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INTELLIGENCE

A WEEK AFTER an FAA hearing examiner determined that the city of Santa Monica, Calif., was in violation of airport grant assurance agreements for its ban on large business jets at Santa Monica Airport (*BA, May 18/233*), the House passed a "sense of Congress" resolution that the FAA administrator should enter good faith discussions to address the city's runway safety concerns involving large business jet operations at the airport. The sense of Congress was included in the FAA reauthorization bill at the behest of Rep. Henry Waxman (D-Calif.), who said FAA's response to the city has "been marked by delay and unfortunate acts of bad faith. Its proposals have simply fallen short of addressing the safety needs of the airport." The House also last week agreed to another amendment to the reauthorization legislation that would direct FAA to initiate a rulemaking process to determine whether to authorize Westchester County Airport in New York to reinstate limits on nighttime operations. *See article below.*

AT LEAST TWO ANALYSTS believe that business aircraft deliveries will not begin to grow again until 2012. Brian Foley Associates (BriFO) last week said the industry is no longer in a free fall, but recovery will be slow. BriFO also predicted it may take 10 years before deliveries reach the levels of 2008. Teal Group, meanwhile, also forecast that deliveries would not recover until 2012, calling 2011 a "trough year" when business jet deliveries will be down 40 percent from 2008 levels. *See articles on Pages 250 and 252.*

FOUR HOUSE REPUBLICANS have drafted a measure that would place limitations under which the Transportation Security Administration could issue security directives. Sponsored by Reps. John Mica (Fla.), Tom Petri (Wis.), Sam Graves (Mo.) and Vernon Ehlers (Mich.), the measure is a response to industry uproar over the TSA's security directive that calls for badging of all personnel with unescorted access to secure areas of commercial airports. National Air Transportation Association wrote Mica in support of the measure – which would be offered as an amendment to TSA reauthorization legislation – saying it "would add clarity and transparency to the issuance of security directives." The TSA reauthorization legislation this month was approved by the House Homeland Security Committee.

HOUSE-APPROVED REAUTHORIZATION BILL RETAINS AVIATION EXCISE TAXES, INCREASES RATES

The House Thursday once again passed a comprehensive long-term FAA reauthorization bill that retains the current aviation excise taxes, but increases the rates on aviation gasoline and jet fuel. The bill approved last week, the *Federal Aviation Administration Reauthorization Act of 2009*, H.R.915, resembles closely the long-term bill the House approved in September 2007, but pushes back the reauthorization term through 2012.

House Ways and Means leaders agreed to retain the previous provisions of continuing the aviation excise taxes, as recommended this month by House Transportation and Infrastructure Chairman James Oberstar (D-Minn.) and aviation subcommittee Chairman Jerry Costello (D-Ill.) (*BA, May 11/226*).

Similar to the previous reauthorization bill, H.R.915 would increase aviation gasoline taxes from 19.3 cents per gallon to 24.1 cents per gallon and the jet fuel tax from 21.8 cents per gallon to 35.9 cents per gallon.

The bill calls for some \$70 billion in FAA funding from fiscal 2010 through 2012, and includes language designed to accelerate implementation of the Next Generation Air Transportation System (NextGen), a key focus of nearly all stakeholders this year (*BA, May 18/231*). "I cannot stress enough the importance of moving this legislation quickly, as we are almost two years behind schedule," Oberstar said. "Airport development and capital projects and key NextGen programs need the stability that a multiyear provides." Costello

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EMTJETS OFFERS QUOTE SYSTEM FOR CHARTER EMPTY LEGS – U.K.-based charter broker .Emtjets has created a new system for aircraft operators to offer quotes on future charter flights.

The Emtjets system was primarily developed to offer operators worldwide a marketplace to sell their empty legs and provide individual travelers with a cost-effective option, CEO and founder Adrian Twibill said. The Global Instant Quotation System creates an online marketplace that enables aircraft operators to competitively bid each other for customer flights, resulting in significant savings and increased aircraft options, he added.

“The charter quotes section eliminates the time-consuming task of contacting several aircraft operators for the cheapest quote, when with just one touch of a button our air charter quote search engine does the work for you,” Twibill explained.

Because of this approach, Emtjets can offer the service for free, Twibill said. “The Emtjets systems search throughout our database of more than 1,600 aircraft operators worldwide, providing the customer private jet quotes with real-time availability on more than 4,000 aircraft and constantly expanding,” he said.

Emtjets also believes the service helps lower CO2 emissions expelled by aircraft each year, Twibill said. “This was one of the key benefits of designing a marketplace for operators around the world to sell their existing empty leg flights. By filling an empty aircraft, we like to think that the Emtjets business model helps reduce additional CO2 emissions being released into the atmosphere,” he said. “Emtjets provides thousands of empty leg flights to individuals worldwide, allowing us to lower the usage of aircraft and with it the carbon footprint.”

BIZAV PLAYS KEY ROLE IN EUROPEAN ECONOMY, NEW STUDY SAYS – Business aviation in Europe is an important wealth generator for the region, according to a new report from PricewaterhouseCoopers LLP commissioned by the European Business Aviation Association. The industry has generated 5.7 billion euros (\$7.9 billion) a year in wages and 164,000 jobs, the report said.

“Business aviation makes a significant contribution to the European economy as a result of the number and scale of companies that are directly and indirectly linked to the manufacture, operation and maintenance of business aviation aircraft across Europe,” the report said. The report estimated that business aviation generated a “gross valued added” of \$19.7 billion euros, or about 0.2 percent of the combined GDP of the European Union, Norway and Switzerland.

But with the current global economic downturn, the industry’s economic context has changed. “Business aviation volumes in Europe have dropped 20-30 percent from the 2007 levels considered in the study,” said Mal Božić, manager of economics for PWC.

Most of the economic impact is driven by aircraft manufacturing, along with operations and maintenance, the report said. The United Kingdom, Germany and France are Europe’s leaders in total economic impact from business aviation. Germany, France and the U.K. have the biggest economies and the highest business aviation usage volumes, Božić said. “But they are also – along with Italy – the only countries in Europe with significant business aviation manufacturing and/or assembly facilities,” he said.

The report highlighted five benefits of business aviation: flexibility and convenience; time savings; cost savings; deal facilitation; and perceived safety advantages.

FLEXJET OFFERS NEW WALKAWAY LEASES – Flexjet is now offering a new version of its WalkAway Lease program to provide more options to customers during the current economic downturn.

The program is a traditional lease with a twist – customers can exit the contract with just 90 days’ notice or immediately following the purchase and delivery of a fractional share.

The lease program emanated from a customer’s idea, said Bob Knebel, vice president of sales. “We have had a walkaway lease product for years, but this new version came as a result of a customer in Southern California, who said he needed our service but was reluctant to step into a share because of the rapidly declining value. It didn’t make sense for him from a capital perspective,” he recalled.

Some customers may be uncertain in the current economy, said Knebel. “But they need our service now. In addition to moving from lease to ownership, customers are given the option to exit entirely with 90 days’ notice,” he said. “That’s unusual. In our case, we just refined the product so that if a customer needs to do something different in six months, they can.”

Customers can join the program with a one-month deposit, subject to credit approval, Knebel said. “They then start making lease payments on the share. The price for lease on the share is fixed for two years,” he said. “If an aircraft stays in the program for five years, the lease price stays the same while in the lease. If it needs to be changed, you can exit the lease without further obligation or penalty. There’s no residual value risk as well.”

In this kind of market, the walkaway lease is the right product, Knebel said, noting, the program already accounts for 30 percent of Flexjet’s orders year to date, he added.