



BRAZILIAN BIZAV HOPES FOR REBOUND AS LABACE NUMBERS DROP

News / Business aviation, Events / Festivals



Organizers of the 13th annual Latin American Business Aviation Conference & Exhibition that opens on August 30 in São Paulo put a brave face on the economic headwinds facing Brazil's industry at their pre-show press conference today.

“When an airplane's in a dive, you first try to level it out, and only then do you try to climb,” Ricardo Nogueira, director general of Brazilian business aviation association ABAG told AIN. The group insists that the recent decline has now reached the bottom of the cycle.

Reporters were presented with some grim statistics about the state of the Brazilian business aviation fleet and indications that LABACE will see a further reduction in industry participation.

The number of aircraft expected in the show's static display this year is 43, down from the high of 70 in 2012 and 50 last year. The exhibition pavilion and static display areas at Congonhas will represent 130 “brands,” down from about 190 in 2014, and that number reflects more than one brand per exhibitor.

The number of visitors expected for the 2016 event is the same as last year, at just under 10,000, which is well below the high of 16,000 in 2012. However, this reflects a conscious strategy to exclude visitors who are not industry professionals or qualified buyers. That has involved moving the show dates (August 30 through September 1) to weekdays only, cutting free admission for aviation students, and significantly raising ticket prices.

Leonardo Fiuza, recently elected chairman of ABAG, drew on his years of experience at business aviation services group TAM Aviação Executiva, where he was promoted early this year from sales director to president, to paint a portrait of the market similar to Nogueira's. "Sales in 2015 reflected a 40 percent drop from 2014. But if this year ended tomorrow, I'd say we're similar to 2015," he commented. "But since July, spirit has been returning to the market. If the country is tranquil to the end of the year, I see the client returning to the market."

Fiuza compared the business aviation market in this recession to its performance in past crises, global and local. "Our business is totally linked to our economy. 2008 was global, but this crisis is ours," he reflected. He described the typical pattern as a weakening of the local economy and the currency, the real, and then, "With changes in exchange rate, clients sell their aircraft outside the country, and get more *reais*. It's a measure taken along with other cost-cutting measures, bringing *reais* to the balance sheet in a delicate moment."

But the new ABAG leader was not without optimism. "One thing doesn't change, the size of the country, and the need to travel around it. When the crisis passes, the client comes back, and buys more aircraft, because he needs the mobility to do business," he concluded.

Former ABAG chairman Francisco Lyra told AIN much the same, but in numerical terms. "Commercial aviation grows at 2.2 times growth of GDP," he explained. "If the economy grows 2 percent, aviation grows more than 4 percent. The multiplier for business aviation is 3 or 4 times GDP growth. We've had two years of dropping GDP. If we get 2 percent growth, we'll get 6 percent to 8 percent growth in business aviation."

Lyra said that the potential of the overall Brazilian aviation market can be seen by looking at the number of airplane trips compared to the population. Brazil has 0.5 trips per year per inhabitant, while the U.S. has three trips per inhabitant. "And in countries where distances are great, like Canada or Australia, the multiplier is 3.4 or more. Brazilian aviation has room to grow. One thing is clear and certain: when the economy improves, aviation will grow," he insisted, without explaining how that necessarily translates into business aviation growth.

Preliminary numbers presented by ABAG showed that the Brazilian business aviation fleet grew in absolute numbers in 2015, but shrunk in value. Newer and pricier aircraft were sold overseas, and while the piston-powered fleet grew, that fleet is worth only half the value of the jet fleet, which shrank from 824 jets to 802 at the end of 2015. The Brazilian general aviation fleet is the world's second largest at 15,290 aircraft, and far ahead of the third largest, but the jet fleet dipped below Mexico's.

The largest increase was in the "experimental" (primarily kit-built and light sport) class with 5,585 aircraft representing 25.8 percent of the country's total fleet of 21,614. Some very visible accidents have focused attention on experimental aircraft in Brazil over the past year. On Friday, ABAG was racing against the clock to get all the permissions needed for an "experimental"-registered aircraft to come to Congonhas for LABACE, including a special permit to overfly an urban area.

Other official numbers displayed for the press conference showed an outdated and too-rosy view of Brazil's aviation infrastructure. A chart showed 509 maintenance bases officially active around the country in 2015, "but about half have closed their doors," Nogueira said, observing that of the 151 air taxi firms shown on the next slide, "many closed in 2015 and the first half of 2016."

The LABACE 2014 show was marked by a business jet crash killing a leading contender in that year's Brazilian presidential election. In 2016, the trial in the senate of impeached President Dilma

Rousseff began yesterday and may reach its climax during the show.

Business confidence, measured by such factors as the strengthening of the currency, has risen as Rousseff's fortunes have fallen. If she is removed from office, vice-president Michel Temer will be confirmed as the country's leader. As acting president while Rousseff awaits trial, he has moved civil aviation from a separate cabinet seat, to part of the transportation portfolio. Rousseff had announced plans for 300 regional airports, while making no progress, but Temer this week reduced that goal to a more manageable 57.

Nogueira noted that the governmental "musical chairs" created difficulties for ABAG, saying he had recently taken hours to explain the size and importance of general aviation to newly named officials who had seen commercial aviation as all aviation, rather than the tip of the pyramid.

Fiuza said his ambition as ABAG chairman is "to be closer to the members, and closer to the authorities, to have everyone sit at the table together, and discuss basic concepts, original concepts, to promote aviation in Brazil."

28 AUGUST 2016

SOURCE: AIN

ARTICLE LINK:

<https://50skyshades.com/news/airlines/brazilian-bizav-hopes-for-rebound-as-labace-numbers-drop>