

129

ARTHUR J. ROTHKOPF
DEPUTY SECRETARY OF TRANSPORTATION
NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS
SEPTEMBER 9, 1992
WASHINGTON, D.C.

Thank you Rick Stadelman (Executive Director, Wisconsin Towns Association) and "Butch" Wolter (Board President) for the invitation to speak to you this afternoon.

Card Directing Disaster Relief in Florida

Secretary Andy Card couldn't be with you today because he's heading up the President's Federal relief effort down in Florida and in Louisiana. This is no small task, as he is coordinating the biggest recovery effort ever mounted by this country for a natural disaster. The logistics involved in coordinating the activities of the various services of the armed forces, other federal agencies, the Red Cross, state and local agencies, and dozens of voluntary organizations has kept him very, very busy. But real progress is being made in delivering food, water, medicines and temporary shelter to the over 200,000 residents of South Florida and Louisiana directly affected by the storm.

We are now in phase two of the relief effort: planning for the reconstruction of the devastated areas -- a task that will take months if not years.

As you know, the President was recently down in Louisiana and Florida and he is doing all that is possible to get these badly damaged communities back on their feet. In particular, he announced that the federal government will pay 100 percent of all eligible disaster costs -- rather than the customary 75 percent federal share. Equally important, he promised to rebuild South Florida's Homestead Air Force Base: which is a major source of revenue for a number of communities located around the base.

Secretary Card is the ideal person to head the recovery efforts because he comes from a small town -- Holbrook Massachusetts -- and worked in the state legislature. Also, while working for President Bush in the White House, he was active in assisting mayors and governors in other natural disaster recovery efforts. In short, he has the necessary hands on experience in working with state and local governments and knows how to get things done.

ISTEA: How It Serves Your Communities

As the President has made good on his promise to quickly help those towns and townships badly damaged by the storm, he has also come through for you in his promise to deliver a surface transportation bill that meets your special needs.

When the President spoke to you last year he said that he believed in letting communities shape their own future. Well, the Intermodal Surface Transportation Efficiency Act, called ISTEA, does just that and more. It not only stresses "*intermodalism*" and "*efficiency*" -- two words not often found in the government's lexicon -- but it also offers flexibility in transportation spending. And it empowers your communities by requiring the states to coordinate with you the planning and implementation of transportation solutions.

ISTEA is a \$155 billion piece of legislation that will pump new investment into your local and state economies over the next six years. And the Secretary and I have been busy working with the governors in making sure that these ISTEA funds are obligated. As of September 1, 83 percent of available federal highway funds for this year have been obligated -- that's nearly \$14 billion.

But these funds don't have to be spent just on highways. Your states now, because of ISTEA, have the flexibility to shift these highway funds to either transit or safety programs.

Moreover, with ISTEA, a number of programs which target smaller communities will be expanded. For example, rural transit program funds are being increased. Although Congress has not completed action on the 1993 budget, it appears that the funding level for this program will be \$90 million or more -- a big increase from the \$65.4 million authorized before the enactment of ISTEA. And to help the elderly and disabled in your communities, special transit funds to assist them will also increase accordingly.

Overall, ISTEA provides access to billions of dollars annually for highways in rural areas: theoretically up to \$10 billion depending on state decisions. But while these funds are available, it's up to you to work with your state officials to get assistance you need. As ISTEA strengthens state and local planning and programming responsibilities, now is the time to press forward and work with your state officials.

Local Transportation Planning Efforts

One of the bottlenecks in building rural transportation infrastructure has been, in fact, a relative lack of state focus on local needs.

To combat this problem, some states are conducting statewide transportation surveys in order to help them determine which local road and bridge systems should be given priority in funding. In Pennsylvania for example, they have a successful program in which the state DOT -- working with federal and local officials -- identifies high priority road networks for agricultural, commercial and industrial traffic use. We believe this is the best way to go: with states taking the initiative to work with local officials on doing statewide transportation studies.

There are other avenues available to help your state focus on local transportation planning.

Two years ago, when the President launched his *Rural Development Initiative*, one of its goals was to develop in each state a *Rural Development Council* -- one made up of representatives from a broad spectrum of federal, state and local agencies who would then coordinate development activities in towns and townships like yours.

