



**Investing in Infrastructure: The Road to Recovery**

**Statement by**

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**Before the**

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Chairman Oberstar, Ranking Member Mica, Members of the Committee, thank you for the opportunity to let Aerospace Industries Association (AIA) share with you our vision for the path necessary to foster economic growth in the aerospace sector. Representing nearly 300 manufacturing companies with more than 642,000 high wage, highly skilled employees, AIA operates as the largest aerospace trade association in the United States across three sectors: civil aviation, space systems, and national defense. Our member companies export forty-eight percent of their total output and they routinely post the nation's largest manufacturing trade surplus, at a level approaching sixty billion dollars in 2007. The aerospace industry continues to look to the future, investing heavily in research and development, spending more than fifty billion dollars over the last fifteen years.

We need look no further than today's headlines to recognize the importance of the commercial aerospace industry to the U.S. economy. Once the contract is ratified between The Boeing Company and its 27,000 engineers and mechanics, their return to work will produce an immediate boost to GDP. Dozens of supplier companies can forego planned flex schedules and temporary layoffs as orders for parts resume.

The U.S. civil aerospace industry needs the same thing every American needs right now: the confidence to purchase and produce products, and the incentive to take sensible risk. There is no clearer way to start down the path to economic recovery in the civil aerospace industry than investing in the rapid development and implementation of the Next Generation Air Transportation System (NextGen). Many experts in the field have testified for a number of years of the need for the transformation of our national airspace system from its current 1960s-based architecture to a 21<sup>st</sup> century, satellite-based model.

Both economic and environmental benefits are inherent in this new system. At a time when congress is actively engaged in promoting economic recovery instruments and policies to protect our planet from global warming, robust investment in a single enterprise that will foster both is what we call a "no brainer."

When fully implemented, NextGen will reduce airline delays, shorten flight distances, reduce fuel consumption, increase system capacity and lessen the impact of aircraft noise. This committee is well aware of the task at hand. Automatic Dependent Surveillance – Broadcast (ADS-B) stations (about 700 of them) must be installed and tested. Airport surface tracking equipment must be modernized to control aircraft and ground vehicles more safely and efficiently on the ground. Providing a System Wide Information management system, where all users get the same information when and where they need it, will enhance decision making for safety, security, and efficiency in the National Airspace System. Towers and air traffic terminal and enroute centers must be equipped to receive and disseminate new networked information. Data communications between the aircraft and the ground is an expensive but absolutely necessary element in transferring the system from one of “control” to one of “management.” Equally important, the controllers in these facilities must be part of the solution and trained to manage versus control traffic in the NextGen environment. To use the new infrastructure, aircraft of every size and purpose will need to invest in new onboard equipment. In total, when the NextGen infrastructure is in place and all aircraft are equipped to use the new system, the U.S. government and civil aerospace industry will have invested nearly forty billion dollars into the effort.

In today’s economic environment, that kind of investment may strike some as expensive, but pales in comparison to the recently passed \$700 billion Economic Stabilization Act. As you know, NextGen is absolutely necessary if commercial aviation is to achieve sustainable growth. By even the most modest estimates, the direct and indirect economic benefits of commercial aviation accounts for about five percent of U.S. GDP. The civil aerospace industry employs more than ten million people. To sustain this vital industry and allow it to grow in an environmentally sound way, NextGen air traffic management infrastructure must be built; private aircraft owners must purchase new equipment; and airlines must replace older, fuel-guzzling aircraft with new, quieter, fuel-efficient, NextGen-ready models. To remove the risk inherent in large expenditures, the industry needs the economic confidence that NextGen has the fiscal commitment of the U.S. Government. This can be achieved in several ways:

1. Economic stimulus package funding increases for the Airport Improvement Program should include flexible eligibility for NextGen investments both on and off airside property. Funds to build taxiways and runways will create jobs in local districts and provide more room for aircraft, but without new NextGen approaches, new ground tracking systems, and ADS-B devices, growth at our airports will be restricted. Integrating security for passengers and baggage into the travel experience must be a priority so that the passenger is not as inconvenienced as they are today, while achieving the same security objectives.
2. One year extension of existing legislation granting accelerated depreciation for the purchase of new, environmentally friendly aircraft and the addition of new language to provide the same benefit for the purchase of commercial aircraft.
3. Any initiatives by congress to reduce risk and incentivize initial purchase decisions for new aircraft and aircraft equipment will help keep jobs, create new employment opportunities and improve fuel efficiency. Improved fuel efficiency translates to a smaller environmental footprint through reduced CO2 emissions.

All future growth in the civil aviation sector must be environmentally sustainable. Purchasers of environmentally friendly aircraft and NextGen avionics equipment could receive environmental tax credits – much like the tax credits given by some states to motorists who purchase hybrid automobiles. The State of Alaska has instituted a low-interest loan program for the purchase of certain NextGen-related aircraft avionics purchases. Similar initiatives at the federal level could incentivize a faster transition to NextGen.

AIA and its members do not support handouts or bailouts. The only economic stimulus civil aviation needs in today's economic crisis is growth made possible by the efficiencies of NextGen, and confidence in the industry that the commitment to implement NextGen is real and on a predictable schedule.