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Good morning, and thank you for inviting me to this important conference. It's amazing how travel in general and aviation in particular is such a wide-ranging and significant industry on so many levels. I understand ACTE members manage more than \$200 billion in spending power. That is not only impressive for your group, but yet another testament to the importance of aviation-related industries to our national economy.

Now, in preparing to talk to you this morning I thought a lot about the role of corporate travel executives – or anyone in corporate travel, for that matter. It seems to me you all have all the challenges and headaches of anyone else making travel arrangements, but probably get very little thanks. You are kind of like the truck drivers of the travel industry – what you do is vitally important, but taken for granted by a lot of us who travel regularly as part of our jobs.

It's not like you are setting up vacations people are really looking forward to. I'd venture a guess that complaints are pretty easy to come by in your line of work, and the "thank-yous" are less abundant.

So the first thing I'd like to do is say thank you for the job you do. As someone who has spent so much of my career associated with the aviation

industry, I know how important corporate travel is to airlines and related businesses. I read recently that Southwest recently began to emphasize business travel in their operations – a sign that even an ultra-efficient operation like theirs can capitalize on corporate travel.

My position at AIA representing aircraft manufacturers like Boeing and Embraer gives me another perspective, and again corporate travel looms as very significant. Airlines buy airplanes when they're making money, and corporate travel is obviously a money-maker for them. So thank you, once again.

Today I'm going to talk about the future of global air travel. Now, you could talk all day about all the different factors affecting worldwide aviation and the challenges we face. You could talk for another day about strategies to deal with global air travel challenges. But today I'm going to focus on three keys to the success of global air travel as we move quickly into the future. And they are systems, surroundings and safety.

Let's start with systems. This refers to the equipment and technology we need to handle the challenges we know are coming to the global aviation system. In many cases, the challenges are already here in the form of the skyrocketing rates of air travel all over the world.

To meet that demand, we're going to need more flights – in some cases a lot more flights. But we all know air transportation systems are at or near capacity all over the world. The number of air travelers in the U.S. alone last year was 765 million, and that number is estimated to hit 1 billion by 2016.

Fortunately, help is on the way. When I was leading the FAA one of my main priorities was the NextGen – the Next Generation Air Transportation System. This is a comprehensive initiative that will replace our aging air traffic control infrastructure with advanced, satellite-based technology. This is a significant step forward since the backbone of our current system is radar, a technology invented more than a half-century ago.

NextGen, which is in the development and implementation stage, will change the way the system operates, reduce congestion and, ultimately, improve the passenger experience. It will reduce the air transportation

system's vulnerability to weather disruptions while increasing collaboration in air traffic control and easing congestion in our busiest airspace.

Now, I'm sure many of you are familiar with the, shall we say, lack of agreement on how to fund NextGen. It's interesting that all sides of the debate agree on one thing – we need robust NextGen funding now to make sure our system can handle demand. We have heard the FAA reauthorization bill, which will map out funding for the system, is currently stalled in Congress. AIA is advocating passing the bill. But if Congress cannot approve the full reauthorization this year, members should at least extend the trust fund's authority and the taxes and fees that support it.

Now, the U.S. is not alone in recognizing the need to upgrade air transportation infrastructure. As highly globalized as aviation is today, it wouldn't make sense to encourage innovation in just one country while others lag behind. In Europe the SESAR program is moving along, based on technology similar to NextGen. And we are seeing upgrades in specific air traffic management technologies in pockets in many other nations. For example, Advanced Dependent Surveillance – Broadcast, which is the backbone of NextGen and SESAR, is already widely in use in Australia. ADS-B projects are underway or planned in East Africa, Indonesia, China, Japan and India.

Anyone invested in the air travel industry should do all they can to encourage development of NextGen here in the United States, and similar initiatives around the world. The future of global aviation is perhaps more dependent on this technological advance than anything else.

The second key to meeting our international aviation challenges is surroundings. By surroundings I mean everything we encounter around us – the environment. It's no revelation to tell this audience that the environment has become a major issue in commercial aviation, especially on the global stage. We have seen elected officials, environmental groups and public opinion polls all focus on limiting aviation's environmental impact in some countries and regions. In some cases the rhetoric has reached a fever pitch. I believe environmental issues are the single biggest potential barrier to growth in our industry.

But let's start this discussion with a simple statement of fact. Aviation has a very good track record on the environment. The manufacturers that

AIA represents have had an especially important role, developing new technology that makes flying more fuel efficient.

The fuel burned per seat mile in today's aircraft is down more than 70 percent when compared to early jets. According to the FAA, if you compare aviation today to 2000, we are moving 12 percent more passengers and 22 percent more freight while burning less fuel and reducing our carbon emissions by about 4 percent.

In Europe, the source of some of the strongest negative statements about our industry's environmental performance, emissions increased by about 30 percent between 2000 and 2006. This might explain the difference in perceptions in the U.S. and in Europe. In most cases, today's jet engines are more fuel efficient than the cars we drive on a per-passenger-mile basis. And we didn't need a government requirement to accomplish this.

Even with this good performance, our industry is determined to do more. I was recently in Geneva for a summit of the Air Transportation Action Group, a high-level international body working to make environmental improvements in aviation. The group approved a declaration stating we are committed to a pathway to carbon-neutral growth in aviation.

This sounds like a tall order, especially when you consider the growth in air travel demand all over the world I mentioned a moment ago.

