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Demand climbs for chartered business jets

Need for speed, convenience, security and privacy fuels boom in Singapore and Asia

By **VEN SREENIVASAN**
and **UMA SHANKARI**

[SINGAPORE] Demand for chartered business jets is soaring in Singapore and the rest of Asia as travellers increasingly fork out more money to fly in style.

The need for speed, flexibility, convenience, security — and privacy — has been driving up demand for business jets that seat between six and 16 passengers.

Companies that provide the service here say demand has risen as much as 20 per cent in the past two years and could climb a further 30 per cent in the next two or three years.

Two notable local players are Executive Jets Asia (EJA) and Pacific Flight Services (PFS), a wholly owned subsidiary of Singapore Technologies Aerospace.

PFS, which owns two Learjets and a helicopter, says demand for charter flights has gone up about 20 per cent in the past two years, with most business

coming from leisure travellers. "The growth is coming mainly from the European market. Travellers usually come to Singapore or Malaysia on a commercial airline, and then connect to places such as Bali and Phuket on charter flights," said a spokeswoman.

With the company's flights, travellers can land anywhere on their destination island.

EJA is also upbeat. The company, which has four jets based in Singapore, Bangkok and Jakarta, is looking at increasing its fleet to six to eight planes within two years.

"We are optimistic about growth prospects and 20-30 per cent growth over the next two to three years should not be a problem," said EJA executive director David Ho.

The boom in business has proved a boon to companies that provide technical support and other services to executive jets here, such as Jet Aviation Asia

Pacific. The company, a branch of Swiss-based Jet Aviation, says business has "increased tremendously" in the past two years.

Jet Aviation reckons the number of passengers using private charter flights has gone up 10-15 per cent over the past two years. And the company expects passenger volume, as well as demand for its services, to increase when Seletar Airport, which is used for many of these private flights, is revamped in three years.

Industry players say several catalysts are driving growth in demand for private jet charter services.

The first is the growing volume of meetings, incentive travel, conventions and exhibition (Mice) activity in Singapore and the region. For example, Seletar Airbase saw an influx of private jets during last year's huge IMF-World Bank meetings in Singapore.

The second factor is the liberalisation and growth of



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the gaming industry across Asia. For example, the opening of the Las Vegas Sands-owned casino in Macau last year attracted huge crowds, including celebrities, many of whom flew in via private jets. Similarly, Singapore's two integrated resorts are expected to drive demand for the ser-

vices of business jets. The third factor is security. "High-profile people do not want to go through all the check-in and security measures," said a Jet Aviation spokeswoman.

Still, growth in the private jet business has not been even across the region. And one reason for

this is supply. "Most jets in Asia are owned and operated privately by casinos, resorts or a few individuals," said EJA's Mr Ho. "In fact, there are only a handful of executive jets for hire in South-east Asia."

Currently, the industry in Asia-Pacific is very fragmented, consisting of many

small and medium operators. Outside Singapore, notable players include MetroJet, JetAsia, Bombardier Skyjet and CR Airways in Hong Kong; Indonesia's Travira Air, Air Transport (IAT) and Blue Sapphire; Siam Land Flying in Thailand; Deerjet in China; and Guam-based Sojitz group-owned ShareJet.

Outdated regulatory regimes are also a problem, as Mr Ho explained. "Take two of the biggest growth markets in Asia — India and China. It takes up between four and six days to get regulatory approval to get a flight into these countries. You just cannot have this with business jet operations, where people want to fly at a few hours' notice," he said.

Another drag on growth is a tendency for Asian companies and chief executives to make cost comparisons with network airline fares. Business jet operators charge one-way hourly rates ranging from around US\$4,000 for five-seat light jets to US\$9,800 on 10-seat luxury jets, which can fly almost 6,000 kilometres non-stop. This is significantly more than scheduled fares.

But in the US and Europe, companies look at the "value" of executive time saved rather than the fares, operators here say.

The 1998 financial crisis played a part in slowing the introduction of private jets in Asia.

And in recent years, the region's aviation investors have been preoccupied with low-cost carriers.

But ShareJet's regional director of sales, Freddie Tay, is optimistic. "Some places like Singapore, Hong Kong and Macau are ahead of the curve, but others like Thailand, Indonesia, Indochina and Japan are also seeing huge growth. Meanwhile, China and India through their huge business opportunities, are drawing many business travellers from Europe, US and from within the Asian region," he noted.