Brazil Aviation Market Analysis
1. INTRODUCTION ................................................................. 2

2. EXECUTIVE SUMMARY ...................................................... 2

3. BRAZIL AVIATION MARKET OVERVIEW ............................... 3

   3.1 FREQUENCY ................................................................. 4

   3.2 CAPACITY ................................................................. 6

   3.3 MARKET SHARE WITHIN SOUTH AMERICA ...................... 7

   3.4 DOMESTIC MARKET VS INTERNATIONAL ......................... 8

   3.5 TOP AIRPORTS .......................................................... 10

   3.6 TOP AIRLINES .......................................................... 12

   3.7 FLEET ANALYSIS ...................................................... 15

   3.8 INVESTMENTS .......................................................... 17

       3.8.1 EMBRAER ......................................................... 17

       3.8.2 AIRPORTS ....................................................... 18

4. SUMMARY ........................................................................ 19
1. Introduction

The purpose of this analysis is to review the dynamic and changing aviation market environment in Brazil and to demonstrate the growing opportunities for the aviation industry.

2. Executive Summary

In 2011 Brazil became the sixth-largest economy in the world\(^1\). With substantial oil and gas reserves continuing to be discovered off Brazil’s coast in recent years, the country is now the world’s ninth largest oil producer. The country is enjoying an economic boom because of high oil prices, which in turn has led to rapid growth. Brazil is also the largest Latin American economy and one of the so-called BRIC nations together with Russia, India and China, with growth far outpacing the US and Western Europe.\(^2\) This rapid growth makes it an attractive destination for foreign investors. The economy of Brazil was only marginally impacted by the global financial crisis in 2009 in which a growth rate of -0.6% year-on-year was recorded. Other countries in South America such as Chile, Argentina and Columbia are experiencing a similar growth rate over last decade at an average of 4%, but due to a smaller population the demand for air travel is not as high as in Brazil.

Air travel in Brazil is expected to double over the next decade, driven by an average economic growth rate of approximately 4% per year which in turn will see the average level of disposable income rise across the country, driving demand for air travel. Due to the size of the country which measures 3,286,482 sq miles\(^3\) (USA – 3,794,083 sq miles\(^4\)),

\(^1\) [http://www.ft.com/cms/s/0/e23a2b34-678e-11e1-b4a1-00144feabdc0.html#axzz1uGmRKe00](http://www.ft.com/cms/s/0/e23a2b34-678e-11e1-b4a1-00144feabdc0.html#axzz1uGmRKe00)


\(^3\) [http://www.nationsencyclopedia.com/economies/Americas/Brazil.html](http://www.nationsencyclopedia.com/economies/Americas/Brazil.html)

\(^4\) [http://www.enchantedlearning.com/usa/states/area.shtml](http://www.enchantedlearning.com/usa/states/area.shtml)

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air transportation is a crucial link in Brazil’s infrastructure. The National Civil Aviation Agency (Agência Nacional de Aviação Civil), or ANAC, is the regulatory body in the country. The Brazilian aviation industry has experienced a significant capacity growth of 39% over last five years\(^5\) driven mainly by the introduction of low cost carriers into the region. As the region’s economies grow, Brazil presents opportunities for international carriers and the aviation industry as a whole.

3. Brazil aviation market overview

The Brazilian aerospace industry is dominated by Embraer and its suppliers, now the third-largest commercial aircraft producer in the world. Added to this, the nation’s over-200 million population and vast geographic area, air travel will continue to grow\(^6\).

The aviation industry in Brazil deals with all the aspects of the sector which include design and manufacturing of aircraft, sales, customer support and maintenance. All products relating to aviation such as engines and equipment, on-board systems, structural parts, airplanes, and helicopters as well as the air-traffic control systems are home-grown in Brazil.\(^7\)

\(^{5}\) OAG Schedules iNet
\(^{7}\) http://investinbrazil.biz/industry/aviation/aviation-industry

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Since 1980 to 2012 route networks to/from Europe increased from 14 to 43 and to/from US from 3 to 27.

