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**“Fighting for the Future of Aerospace”  
*Remarks as Prepared for Delivery***

Good afternoon. Thank you, Bob [Watt], for that great introduction. I’m delighted to have the opportunity to speak with you today. And I’m privileged to be here with Seattle Rotary #4. We had a lot of Rotarians in my family over the years and I know the energy and support you bring to your community.

For many of us in the aviation industry, there is no place more exciting than Seattle. This community continues to show great leadership on the issues that are so critical to the ongoing success and competitiveness of the aerospace industry. It’s an industry I’ve been a part of for decades, and am very proud to represent many of the companies that make this area so important to the future of our country.

Before I get to some of the issues I wanted to cover today, I’d like to briefly mention some local news that I found particularly inspiring.

Even in Washington, D.C., we can get excited by something like the groundbreaking for Highline School District’s new Aviation High School. This state-of-the art facility holds the promise of becoming a permanent breeding ground for the kind of talent we desperately need if the U.S. is to remain competitive.

I know that Jim Albaugh from Boeing was here several months ago and told you about the enormous challenge he faces with regard to retiring engineers. More

than 56 percent of Boeing's engineers are 50 years old or older, and most become eligible for retirement in 5 years.

Who will replace these retirees? If everything goes to plan, kids who graduate from the Aviation School right here in Seattle are going to be part of the solution to Jim's challenge.

Another piece of news involves Senator Patty Murray. During National Aerospace Week on Capitol Hill last week she accepted the Wings of Liberty Award. This is an award AIA gives to members of Congress who have made significant contributions over the years to the aerospace industry. Senator Murray has shown a steadfast commitment to jobs, the environment, innovation and the future of the aerospace industry.

These are some of the very same issues I'd like to discuss today. For our industry to thrive, to create jobs, to compete on a global scale, and to protect the environment, it's going to take commitment.

The aerospace and defense industry employs more than one million workers. We support 2.9 million middle-class American jobs across all 50 states. Sales of \$331 billion bolster workers and communities across the country. Aerospace sales alone account for \$77.5 billion in exports, providing the economy with a \$51 billion foreign trade surplus – the largest of any manufacturing sector.

Given the facts, you'd think that our government would do a better job of safeguarding aviation, especially during a recession. But as Bill Ayer of Alaska Airlines said back in May, our airlines are exorbitantly taxed and tend to be an "easy mark" for Congress. And he rightly pointed out that getting our leaders in Washington to act -- or at least do no harm -- is one of the big challenges facing our industry and my organization today.

On Monday, the President proposed a new surcharge of \$100 per flight to help pay for his jobs plan. Putting another tax on the back of a beleaguered industry that underpins our economy isn't the answer to our nation's debt.

Unfortunately, that message hasn't been heard. More than once, the President has attacked business aviation as being a toy for corporate execs when the opposite is exactly the truth. This important sector of our industry supports thousands of American jobs and helps small businesses across the country operate more efficiently.

To advance well-informed decisions in the budget debates – including ones which clearly will stretch well into our future – the Aerospace Industries Association has launched a campaign to explain the critical role of aerospace and defense in the welfare and the future of our nation. Reflecting that role, our campaign is called Second to None.

Second to None is an industry-wide effort to stand as one, speak with one voice, and bring our combined resources to bear on behalf of some of the greatest job creators in the country. We're holding events, doing interviews, placing op-eds, staging rallies, and going in large numbers up to Capitol Hill to tell our story.

We recently launched the campaign's website – [SecondtoNone.org](http://SecondtoNone.org) – that showcases how our members, employees, local leaders, analysts and researchers are lending their voices to the cause. This call to arms is not an exclusive plea – each and everyone in this room is welcome to join in our effort.

And our message is this: We all must shoulder the responsibility to reduce the debt, but let's make sure that we don't make ill-considered cuts that will have unintended consequences. We have a great story to tell, and it's time that the right people heard it.

Second to None is a major initiative with many different components, but I'd like to touch on just three today that are critical to the future of our industry. They are:

- Full funding of the Next Generation Air Transportation System.
- A multi-year FAA reauthorization bill.
- (and) Smart environmental initiatives that keep us competitive.

First, full funding of NextGen. Our current air traffic control system has been compared to a series of traffic lights at busy intersections. And, of course, in many parts of the country, it's always rush hour. You would think that for something as complex and important as air traffic management, you'd want something at least as accurate as the GPS in your car. But it's not the case in our current air traffic control system, where the radars aren't anywhere near as accurate as the GPS in your car.

And the traffic isn't going to let up any time soon. According to the International Air Transport Association, there will be 3.3 billion air travelers by 2014. That's 800 million more than who flew on the world's major airlines in 2009.

NextGen is the solution. NextGen lays a foundation that will continually improve and accommodate future needs of air travel while strengthening the economy with one seamless, global sky.

For fewer funds than we have committed to high-speed rail, we could fully equip the entire U.S. civil fleet of aircraft in less than three years, generating 156,000 direct and indirect jobs. Experts say with an equipped fleet and a federal commitment to accelerate supporting ground infrastructure, NextGen could be in place in five to eight years instead of the planned ten to fifteen.

That means NextGen's efficiency improvements could begin eating away at the \$40 billion in lost economic activity caused by today's antiquated air traffic control system.

It sounds great, so why isn't it getting done? The reason leads us to the second issue I wanted to talk about today: Multi-year FAA reauthorization.

