



European Business Aviation Association

35 Years

There's strength in numbers!





Rodolfo Baviera
EBAA Chairman

Our foundation was laid 35 years ago when a progressive group of corporate operators had a bold idea to create an association on this side of the Atlantic, capable of representing the interests of business aviation at all European institutions. Led by Dr. Ir. F.J. Philips, the International Business Aviation Association (Europe), as it was then called, was made up of 12 impassioned founding members. After eventually moving from Rotterdam to Brussels in 1984, the Association became as we know it presently - the EBAA (European Business Aviation Association). And happily enough, three of the original founding members remain integral to EBAA today: Abelay, Dassault and Unijet.

Many consider 35 to be a golden age –wise enough to be accountable for tough decisions and yet still some years away from a full-on midlife crisis! I suppose the same could be said as we embrace the 35th year of this Association, as well. With 500+ members, and with operations comprising more than 7% of IFR traffic in Europe, our Association and European business aviation as a whole is a force to be reckoned with! We are an integral part of the European air transport system and with that comes both a heavy responsibility to our members and the community, and an ability to yield considerable influence.

As your voice with European authorities and international bodies, not least through our membership of the International Business Aviation Council in Montreal, IBAC, we'd like to reiterate our dedication to ensuring the global recognition of business aviation as a vital part of the air transportation infrastructure and as an important tool for Europe's economic development. As an industry, we face many challenges, but united, we are able not only to confront them but also to take advantage of significant opportunities as they arise.

On behalf of the Association's Secretariat and the EBAA Board, I'd like to say thank you to every member and all those who have contributed to ensuring that our voice rings loud and clear. We indeed recognize the tremendous journey that has brought us to where we are today, and we eagerly anticipate the flight path set out before us.



Brian Humphries
EBAA President

To be effective as an industry and an Association, we must be equally adept at being reactive and proactive. To that end, EBAA has identified a number of proactive measures for business aviation in terms of self-regulation and has developed a series of operational working groups to oversee the implementation of these activities.

One such initiative is the creation of an International Standard for Business Aircraft Handling (IS-BAH). The EU's Ground Handling Regulation recast did not encompass airports of less than 2M passengers, which is primarily the type of airport from which business aviation operates. We are therefore anticipating the specific needs of our industry and developing up-to-date industry standards that are also aligned with the regulations.

Another industry initiative is our campaign to restrict illegal charter flight activity within Europe. EBAA has published guidance for operators, brokers, passengers, politicians, authorities and regulators. Moreover, we have presented the subject during the European SAFA Steering Group at the European Commission, and secured the commitment of national inspectors and EASA to prevent and repress illegal flights.

Safety is of course always at the forefront of what we do and so EBAA continues to promote IS-BAO, SMS and Emergency Response Planning supported by associated training courses. Practical toolkits compiling a wealth of industry best practices are available – just call us up and ask and, maybe, also book your training course at the same time.

After our successful Regional Forum in Vienna last year, we're following through on many of the action points identified during that insightful two-day meeting. Our Associate Members Advisory Council has three active focus groups hard at work on issues such as finance and leasing, aviation insurance, and tax, VAT and registration. Meanwhile we are planning other regional forums so watch this space!!

Each one of these initiatives is a direct result of what our members have requested. We are an Association by operators for operators. And we certainly could not be the Voice of European business aviation, if we didn't listen to yours first.



Fabio Gamba
EBAA CEO

I believe 2012 will be a pivotal year for business aviation – and I am not predicting this on the basis of the Mayan calendar!

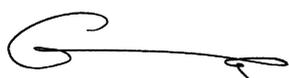
On the aero-political front, this year is rich in events. First, we have the kick-off of the EU ETS in the face of strong protests from powerful countries such as the U.S., China and Russia, to name but a few. As of yet, the Commission has not found a satisfactory solution, raising doubts about the scheme's legitimacy and applicability. In earnest, however, business aviation should not rest its hopes on these disputes too much. After all, only 9% of business aircraft movements are intercontinental, and an international non-compliance with the scheme probably would not change dramatically the fate of European operators.

Nonetheless, thanks to Eurocontrol's ETS Support Facility, we expect to offer significant reductions in costs for those small emitters who use the tool. We've also been successful in raising the potential number of these users. Last year, the Commission agreed to raise the threshold for smaller emitters from 10 to 25,000 tonnes starting in 2013.