3.1 Frequency

The growth in capacity in Brazil has driven the number of frequencies up at the major airports across the country. At the same time an increase in flights from international destinations began to place challenges on the Brazilian air traffic and infrastructure system.
In 2003, Brazilian aviation authorities, following directives of the new federal government, started implementing new measures to manage the growth. Re-regulation defined controlling an alleged excess capacity route and over-competition in the market but the authorities are to impose restrictions only if carriers are in a poor financial position. New aircraft imports were banned and price competition controls were put into practice once again. Strategic movements increasing market concentration, such as the code-share agreements between the two major airlines, Varig and TAM, were neither disallowed nor discouraged. Re-regulation in 2003 made it possible for the regulator to concede increases in capacity for a given airline only in case it will not damage its rivals. 8

A steady growth in frequencies continued after 2003 at an average rate of 14% since 2005 to 2011 after the biggest Brazilian airline TAM Linhas Aereas joined Star Alliance in 2010.

![Graph showing Brazil Domestic and International Scheduled Non-Stop Passenger Departure Flights Percent Change Year-on-Year 2001-2011](http://www.aerlines.nl/issue_33/33_Oliveira_Airline_Regulation_Brazil.pdf)

Frequency year-on-year trend presents stable growth at an average rate of 5%. 2010 demonstrates the highest frequency growth over last decade at the level of 29% year-on-year.

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8 [http://www.aerlines.nl/issue_33/33_Oliveira_Airline_Regulation_Brazil.pdf](http://www.aerlines.nl/issue_33/33_Oliveira_Airline_Regulation_Brazil.pdf)
3.2 Capacity

Since 2003 when the new aviation directives were implemented by the Brazilian government allowing the regulator to only permit increases in capacity for an airline in the case it will not damage its rivals, the capacity year-on-year growth rate has been growing at an average of 10% year-on-year which has increased to an average of 14% year-on-year since 2005. The Brazilian passenger traffic and aircraft movements continued to grow as Brazil’s middle class was developing and increasing disposable income levels, leading to additional airline capacity into the country⁹.

3.3 Market Share within South America

All Scheduled Non-Stop Passenger Departure Flights Seat Capacity for South America