To date, eight states have fully operational rural development councils. But quite simply we need active, operating councils in all fifty states -- so I call on you to get involved with the state government in making this happen. So far, the Department of Transportation has spent over half a million dollars in getting these councils off the ground and it's money well spent.

Congressional Demonstration Project

There's no limit on the need, or to the creative suggestions for linking transportation to jobs. We all know that lack of transportation alternatives can limit access by lower income and unemployed persons to employment and job training opportunities, especially for residents of inner-city and rural areas. The House Committee considering the DOT portion of the President's 1993 budget earmarked \$1.5 million (of the funds we requested) for a national JOBLINKS employment transportation initiative. The Committee proposes demonstration projects in four to six states. The projects administered by the Federal Transit Administration would be designed to promote innovative approaches to improving employment-related transportation services and overcoming critical mobility barriers to employment for residents of urban and rural areas.

Because the Appropriations Bill is lingering in the Congress a few days before the end of the fiscal year, I have no idea whether or not we will get to try this concept. It's just one example of the focus on transportation as a link to jobs. And the good news is rural communities are coming in for as much attention as their urban counterparts.

DOT's Local Technical Assistance Program

Also well spent have been those funds directed to the DOT's *Local --formerly the Rural -- Technical Assistance Program* to help in the improvement and maintenance of your roads and bridges. We've heard repeatedly about how our rural highways, especially bridges, can't cope with today's heavy trucks and tractors.

The Local Technical Assistance Program is helping to meet this challenge by giving you access to new state-of-the-art technologies to maintain and improve your transportation network and infrastructure. Through our nationwide *Local Technology Transfer Centers*, over 37,000 small rural communities and towns have sought assistance in everything from road maintenance and operation, to bridge construction and safety.

And our efforts are paying off. For example, one public works director in Kansas told of how training offered in the bridge inspection and rehabilitation workshops offered by the Center could save his county the replacement of at least one bridge per year by early detection and being able to repair rather than replace them. In a South Carolina community, local officials not only learned about street maintenance budgeting but also about a new street sealant. As a result, they now feel that they can renew the city pavements on a minimum six year cycle and save the city valuable maintenance funds. And there are plenty of other examples of how these Centers can help you -- just contact you local Federal Highway Administration official for details.

Intermodal and Safety Planning

While we're doing all we can to help you, there are two things we need from you.

First, start thinking intermodally -- link all the various modes in your area together into one seamless transportation network. In small and rural towns and townships lie some of this country's greatest wealth: crops and trees for harvesting, coal and mineral deposits for mining, finished products from plants and factories for delivery.

By linking up these national assets with roads, waterways and ports, rail stations and airports, we will be better able to get our nation's products quickly and efficiently to world markets and, in the process, expand the economic opportunities in your towns and townships.

In that regard, I suggest that you use the new Office of Intermodalism. Secretary Card created this office, headed by Associate Deputy Secretary Robert Martinez, to help with the important task of linking up America. Our transportation system is only as strong as its weakest link; and unfortunately that weakest link today is all too often at those intermodal points where we need to move passengers or freight efficiently from train to plane, or from ship to truck. If we succeed in strengthening these key linkage points between modes -- which are often in rural areas -- we will succeed in maintaining our competitive edge.

The U.S. remains the world's largest exporter. U.S. exports last year skyrocketed to a record \$422 billion. And these exports represent a lot of American jobs -- we've calculated that each billion dollars worth of exports supported over 19,000 jobs.

To bolster our local and national economy, we therefore need as never before to link up our rural and small town transportation infrastructure so we can quickly get those exports to the global marketplace.

There is a second thing you can do for us. Work with us to reduce transportation related accidents by supporting effective state wide wide safety programs and activities. We need both state and local support for a host of important safety initiatives: including safety belt use, reduced drunk driving, elimination of high frequency crash sites, and enhanced obedience to traffic laws. We know how motor vehicle crashes pose a tremendous financial burden on you -- but together we can make a difference.

In fact, DOT has begun to focus attention on rural emergency medical services and funds have been awarded by the National Highway Traffic Safety Administration to study the needs of rural emergency medical service providers. They have also awarded grants to sheriffs and county law enforcement agencies to conduct traffic enforcement training. But we need each and everyone of you to become involved if we are to continue to bring traffic deaths and costs down.

