream and Hawker Beechcraft—the major business jet OEMs—will have nearly two dozen aircraft on display at the 7th annual Latin American Business Aviation Conference & Exhibition (Labace), August 12 to 14 in São Paulo.

Further evidence of the growth of business aviation in Brazil comes in a decision by Bombardier to launch a Latin American Safety Standdown at Labace 2010. The first safety standdown was in Wichita in 1996. A second standdown was added in Geneva concurrent with the European Business Aviation Convention & Exhibition (Ebase) in 2007.

The Labace standdown is scheduled for Wednesday, August 11. "Labace is the perfect platform to reach the growing Latin American aviation community, as well as operators in the region," said Bombardier Business Aircraft president Steve Ridolfi.

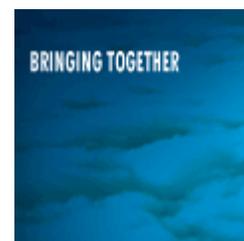
Concurrent with Labace 2010 is the second annual Bala Summit, the theme of which is "Business Aviation in Latin America: A Vision for the Future."

At Labace 2009, Dassault Falcon CEO John Rosanvallon noted that there were 30 Falcon business jets in service in Brazil alone, with another 15 on order. And of those 15, seven were for the long-range, large-cabin Falcon 7X. In previous years, Dassault Falcon has had a single aircraft on the static display line. This year, the French OEM plans to have three.

At Sorocaba Airport, about 60 miles west of São Paulo, Dassault's factory-owned service center has Anac (Agência Nacional de Aviação Civil) repair station certification.

Despite the competition from Brazilian OEM Embraer, Bombardier has a business jet fleet of more than 110 aircraft in Brazil and considers the nation part of a rapidly growing market, particularly for its large-cabin Challengers and Globals. A Bombardier-authorized service center is operated in São Paulo by Ocean Air.

Gulfstream made its first new-aircraft sale in Brazil in 2002 and according to the Savannah, Ga.-based OEM, its share has grown to "about one-third of the large-



**Market Update**

6-Aug-10	Close
B/E Aerospace	30.09
Boeing	68.70
Bombardier 'B'	4.73
Embraer-Emp.	26.72
General Dyn.	63.78
General Electric	16.45
Goodrich Corp	75.00
Honeywell Intl	43.77
L-3 Comm.	74.43
Lockheed Martin	75.07
Northrop Grum.	60.01
Raytheon	46.14
Rockwell Collins	58.47
Textron Inc	20.82
United Tech.	72.73

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cabin market." At Labace this year, Gulfstream plans to have on static display the G150, G200, G450 and G550.

If there is any single company for which the growing Brazilian economy is not all good news it is São Jose dos Campos-based OEM Embraer. According to online currency converter Oanda, on July 10, 2009, one U.S. dollar would buy 1.98008 Brazilian reals. A year later, \$1 (U.S.) would buy R1.76869. Embraer's business jets are priced in U.S. dollars, which means the stronger the real becomes relative to the U.S. dollar, the more it costs Embraer to build airplanes that are still selling for the same price.

But the news is not all bad for Embraer. The OEM's Phenom 100 delivery rate is impressive, deliveries of the Phenom 300 continue to ramp up, first metal has been cut for the new Legacy 500, and certification of the Legacy 650 is anticipated this fall.

Better yet, the company delivered 59 business jets in the first half this year, compared with 19 in the same period last year. It is less impressive when the numbers are broken down by aircraft type.

In the first half of last year, production of the new Phenom 100 was just ramping up and only 13 were delivered. On the other hand, a comparison of the larger and pricier Legacy 600 and Lineage 1000 deliveries does not reflect a particularly dramatic drop—one Lineage in 2009 and one in 2010, and five Legacy 600s in 2009 and two in 2010.

**Infrastructure Upgrades**

Certainly in the past 18 months, business aviation companies have seen Brazil as fertile ground.

In May last year, Jet Aviation opened a new hangar facility at Sorocaba Airport as part of its expansion in the region. The 24,000-sq-ft space was initially used to hangar aircraft as large as the Legacy or G550.

In May this year, Jet Aviation began offering maintenance services from its Sorocaba facility, for which it recently received a repair station certificate from the Brazilian aviation authorities. The initial certification is for the G200, but Jet Aviation plans to add the GV, G450 and G550 to the certificate.

