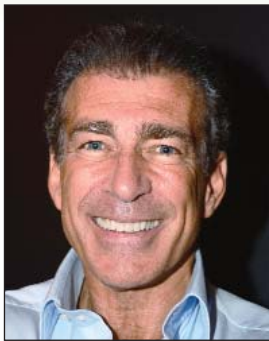




Orders fall like bricks from the sky. A growing share of new bizjet orders this year will be accounted for by emerging markets—in particular, the BRIC nations.



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**Hit by a BRIC**

It seems like just yesterday that America had the appetite for absconding with almost 70% of everything aircraft manufacturers produced, leaving the rest of the world to take delivery of the remaining 30%.

How the world has changed! This year, China alone will account for almost 30% of new orders from large jet manufacturers. And the BRIC countries—Brazil, Russia, India and China—in aggregate are approaching 40% of total OEM jet orders.

This is not meant to be a piece of political journalism. However, one very-high-profile person is the biggest user (but not advocate) of the largest corporate jet in the world. This same person is doing his best to reduce America's percentage of those using corporate jets even more.

The amazing growth experienced by the BRIC countries is the major reason why the diminishing overall manufacturers' delivery percentage that the US used to have is being filled. In the past 20 years the BRIC countries have saved the day in our OEMs' world. They are among the biggest guiding lights of hope going into the foreseeable future. Brazil and Russia now have GDP growth rates about double that of the US today, while India and China have GDP rates about 5 times that of the US. Two decades ago you couldn't find an aircraft owner in Russia or China—today, each one of the BRIC countries even has its own business aircraft convention.

This is quite amazing, considering all the obstacles that continue to restrict "serious" growth in these countries—things such as horrendous import taxes, restricted airspace and an immense lack of airports. When these obstacles start diminishing—a process already beginning—the OEMs will have trouble filling demand levels in reasonable delivery time frames.

Indeed, this is a first class problem to have, and it's actually beginning to happen in the ultralong-range jet category. It is not uncommon nowadays in these countries for clients to order more than 1 aircraft—and, in fact, there has been at

least a couple of instances where a client ordered more than a dozen aircraft.

A backlog pipeline grows fast and it feeds on itself. People are sometimes like penguins. When the first one jumps in the water, the rest follow. Of course, these countries' corporations and high-net-worth individuals (HNWIs) see what's going on inside their own country and that the demand and acceptability of owning and operating a jet is growing in importance for them to be competitive in their industries and among their peer groups. Sooner or later (and "later" is about to occur in the ultralong-range sector), these delivery schedules are pushed out so long that buyers refuse to order a new aircraft because it would mean waiting for the projected delivery date.

This is where the positive daisy chain effect comes into play. The inventory of late-model preowned jets becomes the next target for these buyers who need to satisfy their transport needs immediately. Consequently, as these aircraft models' availability begins to diminish, prices adjust upward—quickly.

Consequently, with the BRIC countries taking up the diminishing percentage of demand that the US had in the not-too-distant past, we can ask when that demand percentage will start reversing its trend and adding to the BRIC growth rate and its further positive effect on aircraft OEMs' order books. And that, indirectly, brings me back to the "not meant to be a piece of political journalism" part.

Why doesn't every politician see that, whenever a corporation or a successful entrepreneur acquires a new business jet, it pumps so much money into the global economy (since every aircraft has parts manufactured in dozens of countries all over the world), while keeping thousands of people employed and contributing to the local, state and national tax buckets? And that it then has an infinite trickle-down effect on the economies of every town in which the employees live and work, the cities the planes fly to and the municipalities these corporations and HNWIs base their aircraft in?

This doesn't even touch on the positive effects these aircraft acquisitions have on the buyers and their abilities to operate more efficiently, to be present and to focus on their businesses more often. Oh, right—that's something called "capitalism," and we were talking about Russia and China, neither of which is rumored to be a capitalist society. I must be confused.