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**Society of British Aerospace Companies
London, England**

March 27, 2008

Thank you. It's great to be here today. I'd especially like to thank Allan Cook, who addressed the Aerospace Industry Association last November in Phoenix, Arizona. I greatly appreciated his participation and his message of cooperation to ensure the sustainability of the global Aerospace Industry. And I believe his topic of cooperation is so important that I'd like to continue with this theme by giving you my perspective of the challenges and opportunities ahead of us.

First, I'd like to begin my remarks with an extraordinary example of how our two nations worked together to literally change the course of history. That collaboration took place over a span of several years more than six decades ago. It began with the Nazi regime in Germany attacking Poland in September 1939 and conquering six European nations, culminating with France, in less than a year.

Now, I'm a great admirer of Winston Churchill, and he knew – and the world knew – that with the collapse of France, Hitler had his sights set on this island. And in Churchill's speech to the House of Commons on June 18, 1940, he painted a grave picture of what the future could bring.

In Churchill's extraordinary message that day, a message I would guess that is taught to every child in every school in Britain. He said,

“Hitler knows that he will have to break us in this island or lose the war. If we can stand up to him, all Europe may be free. But if we fail, then the whole world, including the United States, including all that we have known and cared for, will sink into the abyss of a new Dark Age. Let us therefore brace ourselves to our duties, and so bear ourselves that if the British Empire and its Commonwealth last for a thousand years, men will still say, ‘This was their Finest Hour.’”

Well, Britain did not fail. And the United States did not fail. And in the months and years that followed that historic address, no other war in history created so many opportunities for working together toward a common cause.

No other war in history engaged so many millions of people, both soldiers and civilians, or enlisted the talents of so many scientific and technical professionals. And while the great tendency of historians has been to scrutinize battles won or lost during

World War II, it was the unfailing and abiding collaboration of people largely from the United Kingdom and the United States that would win the war.

This alliance of effort ranged from signals intelligence and code-breaking to rapid and dramatic advances in aerospace technology to planning raids to the joint development of atomic weapons.

Today, nearly seven decades later, there remains a necessity for cooperation between our two nations. Today, our collaboration is framed in an unprecedented age of globalization that is experiencing accelerating rates of change with new threats and emerging economic powerhouses.

To be successful in the future, we must work together in ways that recognize a greater global interdependence even as we respect our individual sovereign responsibilities. Fortunately, this concept is not foreign to the aerospace community, which frankly has been one of the great catalysts of the global economy, bringing people together from around the world and pioneering technology that has enabled discovery of new worlds and new wealth.

So in this context, allow me to suggest five areas where I believe additional collaboration will serve us well: free trade, ethics, airspace modernization, space exploration and the environment.

And so let me begin my discussion of those five areas with free trade.

As I mentioned a moment ago, our industry operates in a rapidly changing and intensely competitive global economy. Many of those changes were documented in Tom Friedman's book "*The World is Flat*," which portrays an unplanned cascade of technological shifts that are continuing to change the way people process and assimilate knowledge across the globe.

Those changes included the rise of Netscape and the dotcom boom that led to a trillion dollar investment in fiber optic cable, the emergence of common software platforms and open source code enabling global collaboration, and the rise of outsourcing, offshoring, and supply chaining.

The book also portrayed the rise of previously underdeveloped countries – predominately China, India and Russia – that are using technology to fuel a renewed quality of life and are literally putting billions of people on the economic playing field that weren't there just 10 years ago.

That means no matter where we live across the globe, the ability to connect people and their knowledge and skills and to create solutions is being achieved at an unprecedented rate.

Unfortunately, against that backdrop, outdated notions of protectionism such as "Buy American" and "Fortress Europe" seem to raise their head from time to time. These vestiges of the past are intended to protect us from aggressive foreign competition and the negative effects of globalization.

However, while this may treat the symptoms of being less competitive in the long run, it will only make the disease worse if we fail to recognize why we can't compete in the first place. In today's global economy, we simply cannot reap the benefits of a protected market at home and a competitive market overseas.

A good case in point is the Boeing 787 Dreamliner with components from our two nations and also from an array of countries from Italy to Canada, from Australia to France, and from Japan to Germany among others.

Every time we wrap ourselves in our own flag, it makes it that much harder to argue for inclusion of our foreign partners in our domestic projects or competitive consideration of our bids in overseas markets. I believe the more preoccupied we are with preserving archaic policy structures governing trans-Atlantic defense and aerospace trade, the less prepared we will be for new competitors in our markets and every other market around the world.

Now let me move on to the second area, ethics.