2012 will also see the implementation of Functional Airspace Blocks (FABs), an important pillar of the Single European Sky. But all is not rosy, and many insidious caveats remain to be addressed before the FABs box can be ticked.

Finally, 2012 will be the year of the recast of the slot Regulation and of the Ground handling Directive. EBAA initially welcomed the announcement of the former, as it could have potentially secured grandfather rights for non-scheduled operators but, alas, the Commission disregarded our legitimate claims. This prompted us to initiate a counter-study and undertake an important lobbying campaign at the European Parliament on the basis of its important findings. Only time will tell with this particular issue - a first reading on slots is not expected before 2013.

As you can see, on the political front, our plates are full and are sleeves rolled up. Despite what the economy throws our way, our aim is your aim - to keep flying.





European Business Aviation: Facts and Figures

'We can't know where we're headed if we don't know where we are.'

In order to plan for the future, we in the business aviation community need to thoroughly examine our current situation on the basis of the facts and figures presently available.

Just How Large Is European Business Aviation?

As of 2011, the European Business Aviation Association (EBAA) represents 141 operators in Europe out of a total of 838 within the region. This 14% may seem a small number but there's a nuance: our Members operate a cumulative 1,219 business aircraft, almost 1/3 of the total European Business Aviation (BusAv) fleet.

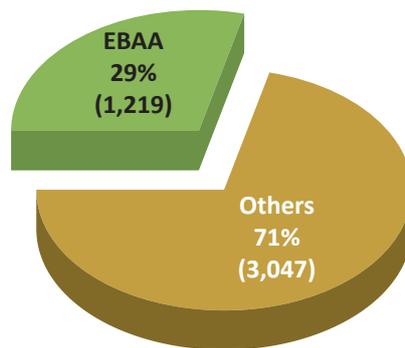
Moreover, on average EBAA Members operate 8.6 aircraft per fleet while non-members operate only 4.4. Looking at the geographic distribution of EBAA Members, it's evident that a number of important operators, mostly located in Eastern and Central Europe, have not yet joined the Association.

Recovering but Not Yet Recovered

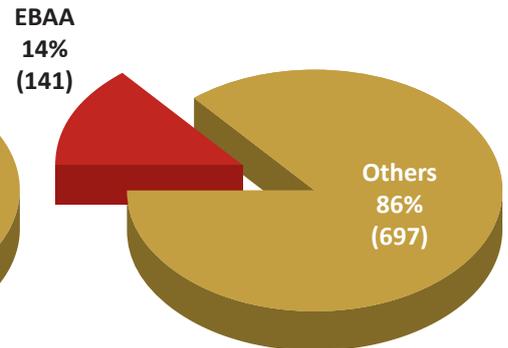
Since the beginning of 2004, there have been three distinctive periods: The first characterized by an impressive growth of 32% in the years 2004, 2005 and 2006. This was then followed by a contraction of 17% from 2007 to 2009. And we are now experiencing a period of slow but probably more sustainable growth of 7% over two years.

Overall, between 2004 and 2011, we have witnessed a cumulative growth of 18%, which translates into roughly 100,000 movements.