<table>
<thead>
<tr>
<th>South America Countries</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>53.01%</td>
<td>55.25%</td>
<td>52.90%</td>
<td>51.98%</td>
<td>51.13%</td>
<td>51.00%</td>
<td>54.26%</td>
<td>56.17%</td>
<td>56.81%</td>
<td>58.65%</td>
<td>60.90%</td>
</tr>
<tr>
<td>Colombia</td>
<td>10.02%</td>
<td>10.65%</td>
<td>12.35%</td>
<td>12.01%</td>
<td>11.99%</td>
<td>12.49%</td>
<td>11.46%</td>
<td>11.03%</td>
<td>11.40%</td>
<td>11.72%</td>
<td>11.05%</td>
</tr>
<tr>
<td>Argentina</td>
<td>11.10%</td>
<td>9.11%</td>
<td>9.38%</td>
<td>9.92%</td>
<td>9.51%</td>
<td>8.89%</td>
<td>8.75%</td>
<td>8.43%</td>
<td>8.53%</td>
<td>7.79%</td>
<td>7.02%</td>
</tr>
<tr>
<td>Chile</td>
<td>7.12%</td>
<td>6.69%</td>
<td>7.67%</td>
<td>7.84%</td>
<td>7.32%</td>
<td>7.15%</td>
<td>6.40%</td>
<td>6.28%</td>
<td>6.08%</td>
<td>5.99%</td>
<td>6.07%</td>
</tr>
<tr>
<td>Peru</td>
<td>4.97%</td>
<td>4.73%</td>
<td>5.39%</td>
<td>5.43%</td>
<td>6.52%</td>
<td>5.78%</td>
<td>5.22%</td>
<td>5.40%</td>
<td>5.14%</td>
<td>5.05%</td>
<td>5.44%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>9.15%</td>
<td>8.62%</td>
<td>6.28%</td>
<td>6.63%</td>
<td>6.98%</td>
<td>6.42%</td>
<td>6.11%</td>
<td>5.35%</td>
<td>4.84%</td>
<td>3.93%</td>
<td>3.46%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>1.07%</td>
<td>1.33%</td>
<td>1.83%</td>
<td>2.13%</td>
<td>2.54%</td>
<td>4.54%</td>
<td>4.28%</td>
<td>4.13%</td>
<td>4.12%</td>
<td>3.84%</td>
<td>3.34%</td>
</tr>
<tr>
<td>Bolivia</td>
<td>1.91%</td>
<td>1.99%</td>
<td>2.45%</td>
<td>2.17%</td>
<td>2.22%</td>
<td>2.13%</td>
<td>1.97%</td>
<td>1.71%</td>
<td>1.75%</td>
<td>1.69%</td>
<td>1.47%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>0.74%</td>
<td>0.71%</td>
<td>0.76%</td>
<td>0.82%</td>
<td>0.77%</td>
<td>0.65%</td>
<td>0.67%</td>
<td>0.58%</td>
<td>0.50%</td>
<td>0.57%</td>
<td>0.57%</td>
</tr>
<tr>
<td>Paraguay</td>
<td>0.34%</td>
<td>0.38%</td>
<td>0.40%</td>
<td>0.43%</td>
<td>0.47%</td>
<td>0.41%</td>
<td>0.43%</td>
<td>0.44%</td>
<td>0.37%</td>
<td>0.35%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Guyana</td>
<td>0.19%</td>
<td>0.27%</td>
<td>0.29%</td>
<td>0.28%</td>
<td>0.26%</td>
<td>0.25%</td>
<td>0.19%</td>
<td>0.18%</td>
<td>0.16%</td>
<td>0.15%</td>
<td>0.14%</td>
</tr>
<tr>
<td>French Guiana</td>
<td>0.29%</td>
<td>0.16%</td>
<td>0.17%</td>
<td>0.18%</td>
<td>0.16%</td>
<td>0.15%</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.15%</td>
<td>0.14%</td>
<td>0.12%</td>
</tr>
<tr>
<td>Suriname</td>
<td>0.09%</td>
<td>0.11%</td>
<td>0.13%</td>
<td>0.17%</td>
<td>0.14%</td>
<td>0.12%</td>
<td>0.13%</td>
<td>0.14%</td>
<td>0.14%</td>
<td>0.14%</td>
<td>0.11%</td>
</tr>
</tbody>
</table>

Percentages for Years 2001 through 2011

Source: OAG Schedules iNet

Brazil increased its market share within South America 8% over last decade and the country still dominates the region, holding 61% of the aviation market in 2011.
3.4 Domestic market vs international

Brazil’s commercial aviation market is primarily domestic operations (88.7% in 2011). The major international service is split between South America, Europe, and the USA. Over the past 5 years service is growing to the Middle East, Africa and Central America (Panama).

Brazil to/From the World Scheduled Non-Stop Passenger Flights

<table>
<thead>
<tr>
<th>World Region</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>South American (Brazil) - Domestic</td>
<td>90.0%</td>
<td>91.2%</td>
<td>88.8%</td>
<td>87.4%</td>
<td>86.1%</td>
<td>86.9%</td>
<td>86.5%</td>
<td>86.9%</td>
<td>87.8%</td>
<td>89.3%</td>
<td>88.7%</td>
</tr>
<tr>
<td>South American - Int'l</td>
<td>4.8%</td>
<td>4.0%</td>
<td>5.3%</td>
<td>6.1%</td>
<td>6.8%</td>
<td>6.2%</td>
<td>6.8%</td>
<td>6.2%</td>
<td>5.7%</td>
<td>5.1%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>2.5%</td>
<td>2.4%</td>
<td>3.1%</td>
<td>3.3%</td>
<td>3.6%</td>
<td>3.4%</td>
<td>3.6%</td>
<td>2.9%</td>
<td>2.4%</td>
<td>2.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>United States</td>
<td>2.4%</td>
<td>2.0%</td>
<td>2.3%</td>
<td>2.5%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>2.4%</td>
<td>2.3%</td>
<td>2.5%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Central America</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Africa</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Middle East</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Canada</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Flight movements 2001

