Before the naysayers look askance at business aviation in Latin America and suggest that recent years of growth were something of an anomaly, they might consider the recent Latin American Business Aviation Conference & Exhibition in São Paulo, Brazil, a show that can be described only as a resounding success.

When LABACE was cancelled last year, some pronounced the show dead and suggested that business aviation growth in Latin America was anemic at best. They were wrong on both counts.

This year, LABACE drew 6,041 attendees, nearly 1,000 more than the 2005 show. The 71 exhibitors and 35 aircraft on static display were also record numbers. The show was organized this year by the Associação Brasileira de Aviação Geral (ABAG), with minimal support from NBAA. And according to association president Rui Thomaz de Aquino, the value of orders taken at this year’s show approached $200 million, $50 million more than the organization had forecast.

At the show Dassault reported the sale of a Falcon 2000LX, OceanAir took orders for a Global 5000 and two Learjet 60XRs on behalf of Bombardier, Embraer sold a Legacy 600, and Táxi Aéreo Maníla (TAM) found homes for three Citations, one of them the first Brazilian order for the new Mustang.

As for any suggestion that business aviation in Latin America is less than robust, José Eduardo Brandão, commercial director of Ocean Air Táxi Aéreo of São Paulo, could not disagree more. “The market in Brazil is incredibly hot,” he told AIN at LABACE. Noting that there is a fleet of about 350 Bombardier aircraft in Latin America, he said Ocean Air’s charter operation expects to receive its first Challenger 605 in November and its first Learjet 60XR next September. As the exclusive representative in Brazil for Bombardier, Ocean Air has also recently sold two Global Express XRSes to Brazilian mining giant Companhia Vale do Rio Doce.

Brandão added that Bombardier has opened a new parts depot in São Paulo and for the past year has been stockpiling aircraft parts for the facility. The 3,000-sq-ft depot will hold approximately 2,300 individual high-demand parts totaling more than 75,000 items with a value of approximately $7 million.

Ocean Air, it was announced in August, is now an authorized service center for all Bombardier business jets, and by November will have expanded its maintenance and service capabilities to include all Challengers and Globals.

According to Brandão, Brazil is not the only Latin American country in which business aviation
is showing definite signs of activity. He said the economies of Argentina and Colombia, in particular, are “improving rapidly.” With business on the upswing, TAM has plans to become an authorized maintenance center for Bell Helicopter next year at the company’s service facility in Jundiaí.

In addition to leading ABAG, Aquino serves as president of TAM, one of the largest aviation services providers in Latin America. Aquino echoed Brandão’s optimism. TAM is building a $7 million, 100,000-sq-ft hangar at São Paulo’s Congonhas International Airport. The facility will include a new FBO and expects to have a new maintenance center ready in Jundiaí, Brazil.

In the week preceding LABACE, Aquino said TAM placed orders with Cessna for 10 Citation Mustangs, a Citation CJ3, a Citation XL and five Caravans. The company expects to take delivery of three CJ2s and a Citation X by the end of the year.

The reason is clear. “We almost doubled our charter hours from 2005 to 2006 and now we’re averaging 50 hours a month per aircraft,” he said.

The Citation Mustangs, said Aquino, are expected to go into the company’s air-taxi service, “perfect,” he said, for carrying four or five passengers on routes of about 500 nm.

**Aircraft Manufacturers Set Sights on a Target-rich Market**

Bombardier apparently sees Latin America as a target-rich environment for its wares. The company had a Challenger 605, Challenger 300 and Learjet 45XR on static display at the show. “Bombardier is strengthening its position in the Latin American market,” said Fábio Rebello, regional vp of sales for Latin America.

There are 320 Bombardier aircraft in the Latin American fleet, according to Rebello. That equates to a 26-percent market share. He described last year as “our best [year] ever in Latin America.” Bombardier expects to make its first delivery of the $27 million Challenger 605 in Brazil by year-end.

Rebello said in the past year or two, the company has seen increased demand for aircraft with longer range, such as the 605 and the Global line. “These transactions are driven by economic development and globalization,” he explained, adding, “We anticipate the trend will continue.”

**Cessna**

Cessna, which dominates the light and midsize jet market in Latin America, sees “a bright future” in the region, with “similar market forces in play that we’ve seen in Asia, in particular the need to create your own travel schedule.”

Todd Duhnke, Cessna director of international sales, described Brazil as the current giant in the Latin American market, but also noted, “Chile has a vibrant economy [and] we just took an order from Argentina for a Citation.”