EU BizAV Fleet Total: 4266 Aircraft

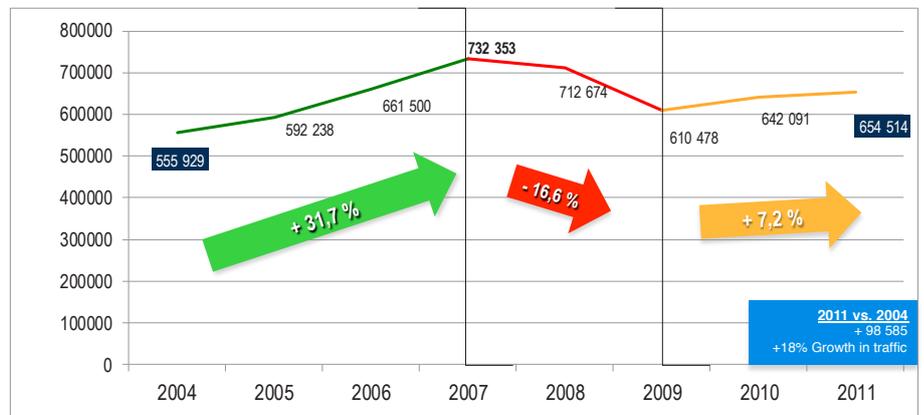


EU 27 Operators Total: 838 Ops



+6.9% fleet growth over 2010

Source: JetNet



Source: EUROCONTROL

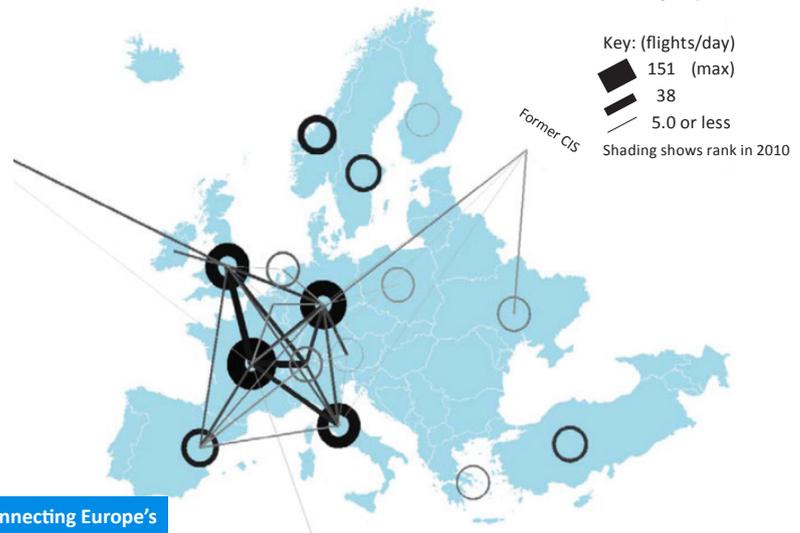
The positive growth figures of 2010 and early 2011 have not compensated for the abysmal figures of 2008 and 2009. European business aviation consistently lost pace during the last trimester of 2011; *without* the last three months of that year, the total recovery figures would have been much more comfortable.

Unfortunately, the first two months of 2012 have confirmed the negative trend, even though we may yet see some light at the end of the tunnel. We expect to see a growth of between 0.5 and 1% overall this year.

Business aviation now represents 7.2%, down from 7.3% two years ago, of all European aircraft movements.

Most Active Airports in 2011		Contribution BizAv as percentage of airport revenue	
	Departure name	Sum of (MTOW/50) ^{0.7}	% Biz AV
1	Paris Le Bourget	977	77,8%
2	Genève	719	9,5%
3	Nice	662	10,3%
4	London Luton	591	12,0%
5 M	Moskva Vnukovo	503	28,4%
6	Milano Linate	442	7,7%
7	Zürich	422	2,9%
8	Farnborough	413	79,1%
9	Roma Ciampino	405	16,9%
10	Wien	289	2,2%
11	München	283	1,3%
12	Istanbul Atatürk	266	1,2%
13	Madrid Torrejon	232	53,1%
14	Biggin Hill	197	92,3%
15	Bale Mulhouse	193	6,0%

Busiest 50 traffic zone/region pairs in 2010



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Traffic in the Core of Europe

Traditional markets constituted the bulk of business aviation movements in 2011: Le Bourget, London Luton, Nice, Geneva and Farnborough. A look at Avinode's list of the Top 10 Locations for Requested Flights in Europe shows that, with more than 3,000 requests, Nice consolidates its number one bestseller position.

Traditional markets are not going to change in the immediate future, but there are other locations such as Turkey and Ukraine which are becoming quite robust.

A look at the Average Daily Departures for February 2012 shows that it was a pretty tough month for everyone. Out of the top ten airports, only Munich and Vienna presented positive figures. Whether Milan and Rome were influenced by uncertainties about the "Italian Luxury Tax" remains to be seen, but it is already clear that the levy could be playing an important role: Italy lost 11% of movements in February.

February 2012 – Average Daily Departures			
	Name	Month Current Year	Month Growth
1	PARIS LE BOURGET	61,3	-8,30%
2	GENEVE COINTRIN	47,5	-7,90%
3	LONDON/LUTON	31,9	-8,10%
4	MILANO LINATE	26	-15,50%
5	ZURICH	25,8	-18,30%
6	FARNBOROUGH CIV	25,6	-6,60%
7	ROMA CIAMPINO	24,1	-14,70%
8	MUENCHEN 2	20,1	0,50%
9	WIEN SCHWECHAT	20	-2,90%
10	NICE	19,7	1,70%

Source: AVINODE & EUROCONTROL

Interesting to note is that Moscow is the fifth largest airport in total business aviation mass, but it is nowhere near the top ten in absolute numbers. This demonstrates that the type of aircraft used in Moscow on average is much larger than in other Western airports.