Flight movements 2011

Domestic and Int’l Flight Totals by World Regions for Years 2001-2011 Source: OAG Schedules iNet

Brazil to/From the World Scheduled Non-Stop Passenger Flights

<table>
<thead>
<tr>
<th>World Region</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>South American (Brazil) - Domestic</td>
<td>83.7%</td>
<td>86.5%</td>
<td>84.1%</td>
<td>82.9%</td>
<td>81.4%</td>
<td>82.5%</td>
<td>83.0%</td>
<td>82.8%</td>
<td>84.0%</td>
<td>85.3%</td>
<td>85.5%</td>
</tr>
<tr>
<td>South American - Int'l</td>
<td>6.1%</td>
<td>4.6%</td>
<td>5.9%</td>
<td>6.4%</td>
<td>7.3%</td>
<td>6.6%</td>
<td>7.0%</td>
<td>6.6%</td>
<td>6.0%</td>
<td>5.6%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>5.1%</td>
<td>4.5%</td>
<td>5.4%</td>
<td>5.9%</td>
<td>6.3%</td>
<td>6.0%</td>
<td>5.7%</td>
<td>6.1%</td>
<td>5.0%</td>
<td>4.5%</td>
<td>4.3%</td>
</tr>
<tr>
<td>United States</td>
<td>4.5%</td>
<td>3.7%</td>
<td>3.7%</td>
<td>3.8%</td>
<td>3.9%</td>
<td>3.9%</td>
<td>3.3%</td>
<td>3.3%</td>
<td>3.5%</td>
<td>3.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Central America</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.5%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Africa</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Middle East</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Canada</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Australasia and Oceania</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Domestic and Int’l Seat Capacity by World Regions for Years 2000-2011 Source: OAG Schedules iNet

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Seat capacity movements 2001

- South American (Brazil) - Domestic: 6.1%
- South American - Int'l: 5.1%
- Europe: 4.5%
- United States: 0.0%
- Central America: 0.2%
- Africa: 0.3%
- Middle East: 0.4%
- Canada: 0.4%
- Domestic and Int'l: 83.7%

Seat capacity movements 2011

- South American (Brazil) - Domestic: 3.1%
- South American - Int'l: 0.6%
- Europe: 0.1%
- United States: 0.4%
- Central America: 0.4%
- Africa: 0.4%
- Middle East: 4.3%
- Canada: 5.5%
- Domestic and Int'l: 85.5%

Domestic and Int'l Scheduled Seat Capacity by Regions 2001 vs 2011

Source: OAG Schedules iNet
3.5 Top Airports

Brazil has 165 airports providing commercial flight service. The top 13 airports for domestic service in Brazil accounts for 60%-73% of the overall domestic flights between years 2001 to 2011. Seat capacity for these airports accounts for 69%-75% of the overall domestic markets for the same period. The top 3 airports providing international service in Brazil account for 87%-93% of the overall international flights between years 2001 to 2011 with seat capacity covering 86%-95% by the top 3 airports in the international markets for the same period. Airports including Sao Paulo Congonhas (CGH) and Sao Paulo International (GRU), Rio De Janeiro Dumont (SDU) and Rio De Janeiro International (GIG), and Brasilia (BSB) rank within the top 150 airports worldwide for flight service and passenger capacity.