1.10

ARTHUR J. ROTHKOPF
DEPUTY SECRETARY OF TRANSPORTATION
AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION
4TH PUBLIC/PRIVATE TRANSPORTATION VENTURES CONFERENCE
SEPTEMBER 10, 1992
WASHINGTON, D.C.

Thank you Jack Rutter (ARTBA Chairman), and Peter Ruane (ARTBA CEO and President) for inviting me to be your keynote luncheon speaker. Although I may be new to many of you, ARTBA is not new to me. Val Riva came to a meeting which I chaired at DOT recently. We discussed the technical corrections to the Intermodal Surface Transportation Efficiency Act -- ISTEA, as we call it. Thank you, Val, for contributing to my enlightenment on the issue of public/private partnerships.

Hurricane Relief Update

Secretary Andy Card regrets that he couldn't be here today. As you all know, he is President Bush's representative in charge of hurricane relief efforts in South Florida and Louisiana. President Bush was on the scene in both states shortly after Hurricane Andrew moved through, and he charged Secretary Card with the responsibility of doing all that is possible to get the badly damaged area back on its feet. The Secretary has devoted almost full time to this assignment.

The Secretary asked me to tell you that he has not been without the company of ARTBA members. In both Florida and Louisiana, transportation builders were there on the scene from the start, sharing the agony and working long hours, giving help wherever they were needed.

All members of the Florida Transportation Builders Association have pitched in. A few were called in by the state to specific jobs. But many of your members simply took their bulldozers and trucks out and worked on a volunteer basis wherever they saw a need. Let's recognize Jack Nut Brown, chairman of the Florida Transportation Builders Association, and Bob Burleson for the outstanding job your organization is doing in the recovery. Both men are in the audience. Please take our heartfelt thanks back to your membership. The Louisiana Branch of ARTBA, although not represented here today, also deserves our appreciation for its tremendous work in cleaning up damage from the hurricane and beginning the rebuilding process in Louisiana.

Good Roadbuilding Paid Off

Horrible as the devastation and human anguish was, the situation in South Florida and Louisiana pointed up one of our most important accomplishments in this century. The fact that the transportation infrastructure was not more seriously damaged is a tribute to members of this organization and the high quality of your work. Believe me, if those roads and bridges hadn't been built to such high standards of excellence, we would have had an even worse disaster on our hands today.

Tools for Future Transportation Construction

As we reach the end of the "Interstate Era" and congratulate ourselves on the positive result of our excellence in design, construction and materials, let's not forget the challenges we face today. It's "budget time" in Washington. And we must be increasingly concerned about one key tool without which no construction project can move forward -- financing.

We are in an era of tremendous competition for resources. The demand for investment in transportation infrastructure can no longer be met from conventional public sources -- not today, not tomorrow, not anytime in the future.

We must have new approaches to transportation financing- - ways that are market-responsive and provide innovative means to improve service.

In highways, for example, government has been doing business the same way for half a century. We have established a public monopoly with the highest degree of accountability. But at the same time, we have eliminated opportunities to capitalize on the private sector genius for innovation and market-responsiveness -- increasingly a priority if we are to compete in the world today. And it's going to take courage and more than a little effort to break old habits and develop a reallocation of risk and reward between the public and private sectors.

Like you in ARTBA, we in the Bush Administration strongly favor public/private ventures in transportation. President Bush etched our commitment in stone when he issued an Executive Order on Infrastructure Privatization on April 30. The President's order covers all infrastructure and within transportation all modes. It is a very key component of the President's regulatory initiative. It includes the Federal Transit Administration and the Federal Highway Administration work under ISTEA.

In that order, President Bush made bold new national policy, not only to encourage private financial investment in infrastructure but to move away from the world of federal direction and micro-management of local transportation from Washington.

'93 Appropriations Example of Micro-Management

A good illustration of micro-management at the federal level is Congressional handling of the DOT's 1993 budget.

The President's 1993 budget targets the needed federal-aid highway spending level without breaking the 1990 budget agreement. Our budget proposed total obligations of \$19.2 billion -- a 13 percent increase over the current \$17 billion. Final House action broke the 1990 budget agreement and increased the exempt programs thereby intruding on the states' ability to address their most pressing needs.

