n uneasy pall has settled over the aviation industry. Clouds of volcanic ash form impenetrable barriers, forcing constantly altered flight paths, while first-quarter aircraft deliveries dropped to a worrisome low. Yet in the midst of the gloom, the annual European Business Aviation Convention & Exhibition, celebrating its 10th year, was a shot in the arm for business aviation, signaling the fundamental strength of an industry that takes each setback in stride and continues to forge ahead with innovative products and programs and stands up to the bureaucrats who, until just as soon as business aviation go away. Clearly, despite signs of abundant caution among aviation goers, there was ample evidence that the worst appears to be in the rearview mirror and opportunity and growth, albeit slow, have returned.

Ebace 2010 brought a sellout group of 436 exhibitors, down slightly from last year’s 441, and a near-record 11,174 attendees, up from last year’s 10,917. Sixty-five aircraft filled the static display, but much of the foot traffic there was concentrated on the last day of the show when the rainy weather finally cleared.

The cautious attitude was evident in many conversations, although some manufacturers reported that they had done some business and even sold aircraft during the event. But unlike previous Ebaces, there wasn’t a lot of horn-touting about this year’s sales. It’s not that the manufacturers didn’t take advantage of the venue to highlight products and developments, but Ebace 2010 was not a big announcement show; no new models were unveiled, no new avionics suites switched on and engine manufacturers had no new models to launch, although all are busy promoting engines that will power the next generation of business aircraft.

Most of the manufacturers continued the conversation about the state of the industry at Ebace 2010, sounding a cautionary note while planning for an eventual resumption of growth. All of the major OEMs were well represented, both in the halls and on the static display. Embraer brought all of its current-production business jets to the static display, while Hawker Beechcraft and Cessna each fielded 10 aircraft.

The silver lining behind the slowly clearing clouds of recession, according to ExecuJet CEO Niall Olver, has been that the financial crisis “cleared out the lunatic fringe” that had been purging “business models with no basis in reality.” Olver sees a gradual recovery continuing this year but he still believes that the market remains “corrupted” by unhealthy competition and the fact that a lasting recovery in demand could still be seriously impeded by a lack of financial liquidity. “The moored recovery in financial markets has not brought aviation back as readily as expected,” he said, “but we do see the market growing slowly and steadily.”

**OEMs See Improvement**

“The economy is getting better this year,” said Claudio Camcher, Embraer vice president of market intelligence executive jets, but it will take some time for the business jet market to climb back to its 2008 peak of $22 billion worth of deliveries. The number of used jets in the marketplace remains a significant factor affecting manufacturers. “Many may never find new owners again,” he said.

Europe is still a land of opportunity for business aircraft makers, according to Sean McGeough, Hawker Beechcraft’s president for Europe, the Middle East and Africa. There are at last signs that the congested pre-owned aircraft market is beginning to move, with available inventory down to about 17 percent of the total fleet compared with 20 percent just a few months ago. “We still need some more credit in the marketplace,” he said, “and we want to see some sort of growth in 2011, but we are starting to come out the other side.”

For Dassault Falcon, the first quarter of this year has been disappointing in terms of aircraft sales and shows that the market is not yet recovering, according to Dassault CEO Charles Edelstenne. Late in April, the company reported 17 Falcon deliveries and a negative order tally of minus four. Edelstenne said the used aircraft inventory is still the heart of the problem. On the positive side, the backlog for the manufacturer’s top-of-the-range 7X remains strong at 120. And favorable signs are visible, such as “good activity” in Brazil, Russia, India and China. Several product upgrades are close to the end of their development, including enhanced vision on the Falcon 7X, autobrakes on the Falcon 2000 and certification of the Falcon 2000EXE for this summer.

“Cessna has been through a rough 18 months,” said chairman, president and CEO Jack Pelton. Citation deliveries dropped by more than half during the first quarter of this year compared with the same period last year. But deliveries of the Citation Mustang in April reached the 300 mark and the very light jet is now certified and operating in 61 countries. “We’re calling 2010 the trough, and then we expect to see a long, slow recovery with improvement starting around 2011,” he said. “We’re being cautiously optimistic because we know the economy will continue to be fragile.”

Added Roger Whyte, Cessna senior vice president of sales and marketing, “The real growth engine outside the U.S. for our products has been Europe, particularly Eastern Europe, where we continue to see good order intake.” Whyte noted that the number of used aircraft peaked in 2009 and has since trended downward, with prices stabilizing and beginning to climb. Flight activity has also improved. Cessna has secured access to $500 million in funds for financing at favorable rates through an agreement with the Export-Import Bank of the U.S.

According to Gulfstream Aerospace president Steve Taylor, “is beginning to rebound” while the Middle East and Asia are growing strongly. Asia has already accounted for 21 percent of BBJ deliveries thus far. Transactions are picking up on used airplanes, he added, and new aircraft proposal activity is increasing. Boeing’s backlog for business jets stands at 45.

Bombardier celebrated Ebace 2010 with a pre-show grand opening of its first wholly owned factory service center at Amsterdam’s Schiphol Airport, signaling continued strength in the company’s aftermarket activities (see story page 34). And during the Ebace show, the company provided an update on the Learjet 85 program, asserting that the first Part 25 all-composite jet remains on track for entry into service in 2013. At the show, Comlux placed a firm order for a Global Express XRS.