"The G200 certification is just the first step in our growth plans for the region," said Jet Aviation president Gary Dempsey. "We will apply for FAA certification as a next step this year, and are currently in discussions with other aircraft manufacturers for new authorizations."

International handling and trip planner Universal Weather & Aviation has also been making its presence known in Brazil. In July last year it became the majority owner of Brazilian flight support services provider Cavok Serviços Auxiliary de Transportes Aéreos. In describing the move as "part of our long-term international growth strategy," director of trip support services international Scott Moore added that "Brazil is home of the largest corporate aviation base in South America and one of the fastest-growing business aviation markets in the world."

Helicopter accessories specialist Dart Helicopter Services of Oceanside, Calif., has long maintained a presence in Brazil. Most recently, through its Geneva Aviation subsidiary in Kent, Wash., it has received Brazilian approval of its P130 high-back pilot seat for the Eurocopter AS350 and AS355.

Sikorsky has also made a new move into Brazil, increasing its offshore oil market presence.

The rotorcraft OEM announced earlier this year that Lider Táxi Aéreo of Brazil, which provides helicopters to Brazilian government oil giant Petrobras, had added the S-92 to the fleet of S-76 helicopters. Two S-92s are already in service there and more are expected to enter service with Petrobras this year.






Texas Aviation Services of Fort Worth, Texas, and its Brazilian partner Sierra Aeronáutica in São Paulo announced in April they expect to deliver one helicopter a month into Brazil. They include the Bell 206, Bell 407, AgustaWestland A109 Power and AW139 and multiple EC155s. The helicopters will depart the Fort Worth facility already compliant with Brazilian regulations.

In Itajubá, Brazil, Eurocopter and its Helibras affiliate have broken ground on a new manufacturing facility to build, assemble and maintain EC725s being acquired by the Brazilian armed forces. Helibras currently assembles the Eurocopter AS350 in Brazil.

All this is indicative of the growth of business aviation in Brazil. But while the economic pedal is being put to the metal, the government is in essence putting the brake to business aviation.

"Brazil has become a buyer's market," said Lyra. "Brazilian aircraft owners are upgrading to larger airplanes with more range, and many of those buying new airplanes are also buying large-cabin business jets.

"If the economy continues to grow, we will need another Congonhas [airport near downtown São Paulo] every four years," he declared.

At this point, ABAG is lobbying the government to allow the private sector to invest in a new business airport in the São Paulo area. "With the growing airspace congestion and shortage of landing slots, we desperately need a new airport in the São Paulo area, a smaller airport just for business aviation."

### **Airport Congestion**

Meanwhile, he noted, the government continues to discuss building a third big airport for São Paulo. And worse, said former ABAG president Rui Tomaz Aquino, it intends to close the Campo de Martes Airport, about six miles northeast of São Paulo.

The decision, he believes, was based on plans to create a high-speed rail system between Rio de Janeiro and São Paulo that would relieve regional air congestion. One of the stops for the train would be Campo de Martes.

With the growing air traffic congestion in Brazil, landing slots for business aircraft are being steadily reduced, according to Universal Weather & Aviation.

Walter Lindo, Universal's regional director for Latin America and South America, noted that business aviation activity within Brazil is growing, as well as transient traffic into and out of the country, and 90 percent of the flights going into Brazil from outside Latin America are coming from the U.S.

"Landing slots are already a problem in Brazil," added Carmargo. For example, he explained, international operators must obtain an over-flight permit before arriving at Congonhas International in São Paulo, but if you wait until you get the over-flight permit, there will be no landing slots left. We've been telling our operators to avoid Congonhas."

But Lyra sees more immediate problems, related in part to the growing demand in Brazil for air travel. While Labace is by all accounts successful, its days at the current site adjacent to the Vasp hangars are apparently limited. "A number of airlines are fighting over the space where we now hold the show. The old Vasp hangars and ramp space have been empty since the airline filed for bankruptcy in 2005. If the complex changes hands, it is going to be difficult to persuade the new owner to shut down airline operations for three days while we promote business aviation.

In the larger picture, ABAG continues to talk with the government as an advocate for business aviation, but so far the response has been relative silence. And as Aquino put it last year, "Silence is the enemy of solutions and of growth."

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