Clearly, we serve an industry that requires extraordinary trust. In the military warfighters' lives depend on the reliability of our products and services every day. Likewise, the lives of people onboard every commercial and business aircraft around the world depend on equipment designed and manufactured by our companies. You might say that trust is the "wind beneath the wings" of the aerospace and defense industry.

Now, what happens when trust is lost? Well, we only have to go back as far as the dawn of this millennium for textbook examples of failed ethics in business. One of the most publicized examples from across the globe took place in the United States with the collapse of Enron and the collateral damage to Enron's accounting firm, Arthur Andersen. It generated repercussions from the Securities and Exchange Commission to the Justice Department to individual investors to Enron employees whose retirement savings were erased. Enron was bankrupt by the end of 2001 and former company executives were sentenced to prison in trials that generated headlines around the world.

We've also seen confidence destroyed though the acts of a few people inside our own industry. In May 2006, Boeing agreed to pay \$615 million to end three years of federal investigations for illicitly obtaining proprietary documents from a competitor and the illegal hiring of a former U.S. Air Force official.

And in August 2007 here in the United Kingdom, British Airways and Korean Airlines were fined \$300 million apiece after admitting they conspired to fix prices on international flights.

Unfortunately, there are too many examples of ethics violations that have damaged corporate reputations and resulted in lost contracts, fines, bankruptcies and ruined careers. And the lesson we can learn from these examples is this: when only one or a few individuals breach trust and confidence, the whole company regardless of size – and often a whole industry – suffers for it. And it requires momentous work and time and resources to regain that trust.

And so, as we move forward and particularly as emerging markets become more critical to our businesses and as new and foreign competitors enter our industry, it's essential that developed nations and established players in those nations set an example.

A commitment to business ethics will strengthen our credibility in public policy debates, and we'll be much more successful in urging our governments to pursue cooperation with other countries in the national and the global interest.

But ultimately, the best reason to follow the highest standards of business conduct is because it is the right thing to do for our employees, for our shareowners and for our customers.

Now, AIA has been discussing the ethics issue with ASD for well over a year now and supports ASD's efforts at developing Common Industry Standards on Ethics. While we understand the process in Europe can take time and involves getting multiple country associations and member company endorsement, we are disappointed, as I am sure some of you are, that a joint ethics seminar to exchange ideas and best practices from European and U.S. Common Industry Standards that we talked about at the Paris Air Show last year did not materialize.

Ethics will again be the subject of the CEO dialog between AIA and ASD at the upcoming Farnborough Air Show in July and we hope that ASD will be announcing both the adoption and implementation of a European Common Industry Standard during the show. However, there is still much more to do. We need to continue our collaboration as we both strive for "World Class" ethics. Let's not end up with the lowest common denominator. Because, quite simply, ethics is good business and to Allan's point in Phoenix, it is a necessary element to sustain our industry.

Now let me move to the next area that is ripe for increasing cooperation: airspace modernization.

Today, as more people are flying and more airplanes are being built, I can find no one who feels the current system is able to meet the capacity requirements of the future. All of us know that this potential restraint will negatively impact our industry and slow commerce and the world economy.

So this is an area where cooperation can be most helpful, and yet it's also an area where competitive instincts are very hard to shake. The EU's SESAR and NextGen in the U.S. are comparable efforts, and clearly these efforts must be interoperable and harmonized to the maximum degree possible. Trust me, our customers who operate aircraft will insist they are coordinated before they invest in retrofits or new equipment.

We need to recognize that with both NextGen and SESAR – and their focus on increased capacity, efficiency, safety and security – there will be ample opportunities for business as we implement these systems.

Additionally, NextGen and SESAR will directly address perhaps the most significant barrier to growth we all face – the continued concerns over aviation's environmental impact. These initiatives each offer the potential for 10 to 15 percent reductions in carbon emissions by improving operational efficiency. These environmental benefits are becoming so politically important that they may in fact become the accelerator for modernization.

So it is in the interest of both U.S. and European industry to encourage the development of a unified concept of operations, followed by coordinated and harmonized standards development and implementation schedules. Our customers will not be motivated to make the investments necessary to acquire new equipment unless operational and safety management benefits can be shown. This will require that all pieces are in place, including ground infrastructure and – most importantly – globally harmonized and interoperable operational procedures.

AIA is ready and anxious to work with you to assist our governments and our customers in bringing these critical upgrades of the airspace systems to reality as soon as possible.

Developing civil space is another arena where budgetary realities make greater emphasis on cooperation an opportunity.

Competition at the dawn of the space age created a sense of urgency that has been lost, allowing budget pressures to undermine support for civil space programs. The easy arena where we as a global industry can cooperate is in highlighting the existing benefits of past investments in civil space, ranging from advancements in communications to weather forecasting to earth observation satellites.