Duhnke said the Citation Sovereign is getting a lot of interest from the Latin American market, noting that with its 2,881-nm range, the Sovereign can fly nonstop from a central point to almost any destination in the region.

On display at LABACE was Cessna’s new Citation Mustang. The airplane got a lot of visitors, said Duhnke, and two have already been delivered in Central America.

Anticipating an aircraft production rate by 2009 that will double 2005’s 60-aircraft-a-year pace, Dassault Falcon expects to deliver 20 new Falcons in Brazil by 2012, adding to the fleet of 15 Falcons already in service there. And according to company president and CEO John Rosanvallon, “a significant number of [the new airplanes] will be Falcon 7Xs.”

The new 7X, he pointed out, is a nonstop link between Brazil and “just about any major center of trade in the world.”

The first Falcon 7X in Latin America will be delivered to a Brazilian customer shortly after Brazilian authorities certify the new trijet later this year.

If Latin America can claim a single homegrown representative of business aviation, it is Brazilian manufacturer Embraer.

In some ways, the São José dos Campos-based company has come lately to the business of business aviation, introducing the Legacy 600 in 2000 as an executive variant of its ERJ 135 regional airliner. Earlier this year, Embraer marked delivery of the 100th Legacy 600 and celebrated the first flight of the Phenom 100 very light jet.

The company expects the Phenom 300 light jet to fly next spring. In addition, it introduced the Lineage 1000, an executive variant of its E190 airliner, now has 10 on order, and plans to deliver the first next summer. The company has a combined total order book for 500 Phenom 100s and Phenom 300s.

“We have six Legacy 600s in service in Brazil now and will have eight by the end of this year and 10 before the end of next year,” said Luis Carlos Affonso, Embraer’s executive vp of Embraer Executive Aviation.

Over the next decade, he said, there is an estimated market in Latin America for 680 executive jets worth about $5.9 billion. By next year, Affonso expects Embraer to have gained a 15-percent share of that market. The value of firm orders jumped from $600 million in 2005 to $2 billion in 2006.

Embraer took advantage of the LABACE show to make the first public introduction of its Phenom 100, rolling it onto the static display line on the second day of the show.

Gulfstream, which has a fleet of more than 60 aircraft—a boatload—from G100s to G550s—in service in Latin America, was at LABACE with a G100, G200, G450 and G550. Gulfstream, said a spokesman, “has singled out Latin America as an educated market that understands business aviation.”

That “educated market” has taken the OEM from a fleet total of 34 airplanes in Latin America in 2002 to a number approaching 70 today, a 106-percent increase, said president of international sales Roger Sperry. He also noted that Gulfstream has not ignored support, positioning a line service facility in Venezuela and an authorized service center and major parts depot in São Paulo.

Hawker Beechcraft, which recently received certification of its Hawker 900XP derivative, had an

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impressive presence at LABACE with a two-story pre-fab chalet. Across the ramp in front of the chalet were a Hawker 850XP, a 400XP, a Premier IA and an assortment of King Airs.

Junia Hermon Correa is directing superintendent of Hawker Beechcraft representative Lider Aviação in São Paulo. As of July 30, she said, the Belo Horizonte-based air service provider had 30 business aircraft on order—26 King Airs and four Hawkers.

Hawker Beechcraft claims a 33-percent market share of the entire business aviation fleet in Latin America, and of 300 turbine aircraft delivered in Latin America between 2002 and 2006, the Wichita-based manufacturer claims a 40-percent share.

Chris Charnley, v-p of sales for Latin America for Hawker Beechcraft, said the company had planned to have a super-midsize Hawker 4000 on display at LABACE. “We had one making demonstration flights the week before LABACE; putting it on the static display line would have locked it in place,” said Charnley.

Political stability in the region for the past couple of years has added to economic stability throughout much of Latin America, which in turn has created a general climate of growth that has been conducive to business aviation in the region. Ernesto Rois-Méndez, president of the Asociación Latinoamericana de Aeronáutica (Latin American Aeronautical Association), describes today’s political environment in Latin America as more stable than in the past, adding that “along with it has come economic stability.”

Political Stability
Equals Economic Stability

Economic stability in Latin America has traditionally followed political stability, and the dust kicked up by hard-fought presidential elections in Brazil and Chile has settled somewhat. President Luiz Inácio Lula da Silva won a second four-year term in Brazil and is riding expectations of 4.7-percent economic growth this year. In addition, he has offered a budget proposal for next year that is based on a growth projection that year of 5 percent.