But we are well on our way to improving aviation's environmental performance on several levels. One is even more technological innovation. The new Boeing 787 aircraft is being made of mostly composite material instead of aluminum alloy. The new material is stronger and lighter and fuel savings are estimated to be as much as 20 percent. Many other manufacturers are adopting the composite material for components and jet engine construction.

Engine technology is another piece of the puzzle. The advanced jets in use today are powerful units that virtually sip fuel in comparison with early versions. Companies are busy developing a new generation of technology that promises even more efficiency, including the geared turbofan and open rotor engine. There are also two major programs involving aircraft manufacturers, airlines and engine makers testing the feasibility of using biofuel in jet engines.

There is another technology that goes a long way toward reducing aviation's environmental impact, but it's not an aircraft or engine. It's NextGen. The advances that make the system able to handle large volumes of air traffic also result in major environmental gains. For example, the satellite technology in NextGen – which is based on the same GPS that probably guided some of you here in your cars this morning – allows pilots to take direct routes between airports. This results in significant fuel savings, since routes on the current system are often far from being point-to-point. Some estimates put the greenhouse gas emissions savings from NextGen at 15 percent.

Our industry is being proactive on the environmental challenge. One point I made to our international colleagues in Geneva was that aviation is lucky to have a global forum to deal with these types of issues. The International Civil Aviation Organization – a United Nations agency – is the perfect venue to set global environmental policy that will be seamless across borders. ICAO is a much better option than the confusion and inconsistency that would come with fragmented regulation on a regional basis.

Now, before I move on to the last key to dealing with global aviation's future, I wanted to switch gears a little bit. I'm a fan of history, and I noticed that today – May 20 – is the day the Indonesian volcano Krakatoa started to erupt in 1883. If you are not familiar with Krakatoa, it stands as the most violent volcanic event in modern times. The series of eruptions that began that day culminated three months later with a catastrophic explosion that sent volcanic ash 50 miles into the atmosphere and could be heard 2,200 miles away in Australia. Most of the island was destroyed in the eruption, and tsunamis hit as far away as South Africa.

Scientific instruments detected pressure waves in the atmosphere around the Earth. The fine dust drifted around the globe several times, causing spectacular red and orange sunsets throughout the next several years. British artist William Ashcroft made thousands of sketches documenting the sunsets caused by Krakatoa, and some believe the famous 1893 painting *The Scream* by Edvard Munch (MONK) was inspired by a post-eruption sunset in the artist's native Norway.

So what does Krakatoa have to do with corporate travel? This event was notable as having an immediate global impact that was documented. It is hard to think of many other events in history that people around the globe

knew about – and were affected by – in such a fashion. With citizens of other nations actually hearing the explosion, news traveling relatively quickly and the physical effects seen a half-world away, Krakatoa was a recorded global event. The world opened up a little bit in 1893, figuratively as well as literally.

Today it is air travel that is continuing to make the world a smaller place, and perhaps nowhere has that been more dramatic than in international business. Even with the internet, conference calls and video links, there is no substitute for getting on a plane and going to make that deal face-to-face. As corporate travel executives, you are the lifeblood of this global business community, helping fuel the march of an integrated world. While Krakatoa made a specific natural phenomenon an internationally shared experience, you do the same every day with vital commercial links that span the globe.

Moving on to the final key to the success of global air travel, I want to talk about safety. Now, this is an issue that is near and dear to my heart after serving as chair of the NTSB and administrator of the FAA. If air travel was not the safest mode of transportation in the world, we probably wouldn't be having this conversation today. And, of course, aviation is especially safer and more reliable when compared to the past, most notably internationally. This safety makes business travel such an important part of the global economy.

We are living in the safest period for air travel in the history of aviation. According to the Flight Safety Foundation, if we had the same accident rate in 2006 as we did in 1996, there would have been 30 commercial jet crashes in the U.S. that year. There were just 11. This is an impressive achievement, especially when you consider the growth in air travel and the fact that it is more difficult to make safety gains as you diminish the accident rate. Of course, this is a very happy problem to have.

One of the things I am most proud of from my tenure at the FAA is the safety record.

Working with groups like the Commercial Aviation Safety Team, we began sharing data from U.S. airlines regarding both adverse incidents and routine operations, scouring it for safety information and sharing it widely. This worked to ensure problems were caught before they became incidents and were not repeated. It also worked to ensure technical issues were

addressed immediately. In my current position at AIA I am continuing to be very involved in efforts to make aviation even safer than it is today, including ongoing engagement with CAST.

Now, I'm sure many of you heard recent news reports about the FAA and inspections of commercial jetliners. I'm not going to dwell on the issue, but it's interesting that the first barrage of stories included no mention of the industry's stellar safety record. After the initial round of somewhat sensational coverage died down, a few reporters took a look at the big picture and wrote about how safe air travel has been in recent years. And the International Herald Tribune ran an article talking about how the FAA is the world's gold standard when it comes to aviation safety, a model for other nations and regions to emulate.

So we are on the right track, but that doesn't mean we rest on our laurels. We must continue to work to make air travel even safer than it already is, and that will take commitments from all corners of our industry.

As we look at the future of global air travel today, we are at a crossroads. We are in an excellent position in many respects, but challenges loom that could overwhelm aviation if we do not deal with them quickly and decisively. If we succeed in addressing global aviation's key challenges regarding system, surroundings and safety, we should have a smooth ride into the future.

Thank you, and I'd be happy to answer any questions you might have.

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