But the harder – and ultimately the most important – common message we should deliver is that we need to replace the competitive dynamic of the Space Race with a pooling of our national knowledge, experience and resources for the benefit of all, including industry.

The International Space Station is a prime example of what is possible. The ISS can offer lessons on how to cooperate on such a large engineering project – with logistics that are incredibly complex.

We should also share in the exploration of space using robotic probes. A success story is the NASA Cassini orbiter and ESA Huygens probe. Cassini is orbiting Saturn and its moons after dropping the Huygens probe to the surface of Saturn's moon, Titan.

As nations make plans for returning humans to the Moon, there will be the need for additional lunar probes. As with Cassini and Huygens, I believe we should consider a multinational model for the moon. A final example is in monitoring the Earth, an area of some interest to the UK. I understand in February, British experts released plans to develop earth observation technologies and double the number of British companies involved in the space business by 2012.

It makes sense for nations with common concerns about changes to the climate—and with common budgetary constraints—to divide up the needed missions and support the sharing of global data across national boundaries.

Finally, as I noted during my discussion on airspace modernization, the environment is becoming an increasingly important issue and can cause our industry great harm unless we address it.

Unfortunately, we currently face a trans-Atlantic divide based on the ultimate goal of cooperation in this area. “Going green” cannot be a zero-sum game where one participant's gain or loss is balanced by the losses or gains of the other participants or where we must choose between protecting our planet and improving our economy and our way of life. Agreeing to value both the environment and growth opens the door wider for industry to contribute practical and effective solutions.

Aviation has a remarkable record of achievement when it comes to continued environmental progress, and we are poised to continue this progress with the introduction of very attractive products that give remarkable fuel savings. However, our record and our cadence on the path forward have been lost during the debate in Europe as the “zero-sum” mentality now dominates the ongoing deliberations at ICAO

As we learned with the European “Hush-Kit” rule, a global aviation system cannot survive if one country or region uses environmental concerns to gain competitive advantage. This is now being replayed in the area of emissions trading. We cannot allow it to prevail in the international framework.

I hope that we in industry view these developments as a wake-up call to where and how we must focus our cooperative efforts on monitoring and influencing future environmental policy discussions in the U.S., Europe and worldwide working cooperatively through ICAO.

Now, in closing, let me go back to my story about British-American cooperation during World War II. I’ve already mentioned the wide variety of collaborative efforts between our two nations, but arguably the most dramatic result of that collaboration came from advances in aerospace.

As the Second World War escalated, the entire world of technology seemed to concentrate on the flying machine. In fact, no machine in the history of civilization until that time had made so many advances so quickly.

The development of better radar, communications, all-weather navigation, more nimble fighters, mass production of aircraft and even strategic missiles all came from the incredible significance and urgency of World War II.

But most importantly, when the fog of war cleared, the world did not – in the words of Winston Churchill – “sink into the abyss of a Dark Age.” Instead, it entered a new age. Some referred to it as the jet age.

And it began a mere five decades after the world’s first powered, piloted, heavier-than-air flying machine rose above Kitty Hawk, North Carolina, on a fragile wing.

Collaboration during World War II between the United Kingdom and the United States resulted in extraordinary advances in jet propulsion. By the 1950s, scheduled passenger service was available on airliners powered by turbojets and turbofans and since these aircraft were able to fly much higher, faster and farther, transcontinental and inter-continental travel became considerably faster and easier.

These advances would create one of the greatest cultural forces in the world, bringing people, languages, ideas and values together. They would spark an age of globalization, revolutionize international business and position our industry as a crucial element of the global infrastructure.

An industry that brings world leaders, businessmen and women, and families together every day. An industry that protects our freedom with military power and air superiority in times of conflict. And an industry that has captured the imaginations of young people around the world, inspired new schools of higher learning and provided knowledge that permeates numerous other technologies and services ranging from advanced materials to travel and tourism.

And so collaboration, born of necessity and survival, literally changed the world. That spirit of collaboration must continue. AIA is open to working with you on all of the issues I’ve described today.

Because I believe that as our industry moves forward, there’s one critical system that will never be replaced – certainly not in our lifetimes – and that is the requirement for

human interaction. And where there's human interaction, there's a fundamental requirement for trust.

As the world changes and as technology advances, that bond of trust will be even more important because the measures of success and failure are going to become more demanding. To understand future needs and to develop future solutions, we must listen and interact in a way that is truly collaborative. And ultimately, through collaboration and trust, I believe we can work together to create the mutual solutions we all need to be successful in this fast-changing world.

In this, we have a shared destiny.

Thank you.