Also interesting to note is that in big airports such as Geneva and Milano Linate, BusAv only brings in 8 to 10% of the total landing revenues, while business aviation traffic is quoted to be 20% of total movements.

What's to be Expected in the Immediate Future?

Business aviation traffic is historically aligned with GDP growth rates. There's a reasonably strong correlation of 0.80. So, when comparing figures, we could anticipate a likely scenario of growth of 4.6% in 2012 and 1.7% in 2013. EBAA believes, however, that those predictions are far too optimistic for 2012. So perhaps this instrument is valid for long-term predictions, more so than yearly analysis.

To view the situation from a different perspective then, the figures in this graph show three different near-term scenarios: a spectacular growth of 134,191 movements based on the situation in 2006-2007, a decrease of 174,156 movements based on the situation in 2008-2009 and a moderate growth of 27,873 movements based on the 2.1% growth in 2011. The latter is the more likely scenario and shows that we will still be 50,000 movements below the industry's peak in 2007. This peak will not be reached again before 2016-2017: The crisis and its necessary corrections have set us back about ten years. Keep in mind that STATFOR, the statistical unit of Eurocontrol, predicts a total air traffic decrease of -1.3% for this year alone.

EU 27				
Year	BizAv-Traffic	GDP	Traffic Growth rate	Correlation
2004	555 929	100	-	0,80
2005	592 238	104	6,53%	
2006	661 500	110	11,69%	
2007	732 353	116	10,71%	
2008	712 674	120	-2,69%	
2009	610 478	115	-14,34%	
2010	642 091	116	5,18%	
2011	654 514	117	1,93%	
2012	684 563(e)	118(f)	4,59%	
2013	696 369(e)	120(f)	1,72%	



Source: EUROSTAT & EBAA

Indeed, a number of Member States including Finland (+24%), Italy, Sweden, UK, Germany and some others will augment their unit rates in 2012. In total, due to a forecasted reduction in traffic, European countries will raise their costs to €8.3bn (around +/- 0.4%).

Environmental costs

These environment figures are a bit counter-intuitive: despite the expected increase of global CO₂ emissions, there will be a reduction in the cost of allowances. In other words, despite growing demands, prices are going down: EU allowances were €20 per permit in 2008 and are traded today at around €8.

Profitability

In terms of profitability, our industry remains at the end of the receiving line. Some elements of the aviation value chain have done relatively well between 2005 and 2010: 23% profit margins for aircraft leasing, 18% for ANSP and 15% for airports.

Unfortunately, because we lack sufficient data, we can't really pinpoint what percentage business aviation gains. We can look to some indicators however. By examining the breakdown of our operating costs, we discover what comprise the bulk of our expenses.

Air Traffic Management (ATM)

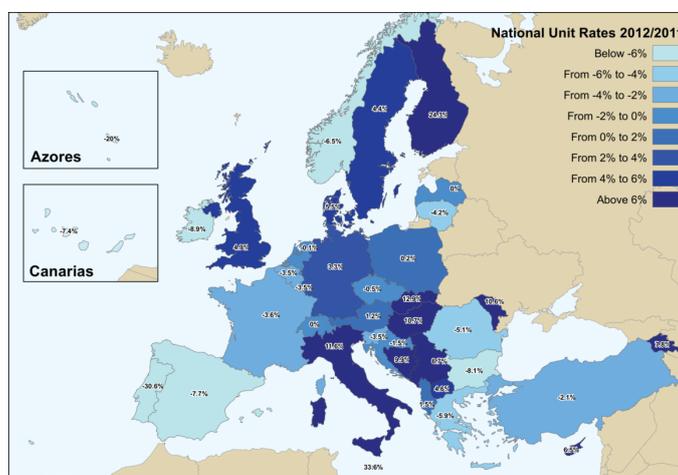
The idea that Air Traffic Control (ATC) is less costly thanks to the second Single European Sky legislation (SESII) is unfortunately incorrect. Looking at the level of national unit rates, we see that overall ATC costs in Europe remain between 2 and 3 times more expensive than in the US.