Senate action on the other hand, does not break the budget agreement. But it reduces money available for highway spending by nearly \$1 billion below the President's budget.

Earmarked projects have even become a part of the ISTEA technical corrections bill. The Secretary and I are not insensitive to the need for technical corrections -- indeed many have merit. Unfortunately, however, the bill has become laden with earmarked infrastructure projects and unnecessary micro-management details.

ISTEA Is Financial Vehicle

This is a new day and there has to be a new way of doing business that reduces -- not increases -- direction from inside the Beltway. The new way must promote the efficiency required to achieve productivity and make our industries competitive in world markets. Public/private ventures are an important part of the solution.

In addition to the Executive Order, ISTEA is the principal vehicle that opens up a broad range of opportunities for private investment and ownership of transportation infrastructure.

As you all know because you worked very hard for it, ISTEA removes barriers to incorporating toll financing and, in fact, introduces incentives for private investment to supplement conventional tax-financed improvements.

The Act expands the eligibility of federal aid to include construction of new toll roads and reconstruction of current toll facilities. Importantly, it permits tolling of most free non-Interstate federal-aid facilities to support much-needed reconstruction. Federal aid can also be leveraged with toll-based finance, and private investment can be introduced.

These opportunities to commingle federal loans and grants with various forms of toll-backed debt financing and private equity provide a range of new financial mechanisms to support improvement projects -- public or private, state or local, toll or non-toll. These mechanisms will give states a means to make needed improvements now.

ISTEA also provides a strong thrust in research, development, and use of Intelligent Vehicle Highway Systems. It promotes not only a market-driven system but a highly collaborative approach. In IVHS, the first collaboration began with the formation of IVHS America where all parties to IVHS systems work together and share information. The TravTek program in Orlando, Florida, required collaboration of state, federal and local governments, a rent-a-car company, an automobile manufacturer, the tourism industry and many others.

ISTEA Implementation Requires Such Collaboration

Andy Card and I are impatient to get public/private transportation partnership deals done. We want to move forward as quickly as humanly possible. But, a number of barriers have become obvious. A major educational job is required to bring together two cultures -- the transportation construction culture and the financial culture.

The financial world isn't accustomed to investing in transportation infrastructure and the construction world isn't accustomed to partnership with financial interests.

Indeed, it's a long way from the drawing board to the final ribbon cutting. Most states have homework to do before they can capitalize on toll financing, community and public/private partnerships.

To support this activity, we've issued initial guidance for using the toll and public/private investment sections of ISTEA. We have also published a booklet explaining these new sections. We've presented it in numerous conferences and received favorable comments.

In addition, at my direction, Steve Lockwood, Associate Administrator for Policy for the Federal Highway Administration, is heading a task force to identify obstacles in law or practice to completing transactions. Steve's group will identify barriers and aggressively develop solutions so we can move forward.

For example, a major impediment to toll financing is state laws. Before anything happens many state legislatures must change their laws to allow investment in tollroads and public/private ventures. Steve's group is working on a model state law and other technical materials to give the states all the assistance we can. Six states have enacted enabling legislation and an equal number of others have legislation under consideration.

The task force will look for hidden obstacles to using this powerful financial tool, and seek out ways to break down the walls. In a word, we want to get this important financial tool into action and do it now.

Call To Action to ARTBA

We need your help. We need your advice on any further technical changes, on whatever it takes to make these deals happen.

In 1970, then Secretary of Transportation John Volpe stood before this very group. You were known as the American Road Builders Association back then. And Secretary Volpe thanked you for your help in securing passage of two bills that changed the face of the American transportation landscape forever. One of those bills created the Urban Mass Transportation Administration, now known as the Federal Transit Administration, and brought relief to congested areas and ease to commuters throughout urban America. The other bill that year created the Airport Improvement Program that gave our nation the finest network of airports in the world. Today, I thank you for your role in the ISTEA. Yours is truly a remarkable can-do organization.

But, I implore you: you can't stop here. The most difficult and certainly the most rewarding part is yet to come.