In Mexico, the early days of new president Felipe Calderon Hinojoso seem only to confirm the instability of democracy in that country, and next year’s congressional elections might disrupt the economic reforms Calderon promised. On the other hand, to a greater extent than those of other Latin American countries, Mexico’s economic fortunes are tied to those of the U.S. and therefore are likely to remain stable even as democracy in Mexico falters.

Venezuela continues its march into the arms of socialism. According to the IEF, Venezuela now ranks 144th among the world’s countries in terms of economic freedom. President Hugo Chávez promised reforms to benefit the poor, but poverty in Venezuela rose from 43.9 percent in 1998 (the year he was first elected president) to 55.1 percent in 2003. Further, the country’s 16-percent annual rate of inflation is the highest in Latin America, and nationalization of private enterprise continues to deter foreign investment.

The Proper Paperwork, Properly Filled Out and Properly Submitted

Traffic in and out of Venezuela remains high, according to trip handlers (about 300 business aircraft movements a month in Caracas). The down side, they say, is that the Venezuelan government is making such operations increasingly difficult, and

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Marcia’s Catering: A Brazilian Taste for Business Aviation

In Brazil in 1992, a corporate pilot asked his wife for help, saying his passengers were complaining about the catering service provided on the Gulfstream he was flying. She was a dentist with no cooking skills but excellent taste in choosing restaurants and dishes, so she agreed to help.

Fifteen years later, Marcia Pesce Gomes da Costa is still “helping,” as owner of Marcia’s Catering. In that time she has expanded the business, hired nutritionists and chefs, and turned the São Paulo-based service into one of the best known and most requested by business aviation passengers and operators based in or visiting the country.

Based at Congonhas International Airport, Marcia’s has another kitchen in the capital city of Brasilia. She also has plans to build new kitchens in Belo Horizonte and Rio de Janeiro.

In the beginning, the caterer served the airline market as well as business aviation, offering meals to VASP and other small carriers. “We used to prepare more than 3,000 meals a day, so we split our kitchen service into two sections, one for business aviation and the other for commercial aviation,” explained Costa. “But we decided to serve only private jets and charter, as these segments proved more profitable and offered more room for creativity. We also find it more enjoyable to prepare tailored menus for individual flights.”

Revenues are increasing. Last year Marcia’s Catering registered 8-percent growth compared with the previous year; this year the company forecasts still better growth. The improved revenues, she concludes, are a consequence of greater numbers of larger aircraft, demanding more as well as more elaborate in-flight meals.

The recent Latin American Business Aviation Conference & Exhibition was catered by Marcia’s, with the company providing the food at the exhibit booths, the VIP restaurant and the opening lunch and cocktails. Marcia’s hired more than 100 people to assist with the event.

Marcia’s menu includes a number of desserts with a Brazilian flair, such as crunchy coffee ice cream with roasted banana slices, marinated mango in cachaca (a Brazilian rum) and vanilla sauce.

Raspberry-filled chicken

Costa gets a number of requests for low-fat options. The menu also features kosher, organic and vegan fare. Aware of the growing concern for proper hygiene, Costa said the company follows Hazard Analysis and Critical Control Point rules and has procedures in place for selecting ingredients, taking into consideration origin, quality and supplier reliability.

Marcia’s Catering has no plans to expand business outside Brazil since it already has its hands full serving smaller but steadily growing regional airports. Nevertheless, Costa relishes the chance to bring a taste of Brazil to the business aviation experience.

–T.C.
landing permits that once took hours to obtain are now sometimes requiring days. In Brazil, in the wake of two major airline accidents that claimed more than 340 lives, air traffic controllers in that country have developed “a sort of bunker mentality,” said some trip specialists in the U.S., adding that, as a result, operators can expect landing and departure delays.

In São Paulo, for example, helicopter operators might see some new restrictions on the building of helipads and operation of helicopters. The city is considering a proposal that will limit operations from civil helipads in the city to between 7 a.m. and 11 p.m. Heliports built to accommodate more passengers as well as helicopter maintenance would be limited to 6 a.m. to 11 p.m.

ABAG is also seeking involvement in government proposals to limit the number of flights at Guarulhos International Airport for 50 days during runway repairs. This is expected to reduce the number of movements to 30 per hour, which ABAG believes will limit operations by private aircraft. The typical number of hourly aircraft movements at Guarulhos is 49.

In Mexico, lawmakers are considering a recommendation that would require the physical search of every airplane entering the country, whether for an overnight stay or a fuel stop. In fact, said Universal sales and marketing coordinator Liliana Zagul Sánchez, it is already mandatory at Adolfo Lopez Mateos Airport in Toluca. The inspection includes removal of luggage and the presence of drug-sniffing dogs.