### Percentage Domestic market share by scheduled capacity for 2011 by Airport

![Diagram showing domestic market share by scheduled capacity for 2011 by airport]

### Percentage International market share by capacity for 2011 by Airport

![Diagram showing international market share by capacity for 2011 by airport]

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Destinations served from GRU - Sao Paulo (Int) 2012

Source: OAG Mapper
### 3.6 Top Airlines

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>PUBLISHED CARRIER CODE</th>
<th>PUBLISHED CARRIER</th>
<th>Seat capacity 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>JJ</td>
<td>TAM Linhas Aereas</td>
<td>51,127,299</td>
</tr>
<tr>
<td>2</td>
<td>G3</td>
<td>VARIG-GOL Airlines</td>
<td>50,486,572</td>
</tr>
<tr>
<td>3</td>
<td>AD</td>
<td>Azul Airlines</td>
<td>10,177,344</td>
</tr>
<tr>
<td>4</td>
<td>T4</td>
<td>TRIP Linhas Aereas</td>
<td>7,901,721</td>
</tr>
<tr>
<td>5</td>
<td>WH</td>
<td>Webjet</td>
<td>7,494,428</td>
</tr>
<tr>
<td>6</td>
<td>O6</td>
<td>OceanAir</td>
<td>3,821,118</td>
</tr>
<tr>
<td>7</td>
<td>P3</td>
<td>Phoenix Aviation</td>
<td>1,619,220</td>
</tr>
<tr>
<td>8</td>
<td>Z4</td>
<td>Puma Air</td>
<td>529,166</td>
</tr>
<tr>
<td>9</td>
<td>N7</td>
<td>NHT Linhas Aereas</td>
<td>176,016</td>
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<tr>
<td>10</td>
<td>SBA</td>
<td>Sol Linhas Aereas Ltda</td>
<td>7,560</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>133,340,444</strong></td>
<td></td>
</tr>
</tbody>
</table>

In terms of total scheduled domestic capacity the Top10 represents 99% of all domestic carriers in Brazil.

Azul Linhas Aéreas Brasileiras SA is a Brazilian domestic low-cost airline based in Barueri, close to Sao Paulo. The carrier was established on 5th May 2008 by David Neeleman, founder and former-CEO of JetBlue. The airline began service on 15th December 2008. Neeleman has raised $150 million, about a third of that from Brazilian investors, the rest from the U.S., and has invested $10 million of his own money. Neeleman holds joint Brazilian and U.S. citizenship, which gets him around a Brazilian law blocking foreign citizens from owning more than 20% of an airline.12

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11 [http://en.wikipedia.org/wiki/Azul_Brazilian_Airlines](http://en.wikipedia.org/wiki/Azul_Brazilian_Airlines)
International capacity into Brazil accounts for less than 7m seats. In comparison the top 10 domestic carriers account for 133m seats, or 95% of the total capacity into Brazil.
American Airlines capacity into Brazil 2001-2011

Source: OAG Schedules iNet

American Airlines (AA) destinations into Brazil 2001 vs 2011

Source: OAG Mapper
3.7 Fleet Analysis

Embraer is one of the world’s largest aircraft manufacturers and is a Brazilian aerospace conglomerate that produces commercial, military and executive aircraft along with other aviation services. In the mid-1990s the company pursued a product line more focused on small commercial aircraft but has expanded into military aircraft larger regional jets (with 70-110 seats) and smaller business jets. Today the company is well established in both the military and commercial aviation market.\(^\text{13}\)

34% of the Brazilian domicile carrier’s fleet are Boeing aircraft, with Airbus accounting for 33% of the fleet in 2011. Other manufacturers such as Embraer, ATR and others make up the rest fleet percentage at 33%. Over last decade the Brazilian fleet structure has shifted to focus on more efficient turbo-props such as ATR’s due to the increasing fuel costs as a result of the upward trend in global oil prices. Long haul aircraft such as the Boeing 777 have also benefited from Brazil’s growth as demand for long haul destinations has increased.