When history looks at ISTEA in the same way we look today at President Eisenhower's miracle, the Interstate Highway System, the Act will be remembered for bringing down the walls between public and private sectors as it did between highways and transit. I am convinced the public/private partnerships will be one of the most memorable transportation trends of the 1990s and one that will help us meet the challenges and demands of the 21st century.

The 21st century will be as fraught with challenges and change as the present. To be ready for a future that relies upon transportation as the engine that drives our economy, we must turn again to ARTBA to help lead the way.

#

1.11

DEPUTY SECRETARY OF TRANSPORTATION ARTHUR J. ROTHKOPF
EMERGENCY PREPAREDNESS GRANT PROGRAM
WASHINGTON, D.C.
SEPTEMBER 17, 1992

Event: 3-4 minute remarks.

Thank you Doug and distinguished guests -- especially Congressman Curt Weldon who has taken the lead in this important issue. Congressman Weldon is a former firefighter and fire chief and he is the founder of the Congressional Fire Services Caucus which has over 400 members of Congress and of the Congressional Fire Services Institute which supports the caucus..

Today we are announcing a new grant program authorized by the Hazardous Materials Transportation Uniform Safety Act of 1990. It is a program that will provide almost \$77 million to state and local governments to train nearly 1.7 million emergency response personnel nationwide in the handling of hazardous materials accidents. These funds are going to the emergency response personnel who are on the front lines to handle hazardous materials incidents when they occur.

Secretary Andy Card wanted to be here today, but is in Dade County Florida dealing with the aftermath of hurricane Andrew. The recent storms in Florida and Hawaii demonstrate that as a nation we must always be prepared for natural or man made disasters. And the best way to be ready for them is to provide the states with the means and flexibility for developing their own emergency training and planning.. These grants - which will be distributed over a six year period -- will enhance our state and local communities' ability to respond to emergency situations. 75 percent of the funds will go directly to local program activities. Now, local firefighters police and emergency personnel will have the vital training they need to meet the challenge of quick response to hazardous material accidents. Already forty six states have designated an agency to be the focal point for distribution of funding.

Not only is this program a prime example of state participation, but it is also an excellent example of government and industry cooperation. Our meeting today, to offer this grant program, demonstrates the commitment of all who have worked hard to put this program together: DOT, FEMA, EPA, OSHA, HHS, DOE and the various members of the business community.

This program, in fact, will be funded by user fees collected from shippers and carriers of certain types of hazardous materials. American industry wants to be a responsible partner -- along with federal and state agencies -- in addressing the problem of possible accidents. Industry's active involvement is to be commended and encouraged, and that is a very real part of why we are here today.

Overall, this program supports the Administration's progressive approach to the challenges of the future: offering state and local communities flexibility in planning ... involving the private sector in finding solutions ... and coordinating the activities of various federal agencies in order to come forward with a united plan of action.

As always the DOT -- and this Administration -- stand ready to help state and local communities respond quickly to accidents and disasters. And today's grant announcement assists us in doing just that. We are pleased to lead this winning team: a team preparing for any future hazardous materials accident.

Thank you ...

###

DEPUTY SECRETARY OF TRANSPORTATION ARTHUR ROTHKOPF
WMATA CONTRACT SIGNING
WASHINGTON, D.C.
SEPTEMBER 17, 1992

Event: Grant ceremony. 3-4 minute remarks.

Thank you Brian I'm pleased to join you all today in signing the contract that will begin the final phase of construction of the metrorail system: which carried its very first passenger during the year of the American Bicentennial: 1976.

We would be remiss, however, if we did not pause just for a moment and remember a good friend who gave so much of her life to building the metro system -- Carmen Turner: the past General Manager of the Metro system. She provided a strong and personal link between DOT and Metro, and because of her, the bond between our agencies will always be solid -- she will truly be missed.

As many of you know, for the past several weeks Secretary of Transportation Andy Card has been spending most of his time in Florida helping South Dade County get back on its feet. But what we're doing here today, in fact, has much in common with what's going on in Dade Country.

Whether we are connecting tent cities with a newly-designed transit bus system in Florida or completing a 103 mile rail rapid transit network in the Washington, D.C. area, we're all providing transportation resources so people can go about their daily business and help the local economy gain strength.

The completion of the Metrorail system not only will help the residents of the District and surrounding communities get to work and play -- everyday metrorail carries 506,000 riders and metrobus 454,000 -- but it will also create jobs.