Mexico and Venezuela are not the only countries in Latin America that, intentionally or unintentionally, create occasional backfires in the engine of international travel.

While procedures at major airports in a country are standard, that is not the case at smaller airports. Bolivia, for example, continues to require proof of an aircraft’s field performance after arrival. But at El Alto International airport (13,313 feet msl) in La Paz, this proof must be presented before a landing permit can be issued. What’s more, La Paz also requires that requests for landing clearance be accompanied by a letter of authorization on company letterhead authorizing the handler to process information as their legal representative.

Universal in Santiago, Chile, has at least partially solved the problem created when customs authorities there stopped clearing business aircraft passengers through the UVGlobal facilities, requiring them to trek by bus to the main terminal to be processed along with international airline passengers. They still must travel by bus, but they are then allowed to go through the shorter flight crew line.

One trip specialist said getting into and out of any Latin American country is relatively easy, provided the proper paperwork is filled out correctly, the proper documents provided, and everything is properly submitted with sufficient lead time.

**A Market Beginning To Realize Its Potential**

In spite of regulatory and operational difficulties (see story on page 49), differences in regional procedures and some continued unease regarding political and economic stability, the Latin American business aviation market might be on the verge...
of realizing its potential, according to observers.

Embraer’s Affonso noted that “Latin America’s aging fleet is ripe for replacement, both turboprops and older business jets” and that his company anticipates demand for more than 450 new business jets over the next decade.

Asociación Latinoamericana de Aeronáutica president Rois-Méndez also noted that the business aircraft fleet listed as in service in Latin America is “considerably” lower than the actual number. Many aircraft owned by Latin American individuals and corporations are registered in the U.S. It’s for a variety of reasons, from avoiding high import and asset taxes to ensuring that the aircraft retains its value for resale and minimizing insurance premiums. Those airplanes, he said, are not included in the Latin American fleet. Neither are N-registered airplanes sold to a U.S. broker for export to Latin America as they are not listed as a foreign sale.

Gulfstream’s Sperry noted that business in the region has been expanding globally, resulting in greater demand for large-cabin, long-range business jets. The G350 offers nonstop flight from São Paulo to Miami. The G550 has the legs to go nonstop from Sao Paulo to Moscow. In fact, it holds the world speed record between the two cities, flying 6,551 nm from São Paulo to Moscow in 14 hours 12 minutes, with sufficient fuel reserves for another hour-and-a-half.

According to Bombardier’s Robello, “We have completed sales in countries in which we haven’t been before and are still strong in traditional markets such as Mexico and Brazil.”

Market development in Latin America, he said, “will continue to be driven by the region’s economic activity, therefore we expect to sell increased numbers of Learjets for regional needs and Challengers and Globals for customers who need to fly farther to conduct their business.”

ABAG executive vice president Adalberto Febeliano listed four factors he believes will affect the growth of business aviation in Latin America. “It is not the rate of growth, but a continued steady growth of three to four percent a year,” he said. There is also the fact that the currencies of Latin American countries are stronger, he explained, “particularly against the dollar, so airplanes have become relatively [less expensive for] Latin American buyers.” A third factor is the advent of the VLJ, which will find a ready market in Latin America.

The fourth factor, he said, is particularly Brazilian. “We used to have three major cities: Belo Horizonte, Rio de Janeiro and São Paulo. Then, in the 1970s, the government decided to encourage development in other parts of the country.”

Now there are other economic centers in Brazil–Fortaleza, Manaus with its tax-free zone, and...
It is an assessment with which Embraer’s Affonso agrees. “Investment in the aviation infrastructure in any country is important, and that lack of investment is creating a crisis in Brazil as the demand for air transportation grows and the number of aircraft in service grows.”

In August, Affonso noted that 50 percent of the jet fleet in Latin America is at least 20 years old, representing “a huge opportunity” for OEMs. “Our surveys indicate there will be 150 new aircraft delivered in Latin America in the next two years,” said Febeliano. He also noted market possibilities in Argentina, “which is now emerging from a tremendous economic crisis.” Chile, he added, is a small but developing market.

What are the hot markets for business aircraft in Latin America? Affonso points out that of 1,045 business jets in service in Latin America, about 87 percent of them are in Brazil, Mexico and Venezuela.

Brandão further points out that the market for helicopters is hot, hot, hot. “There are roughly 1,100 helicopters in service in Brazil, and about 460 of them in São Paulo,” he said. “And there are about 200 rooftop helipads in São Paulo, with more being built all the time.”

A year ago at the Farnborough Air Show, Ocean Air signed as a representative of AgustaWestland and expected to sell 60 helicopters in five years. A year later, said Brandão, “We had sold 35, most of them in Brazil, and most of those in São Paulo.