Four years ago this week the last multi-year FAA authorization expired, and last week, Congress passed the 22nd extension, which will extend FAA's operating and taxing authority four and a half months. This does little more than inject uncertainty into the marketplace and put a lot of great plans on hold. These extensions come with real consequences. Political wrangling over the 21st extension – a dispute that had absolutely nothing to do with FAA's responsibility to provide safe air transport – caused a nearly two week shutdown this summer. Thousands of workers were furloughed and the FAA lost \$400 million in revenues. That's no way to run an agency that is responsible for transporting millions of people safely each day.

This unprecedented delay in modernizing the statutes that govern oversight and operation of the most complex aviation authority in the world has had numerous side effects. New starts are prohibited. Programs are not anchored to long-term financial authority. And new concepts and technologies are held back while other nations march forward.

President Obama has spent a lot of time over the past few weeks challenging Congress to pass his new \$447 billion jobs bill. It has already become a polarizing piece of legislation.

Instead, with a commitment to FAA authorization that includes innovative financing that would accelerate and make the business case for NextGen equipage, procedures and infrastructure, we could put more than 150,000 people back to

work right now, while improving our country's critical transportation infrastructure – one of the President's other goals.

The third issue I wanted to touch on is competitiveness and the environment. The reason I bundle them together is that for too long, these two issues have been viewed as mutually exclusive.

But that has never been the case in the aviation industry, which has a storied tradition of innovation in pursuit of efficiency and clean skies.

You can go back as far as 1958, when Boeing launched the 707. While we're not asking anyone here to admit that they remember the debut of Pan Am's transatlantic service, it's worth recalling that the 707 was known, in the words of aviation historian Jay Spenser, as an aircraft that "assaulted eardrums, rattled windows, and smeared the sky with dark sooty trails."

The engineers here can tell you that the reason was the 707's turbojet engines. The engines accelerated a small amount of air to a very high velocity, making them inefficient at low speeds. It wasn't until 1960 that a better idea came along. It was the turbofan, which moves a larger volume of air more slowly through the engine for better acceleration and fuel efficiency.

Fast forward to today and the average jetliner uses 70 percent less fuel per passenger. And we didn't stop there. The tradition continues with the 787 Dreamliner, which is so efficient that it uses 20 percent less fuel than other aircraft of the same size. And a new Deloitte study looking at the system overall, estimates that NextGen will save 3 billion gallons of fuel and eliminate 29 million metric tons of carbon emissions every year.

Up and coming renewable aviation fuels will boost our environmental efficiency in a big way as well. Just recently the Department of Energy made up to \$4 million in grants to Boeing, the Pacific Northwest National Laboratory and the Port of Seattle to accelerate the solutions to drive down the cost of biofuels production.

But it isn't just aircraft efficiency that is needed to make our industry green. It's also about how those aircraft are flown and how they get where they're going. And that brings us back to NextGen.

Here's what won't work: the European emissions trading scheme called ETS that would cost the industry an estimated \$3.5 billion by 2020. Under this

plan by the European Union, every single flight to or through Europe would have to pay a fee for each ton of carbon emitted during a flight. To add insult to injury, the funds collected from ETS don't even go into a trust for the environment; they go into the general funds of the countries that collect the fees.

By itself, emissions trading isn't a bad idea. But imposing it unilaterally on a global industry that is already as fuel efficient as technologically possible is a terrible idea. Thankfully, the international community is rising in unison to oppose it. I think we can all agree that now is not the time to impose such a radical approach that would ultimately cost billions of dollars and sacrifice thousands of jobs as well.

The best way to encourage environment protection is to reward innovation. The government didn't regulate away the 707's noisy, dirty, inefficient engines. Boeing engineers figured it out all by themselves, and built a better airplane.

While companies like those here in Seattle are building better airplanes, our national leaders and policymakers need to start thinking ahead. And we need to help them understand how technological advancements are going to change the way we fly, how we manage air traffic and how our competitive standing in the global marketplace must be defended.

Our job at AIA is to ensure that our leaders in Washington are doing just that: leading. It's a tall order at a time of seemingly indiscriminate calls for program cuts, tax increases and more regulation.

In the early days of flight, our industry struggled with what was then seen as an insurmountable threat. That threat was not from terrorists, high fuel prices or burdensome regulations – the threat was fog. It was a disorienting and deadly foe in an era before accurate instrumentation.

So imagine what it was like on Mitchell Field in New York on September 24, 1929, lifting off in a blanket of fog for the world's first blind flight.

Jimmy Doolittle steps aboard a Navy Consolidated NY-2, outfitted with an assortment of never-before-seen gadgets including a new altimeter invented just a year earlier by a Manhattan watchmaker, and a runway homing indicator that relied on two vibrating reeds to find the centerline.

Doolittle completes a 10-minute flight utilizing the new instruments, ground radio operators and radio beacons. He lands safely, but the fog was already starting to lift.

So what does he do? He does it again, but this time with a solid hood over the cockpit -- and some official observers on hand -- to demonstrate that the first flight wasn't some kind of a fluke. Four years later, when Boeing incorporated these innovations into the 10-passenger Model 247 for United Airlines, the company was so proud that it had an employee pose for a promotional picture with the instrument panel on her lap.

It's inspiring to think of Doolittle's courage and Boeing's pride, and all the innovators that helped create the industry that we represent today, many of whom are in this room, contributing in ways large and small to a community that is still the beating heart of aviation in America.

My commitment to you is that we will continue to do our best to convey that pride to our leaders who need to know what we already take for granted about an industry that is helping build a better future for all of us and keep us Second to None.

Thank you again for inviting me to be with you today. I hope you all will visit the Second to None website at [www.SecondtoNone.org](http://www.SecondtoNone.org). I look forward to working with you all to ensure that American aerospace remains second to none!

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