Gulfstream’s backlog remains relatively high at $19.3 billion. According to Gulfstream Aerospace president Joe Lombardo, “We had more orders than defaults last year but we still had enough defaults to put pressure on our backlog and force us to [reduce] the production rate. One thing we
didn’t do is reduce the investment we had planned for research and development. We kept that steady.”

Lombardo said that Gulfstream saw favorable macroeconomic conditions warrant a launch or relaunch, he said. The Premier II program, launched at Ebace two years ago and now a quarter of the way through the development phase, is slated for entry into service in 2012, two years later than originally planned.

Hawker Beechcraft had some good news that came out as Ebace was in full swing. “We will be hiring more than 100 engineers in multiple functions and at all levels from now to the end of the year,” said Rich Iwianal, vice president of human resources, “to fulfill product development requirements and new market opportunities for our commercial and military products.”

### Headsaches ABound

Brian Humphries, president of the European Business Aviation Association, which hosts Ebace along with NBAA, is hopeful about the European business aviation community. “It has turned out better than we thought,” he told AIN. “We projected a 15-percent downturn in European flight activity levels in 2009, which some thought was optimistic, but that is what it ended up being, taking us back to where we were in 2005.”

European traffic climbed 15 percent year over year during March, following a drop in January and a small rise in February. “We think we are going to see a slow but erratic recovery during the year,” he said. “The biggest problem is that although flying activity has increased, our members are telling us that [charter] rates are down. People are not getting the income they need; in some cases rates are down by as much as 30 percent.”

Eurocontrol projects that business aviation traffic will grow to more than 8 percent of IFR traffic in Europe, according to Humphries, up from 7 percent now. Most EBAA members, he added, are still trading, but there is no question that people are finding [conditions] quite damaging and quite tough.”

European attitudes toward business aircraft differ from those in the U.S. While the big three U.S. automakers sold their corporate jets after enduring withering public criticism, European companies such as oil producer Shell take a different tack. “Having had corporate aircraft since 1927,” Humphries said, “Shell has just rationalized and replaced its entire fleet. In Europe we have not seen the political negatives about business aviation. One of our greatest achievements has been to maintain our registration, mission, the European Parliament and the Council [of European Union transport ministers] recognize that business aviation has a particular role in the aviation infrastructure of Europe. It is not in competition with the airlines. It is providing a particular service to help people [expand] their businesses and connect them.”

Humphries is encouraged by this attitude, especially as it relates to the challenge of fair distribution of scarce slots at European airports. “We have officials saying that we need to have fair access to slots, rather than saying that this is a luxury and we should get out.”

Another encouraging sign relates to business aviation security in Europe. “For the first time they are recognizing that you can have different standards for business aviation,” he said, “and separate demarcated areas for security. We have put in an enormous amount of work with the European Commission on this, and [getting] the derogation for business aviation to apply rules tailored to its operations was a big success.”

### The European Arena

Two OEMs achieved new certifications at Ebace. Hawker Beechcraft’s Hawker 4000 earned EASA certification, as did Embraer’s Phenom 300.

Bombardier and Honeywell announced receipt of a supplemental type certificate for the Honeywell Primus Elite LCD upgrade of the Global jet cockpit. The LCDs, which replace the jet’s original CRT displays, are available either as an upgrade for existing Globals or as an option on new Globals, allowing display of XM graphical weather, Jeppesen electronic charts, video-input capability and cursor-control interface.

Rockwell Collins’s Venue HD cabin management system was on view in two airplanes at Ebace, Cessna’s newly certified CJ4 and Hawker Beechcraft’s new King Air 350i. The Venue system will be offered as an aftermarket upgrade, according to Rockwell Collins.

An extensively remodeled Avro Business Jet (ABJ) was on the static display, a joint effort of BAe Systems Regional Aircraft and Cello Aviation. The work was accomplished by BAE’s completions partner, Inflight Engineering. BAe also announced a new contract with Design Q to develop new concepts for the ABJ, including one with an “Air Deck” viewing platform adapted from the cargo side-door modification. The door hinges upwards, while the platform-deck slides outward from the fuselage and provides an “elevated outdoor viewing deck combined with a luxurious indoor space incorporating a state-of-the-art entertainment system and vast open-plan galley,” according to BAe.

Avinode, which has completed its purchase of Charter X and merged the two companies, launched an empty-leg live feed that will allow clients to show real-time aircraft availability on their own Web sites. Avinode is also adding helicopters available for charter to its system.

### Onward and Upward

An indication of the relative health of the European market is Embraer’s plan to appoint five more European authorized service centers for the Phenom 100 light jet. CRS Jet Spares has increased its European parts distribution capabilities, having opened its first international logistics center at London Heathrow Airport. CRS is stocking components for jets made by Bombardier, Dassault Falcon, Gulfstream and Hawker Beechcraft.

“In every respect, this has been a strong show,” NBAA president Ed Bolen told AIN. Attendance was high and exhibitor booths and the static display were sold out. More important than the attendance, he added, “was the attitude that was captured. Last year surprised everybody. This year a true sense of recovery has begun. There is new optimism on display here, but grounded in reality.”

“This was by any standard a successful anniversary for Ebace and a tremendously successful convention,” said EBAA’s Humphries. “On the heels of such a difficult period for the aviation industry, this year’s Ebace had a particular excitement surrounding it, and I am encouraged at the possible signs of our industry turning around.”

For more Ebace-related news, see Touching Bases on page 57, Hot Section on page 54 and Avionics on pages 45 and 46.