\(^\text{13}\) http://en.wikipedia.org/wiki/Embraer
The forecast fleet projections for Brazil indicate that the country will see an increasing number of Embraer aircraft delivered over the next 8 years. On average 37% of all new aircraft ordered by the Brazilian carriers will be ‘home-grown’ with Boeing taking the next substantial share of the orders. By the end of 2020, Brazil’s domicile fleet is forecast to have 243 Embraer aircraft, 213 Boeing and 126 Airbus aircraft.¹⁴

¹⁴ OAG CAMRO
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3.8 Investments

3.8.1 Embraer

The Brazilian airframer Embraer has become in the past five years a stakeholder in state-controlled aerostructures, maintenance, repair and overhaul house OGMA and is building two aerostructures plants, one for composites, the other for metals, that are due to open by the end of 2012. Embraer will build metallic and composite structures, initially wings and horizontal stabilisers for the new Legacy 450 and 500 business jets. Embraer’s investment amounts to almost €150 million ($195 million). Just as Embraer has invested on the other side of the Atlantic, Portuguese aerospace and technology companies are increasingly looking to do business in Brazil.15

Embraer Investments in Commercial and Corporate Aviation

Embraer investments 2001-2011

Source: [http://ri.embraer.com.br](http://ri.embraer.com.br)*

* (Investments in Property, Plant and Equipment and Research and Development refers to gross amounts invested in Commercial and Corporate Aviation)

Embraer SA also plans to invest $25 million in the next five years for a new maintenance centre near Sao Paulo to serve customers from its executive-aviation unit.16

3.8.2 Airports

Since Brazil won the right to host the 2014 football World Cup and the 2016 Olympics, Brazil’s airports are undergoing their biggest makeover in history. Infraero, the state controlled company that runs the 67 largest airports in Brazil, declares it will invest heavily in infrastructure in advance of the World Cup, including plans for R$2bn ($1.16bn) of spending at Viracopos and Guarulhos airports in São Paulo alone.\textsuperscript{17} Infraero has promised to invest in total R$7.1bn ($4bn) to modernise and expand the airport capacity of 12 host cities. However, the government has taken some further action and privatised three of the country’s biggest airports in an auction at the beginning of February 2012, a historic step for the industry. On sale was 51% of a public-private partnership with Infraero and the airports included in the sale were the country’s largest, São Paulo-Guarulhos, Brasilia International and Viracopos-Campinas. Winning bids exceeded all expectations and scooped R$24.5bn ($14.2bn). Currently, about R$626.5m ($362.5m) is expected to be invested in Brasilia in advance of the event, with construction of a new terminal to cater to two million passengers a year, investment in Viracopos will total around R$873m ($505.2m) with a new terminal for at least 5.5 million passengers a year and Guarulhos will swallow R$1.38bn ($798m) and will get a new terminal for accommodating seven million passengers each year, improvements to the runways, yards, parking lots and access roads.\textsuperscript{18}

\textsuperscript{17} \url{http://www.ft.com/cms/s/0/e95415ca-f344-11df-a4fa-00144feab49a.html#axzz1uMTeHxqn}
\textsuperscript{18} \url{http://www.airport-technology.com/features/featurebrazil-airport-expansion-ready-for-take-off/}

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4. Summary

The civil aviation industry is an important link in the continuing growth of Brazil and to connect the most populous cities across the country. The dependence on this system, along with the country’s policy to improve the industry, makes the aviation sector an excellent area for investment.

The Brazilian aviation industry is going through a period of rapid growth, with a growth in passenger demand for travel combined with greater domestic and international investment into the country. Brazil has seen passenger growth jump by 39% over the past five years with the economies expected to double over the next 10 years with the upcoming World Cup and Olympics helping to drive growth. The rapid growth has presented a challenge to the airports and surrounding infrastructure as they try to keep pace. But investment continues into the country as Brazil’s economy and the rest of South America’s economy strengthens, presenting new opportunities for growth for US and European carriers looking for strong yielding routes.
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