“Nobody is complaining about market demand for helicopters. The only complaint they have is that the backlog is slowing down deliveries,” he said.

Aquino said, “We’re trying to find used helicopters because we can’t find new ones.” He added that the first half of 2010 is the earliest delivery date for Bell. TAM is currently awaiting delivery of two Bell 407s and a Bell 430.

Aquino himself has a half-share in a Robinson R44 and uses it for meetings and to carry visiting customers between the service center at Junjiai and the company’s offices at Congonhas International. By helicopter, it is about a 15-minute flight. But with the traffic congestion typical of São Paulo, the same trip by car can take an hour or more.

As for the overall business aircraft market, Febeliano is optimistic. Business aviation in Latin America will continue to grow, he said, but at a slower pace than in North America and Europe. The growth, he added, will be at a pace the Latin American economies can support.

“We see a bright future in Latin America,” said Duhnke of Cessna. “There are market forces at play in Latin America that we’ve seen in Asia.” Those market forces are the need to travel where you want to, when you want to, and not be held hostage by airline routes, schedules, delays and cancellations.

Teresa Cepinho contributed to this report on Latin American business aviation.
Latin American business aviation might be booming, but the region remains turbulent as the dominant player, Brazil, struggles to implement new air traffic management technology, de-politicize military and civilian aviation and ATC, and comply with international safety standards.

According to the director of an international handling company, “Brazil is the major player, and problems in the region will domino until Brazil gets its act together.”

Bill Voss, president of the Flight Safety Foundation, told AIN, “Corporate aviators are nervous as a cat about flying down there.”

“The safety culture is clearly lacking,” said one U.S.-based corporate pilot who frequently flies in the region, adding, “There is a cowboy mentality.”

Two well-publicized crashes within a year of each other have laid bare Brazil’s ongoing aviation accident of aviation accidents and its “chilling effect” on the industry.

Controller Unrest

Some U.S. pilots who travel to Brazil report that in the wake of the Gol-Legacy midair, some Brazilian controllers are taking punitive measures against N-numbered corporate aircraft in their airspace. One U.S. operator reported that radio calls to Brazilian ATC repeatedly went unanswered and that when it finally did respond it changed their arrival into Rio three or four times “right down to the final approach.”

A subsequent investigation of the Gol-Legacy crash revealed that the air force initially tried to fabricate key data about the crash. Defense Minister Waldir Pires was recently terminated in the aftermath and for his perceived culpability in ongoing controller labor strife.

Over the last year, Brazilian controllers have staged numerous “work-to-rule” slowdowns, walkouts and other job actions to protest faulty equipment, understaffing and other objectionable working conditions.

“Brazil’s ATC is all messed up,” said a director of a major international handling company. Voss echoed those sentiments. “It’s in total meltdown,” he said. “I worry about aviation accidents getting in the way of safety.”

Brazil’s ATC politics center on who will control the system, the military or the civilian government. By last December, problems with ATC had halted operation at several key airports for days. Brazilian Air Force jets, including the President’s 737, were used to transport stranded passengers. Brazil banned charter flights from operating at the country’s airports during peak hours. The situation continued to deteriorate.

By March, fueled by frequent equipment breakdowns, understaffing and poor working conditions, controller labor strife grew to the point where air traffic in Brazil came to a virtual standstill as the controllers staged a strike. The government fired 14 controllers and jailed two. The Brazilian government drafted a contingency plan that called for 1,000 military controllers to replace the 2,500 civilian controllers if job actions continued and for replaced controllers to be subjected to military justice. The plan was roundly criticized inside and outside Brazil.

Marc Baumgartner, president of the International Federation of Air Traffic Controllers Associations, faulted the plan for using untrained and unqualified military personnel to replace the civilian controllers, saying it amounted to “live experiments on the traveling public’s safety.”

The U.S. State Department warned those traveling to Brazil to expect significant disruptions, delays, re-routings and cancellations–indefinitely. The International Air Transport Association issued a report branding Brazil’s ATC system “unreliable, unsafe and inefficient” and faulted Brazilian operators for having an accident rate 3.5 times the world average.

Voss said the situation in Brazil can be fixed, and he sees rays of hope emerging. “Brazil’s technical people are quite solid and impressive. The problems center around financing the system and the command chain.”

He cited the nation’s handling of a July radar outage that lasted several hours as evidence that the ATC system is improving. “They put airplanes on the ground, sent them to different airports, or put them into holding patterns–just the way you are supposed to do it.”

–M.H.