

ROCKWELL COLLINS SEES TOUGH YEAR FOR BUSINESS JET MARKET

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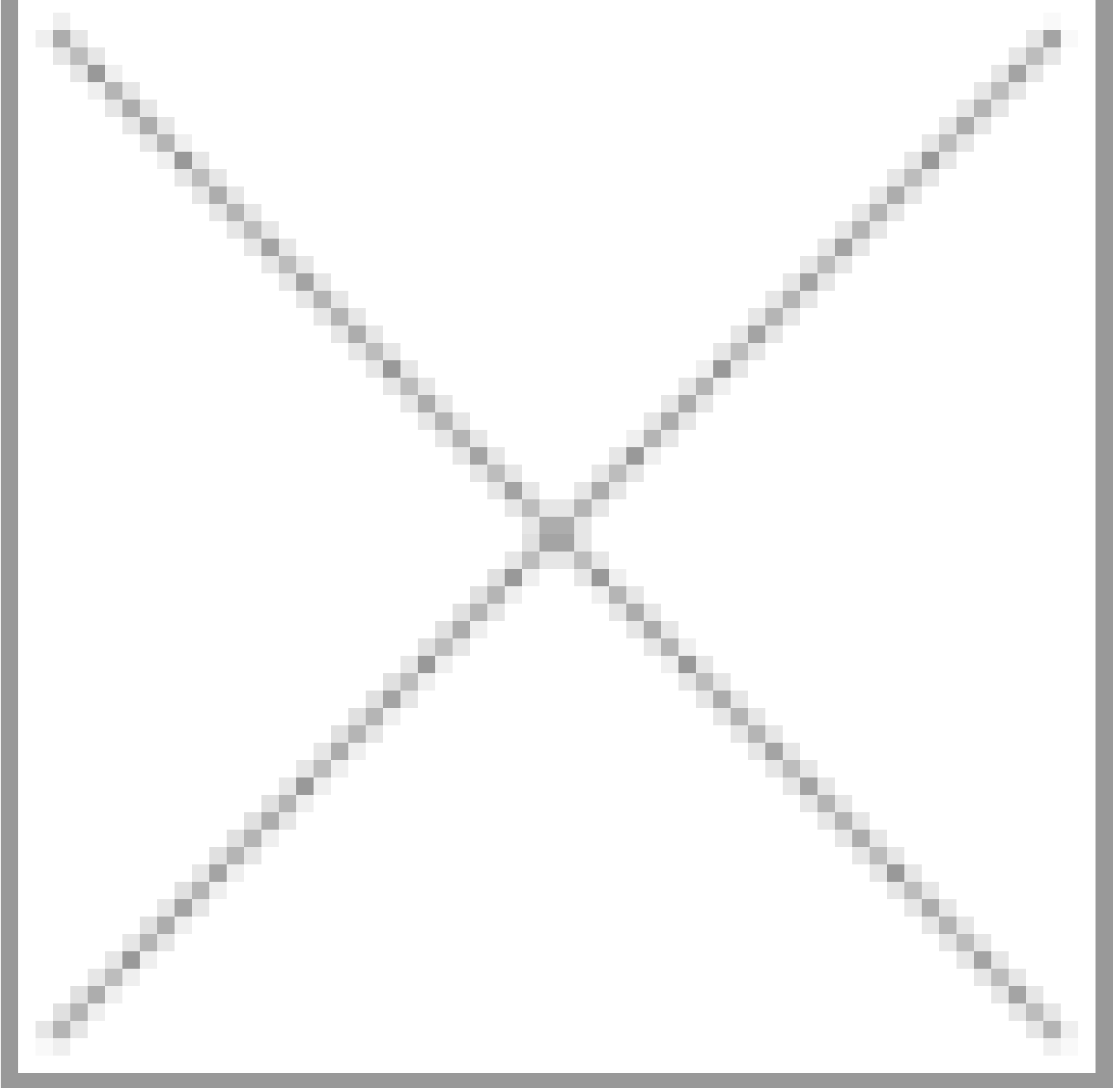
Rockwell Collins Inc is forecasting a double digit decline in its corporate jet business this fiscal as uncertainty in China, Russia and Brazil weighs on buyer confidence.

The business jet market has struggled to rebound since the 2008 Global Financial Crisis and concerns over a slowdown in China and depressed Russian and Brazilian economies is further dampening confidence.

“We’re expecting our business aviation production to be down for our equipment [by] over 10 per cent this fiscal,” Rockwell Collins Chairman, President and Chief Executive Kelly Ortberg told *Gulf News* in an interview at the Global Aerospace Summit in Abu Dhabi this week.

Kelly did not say how this would effect revenue but said he believed production would stay at modest levels for “at least a year or so”.

United States-based Rockwell Collins makes avionics, communication systems and other parts used in business jets. Its financial year ends September 30, 2016.



Until this year the global economic uncertainty had mostly affected sales of small-to-medium sized business jet but Ortberg said it is now reverberating in the larger aircraft market.

“We’ve seen that this year ... large jet production has reduced on the back of the slowdown in China, the Russia situation as well as the economy in Brazil,” he said.

Downturn

China, Russia and Brazil, three significant markets for business jet sales, are each going through some sort of downturn.

China is seeing its slowest growth in 25 years while both Russia and Brazil are expected to stay in recession in 2016.

Shipments of business jets fell 0.55 per cent to 718 aircraft in 2015, according to the General

Aviation manufacturers Associate, a US-based trade group, down from a peak in 2008 of 1,317 jets.

“I think we’re bottomed out, rates are quite low right now,” Ortberg said of the market.

He said that apart from positive signs in North America he does not see the market rebounding in the near term.

““We’re expecting we will kind of stay at that low level [of production] going forward until the economy picks up a little bit,” he said.

But with business jet owners becoming increasingly conservative with their spending there has been an upswing in Rockwell Collins’ corporate jet retrofit business upgrading aircraft with new avionics, adding in-flight internet connecting and new audio and visual systems.

“We’re seeing that grow mid-to-high single digits this year,” Ortberg said.

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