This is the first time, however, that business aviation has to pay for allowances, so this is something extra that we have to budget. Despite of the low price of the allowances, it still adds up to a significant amount.

Fuel costs

Fuel prices are going through the roof and will remain high. In 1980, airlines spent less than 12% of their operating costs on fuel, and this has drastically increased to more than 30%.

Future prospects are even worse: barrels today cost 18 dollars more than in early 2009, a time when everyone thought that the fuel had reached a sustainability peak. That was followed by a strong correction in 2009-2010 and prices fell immediately down to \$61. Since then, however, they have grown almost steadily, meaning we can conclude that overall oil costs will continue to rise.



Source: Eurocontrol



National taxes on passengers

Member States must finance their austerity measures in one way or another. It is estimated that €5bn is spent each year on taxes that, on the whole, are not being reinvested into the aviation infrastructure.

Loans

The EU Central Bank lends money to EU Banks at a 0.25% interest rate. Paradoxically, this cheap money affects loans negatively. It is becoming increasingly costly to finance individual aircraft.

More Figures Required: We need information to have influence

We need more figures to understand the facts - to understand how we can improve our current situation. EBAA believes that we lack a number of fundamental statistics to really be able to comprehend the environment in which we operate today.

We have therefore commissioned an Oxford Economics Study, together with Net Jets, to help us paint a more complete picture. This study will not only update the PriceWaterhouseCooper's 2008 report but will also go further. This report will depict the importance of business aviation in Europe in terms of jobs and will demonstrate our industry's key role as an engine of growth for the economy. We will publish the report in the coming months.

Beyond that, on an on-going basis, we continue to monitor indicators of the sector's financial sustainability. That is why

we have made agreements with data generators such as Eurocontrol, Avinode and Amstat.

On top, we want to go a step further and gather data that even these organizations cannot provide. We are therefore inviting operators to help us assemble additional figures, in of course full confidentiality. These statistics will help us and our stakeholders understand the industry better. And this is a must if we aim to influence Brussels and member states.

Aeropolitical issue: Their dossier. Your livelihood.

Every political decision affects the number on your bottom line

EMISSION'S TRADING SYSTEM: One of Our Greatest Challenges

Working towards a more sustainable solution to deal with one of aviation's biggest challenges, we accomplished several important goals in 2011. First, the EU Emissions Trading System Monitoring-Reporting-Verification (ETS MRV) threshold was raised from 10T to 25T CO₂ for small emitters. Second, we worked with Eurocontrol to improve the accuracy of the Small Emitters Support Tool. Third, we have provided on-going support for our Members' internal ETS procedures. And lastly, a simplified verification procedure was obtained.

Next we will be focusing on obtaining single point verification and additional process improvements, possibly through integration of the pending Swiss ETS. Another important objective is the preparation of a supporting strategy in light of the fact that there is widespread international refusal of EU ETS, and in view of a 2014 ETS Directive Revision.

TAXES: When the Burden Overwhelms the Benefit....

Our activities in relation to Air Passenger Duties (APD) have been many: a huge lobbying campaign was undertaken in 2011 to reduce the impact of the original UK Treasury proposal. Tax rates are now fixed in accordance with size of aircraft and the proposed automatic maximum rate for business aviation was eliminated. We were also granted a transition period to allow operators to accommodate the changes.

To reduce the potentially negative impact of the Italian Tax, political action at European and National level has been carried out. A letter was sent to the DG Trade. And the *Italian Business Aviation Association* (IBAA) and EHA lobbied nationally to change conditions under which the tax would become applicable. In 2012 we will continue our pressure on Italian authorities to at least modify this ill-conceived tax.

SLOTS: Solve the Capacity Crunch but Not to Our Detriment

The first of our efforts to solve the capacity crunch without penalizing our sector was a counter-study to the conclusions of Steer Davies Gleave (SDG) study. It was undertaken with the support of ERA (European Regions Airline Association). We're also speaking regularly with members of the European Parliament and the European Council. An EBAA Member campaign to support these lobbying efforts at the national level will soon be launched.

SAFETY: A Tailored Approach to BusAv Safety

An agreement that singles out BusAv for the creation of specific rules for Flight Time Limitations (FTL) has been reached. EBAA will be participating in the *European Aviation Safety Agency* (EASA) Airlines Working Group on this topic. In view of the above agenda, we hope to lead and influence the new EASA working group for tailored rules in the future.

ATM: Ensuring ATM is Comprehensive, Inclusive, Achievable & Affordable

EBAA implemented a strategy to develop the right avionic mandates for BusAv aircraft to reduce costs. A Costs Benefit Analysis (CBA) report for business aircraft avionics was created and we participated in relevant discussions to reduce ATM charges and fees throughout Europe.

With the Single European Sky ATM Research Programme (SESAR), we continue to encourage the right technologies and procedures for tomorrow's ATM. We will continue to foster a less fragmented ATM in Europe through participation in the new Network Manager Board and to ensure that the right SESAR deployment sequence is supported with financial aid in case of negative CBA (which is the case for BusAv).

Regulating ourselves so politicians won't need to: 4 key initiatives

1. IS-BAH: Less audits for FBOs. Less audits for Operators.

Mirrored on the sector's very successful International Standard for Business Aircraft Operations (IS-BAO), which is recognised as a European Standard under CEN and has over 500 operators registered globally as being in compliance, IS-BAH aims to be a professional code of industry best practice and a meaningful standard for FBOs and ground handling, which will be audited to establish compliance. By helping to reduce or even eliminate the multiple, non-standardized audits taking place today, IS-BAH promises to deliver one industry standard and one independent audit which is not only more cost-effective but will also enhance safety.

2. Illegal flights: Protecting the interests of Passengers, Government and industry

Though it's hard to gather absolute figures, the number of illegal flights is estimated to be between 5 and 8% of all movements in Europe. These activities impact the profitability of the industry as well as the credibility of operators and Member States. Member States must understand that it is in their interest to combat illegal flights, for both political and legal reasons. We flagged the issue with National regulators during a presentation at EASA on the 28th of February, which was very well received. Our message was predicated on both prevention, and repression.

Thanks to these efforts, Member States have agreed to augment the tools they have at their disposal: ramp checks, White List, defining population at risk, etc. We have also offered our contribution and envisage having the support of airports and brokers in the dissemination of information and knowledge sharing.

We also need to reach the passenger: it is in their best interest, for example, to know that they don't have insurance when they travel on illegal flights. We will continue to try to get to passengers, operators and brokers, and regulators through brochures and public awareness campaigns as this is a critical issue.

3. Never sacrificing safety: IS-BAO/ERP

Everyone knows how important safety is: to passengers and to our image. EBAA is very committed to safety and wants to help its Members deliver it to their clients. That's why we have developed and been providing a range of safety-related tools such as Safety Management Systems (SMS) and Emergency Response Planning (ERP) guidelines. All of these are sold at cost.

We are currently assessing ways to distribute these tools to an even broader range of operators. We are also assessing the merit of a promotion campaign for smaller operators, taking into consideration price, visibility of the products, and the usefulness of information provided.

4. Engaging the expertise of our entire membership: Associate Members Advisory Council (AMAC)

It took a little longer than we would have hoped, but we have created a dynamic AMAC with three focus groups: Finance and Leasing (first meeting on 1st March 2012), Aviation Insurance (first meeting on 29th March 2012) and Tax, VAT & Registration (first meeting on 17th April 2012). Full progress reports will be made at the next EBAA AGM.

Flying the return to growth: Geneva is where our numbers gather

The Association is gearing up for the 12th Annual European Business Aviation Conference and Exhibition (EBACE), organised in partnership with the US National Business Aviation Association. For the event, held 14-16 May in Geneva, EBAA has secured the presence of leading figures on the European political stage to include Matthew Baldwin, European Commission Director for Air Transport, Member of European Parliament Marian-Jean Marinescu, Salvatore Sciacchitano, Executive Secretary of the European Civil Aviation Conference and Director General of Eurocontrol, David McMillan.

The instrument through which your voice is amplified

A growing membership helps to strengthen our position vis-à-vis EU, National and International Authorities. We have grown our Membership 21.8% compared with 2007. This exemplifies that there is increasing awareness that the European business aviation industry needs high profile representation and that EBAA is indeed the recognised voice of business aircraft operators in the region. Gaining new Members is of significant importance in terms of growing visibility and effectiveness.

532 Members
So let's put our
numbers to work!
64 Countries



Marian-Jean Marinescu
MEP



Matthew Baldwin
DG Move



Salvatore Sciacchitano
European civil aviation
conference, ECAC



David McMillan
EUROCONTROL
(a non-speaking guest)



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