The overall effort to complete the metrorail system -- to build some 13 and a half miles of new rail transit -- will provide work for 3,000 people for the next 3 to 5 years. Moreover, it will give the metropolitan area an excellent transportation network: a network which will help boost the local economy's growth for decades to come.

We are not only celebrating the start of construction on the Franconia-Springfield leg of the metrorail system, but we are also celebrating the creation of a seamless transportation system, an intermodal transportation system.

Just a little to the west of where we are today, the new metro facility will serve as a focal point for several modes of transportation. This station will connect to the new Virginia Railway Express service between Washington and Fredericksburg. And the new metrorail station will have a "park and ride" lot for people coming from all over Fairfax on the new parkway. Moreover, the developers of nearby Springfield Mall plan to run their own shuttle buses in and out of the facility as well.

Overall, this day has been a long time coming -- but the end is finally in sight. We're about to be able to say that Metropolitan Washington not only has a magnificent rapid transit system, but one which is completely finished.

Thanks to the hard work of a lot of people with vision -- many of whom are here with us today -- we're ready to roll up our sleeves and finish the final pieces of the system. Let the work begin.

###

1.12
ARTHUR J. ROTHKOPF
DEPUTY SECRETARY OF TRANSPORTATION
NATIONAL BUSINESS AIRCRAFT ASSOCIATION
SEPTEMBER 22, 1992
DALLAS, TEXAS

Thank you Jack Olcott (NBAA President) for inviting me to speak to you today. Secretary Andy Card wanted to be here, but he's still devoting much of his time and energy to his special assignment as President Bush's representative in the hurricane relief effort in South Florida. It has been an enormous task and Americans have responded magnificently. The tremendous outpouring of people wanting to help the victims in any way possible is a real tribute to the American spirit of generosity and caring, and that it was a source of strength to all involved in the relief effort.

Global Vision 1992 -- Business Aviation's Contribution

Congratulations to the National Business Aircraft Association on setting this convention on a global perspective. Your own vision of a global marketplace -- with business aviation carrying the "payload" -- is right on target.

We already live and work in a world marketplace, and international trade is one of the ways we are working ourselves out of this worldwide recession. The growing importance of exports to the U.S. economy is emphasized by the fact that one out of seven jobs in this country is export-related.

Today more than 61,000 general aviation aircraft are regularly used for business purposes and an increasing number of those trips is to expand markets overseas.

As the economy rebounds, you will be carrying more of corporate America to that global marketplace because your service is unsurpassed for convenience, security, and productivity.

U.S. Government's Contribution To Global Vision

Our government has several roles to play in a global vision -- as ensurer of transportation safety, which is -- and always will be -- our number one priority; as champion of a free market world-wide not unduly burdened with unnecessary government regulations; as advocate in international negotiations; and as harmonizer of international standards. The U.S. is also an innovator -- developer of the Global Positioning System -- the guiding star of the future -- which we share with the world.

Airport Access

Let me say at the outset that Secretary Card and I understand the importance of business aviation to our economy. We know that your unique service provides productivity increases to industries by carrying corporate officials where they need to go on time. We understand that airport access is the lifeline of your business.

You can be sure of this: in all our negotiations and policy discussions at home and abroad, the right of business aviation to fair and equal access to airports is well understood. We take very seriously the words of the Aviation Safety and Capacity Expansion Act of 1990, reaffirming that there be fair and equal access to the nation's airports for all categories and classes of aircraft. We strongly support and believe fair and equal access should be the policy in all countries.

Theme -- Let Free Market Work

The theme of the Bush Administration and the driving force behind its aviation policy at home and abroad are deregulation and liberalization. Let the free market work. Keep government interference to a bare minimum, except to ensure safety.

Deregulation has demonstrated beyond any question the wisdom of allowing the industry to respond directly to market opportunity. But we must do more than avoid overregulation at home. It is also absolutely essential that we foster a more competitive business environment here and on a global basis. International aviation markets represent some of the airline industry's most important opportunities for future growth, but they are the markets most constrained by foreign government obstacles to real competition.

Open Skies

The U.S. and the Netherlands initialed an "open skies" agreement a couple of weeks ago -- an agreement that has enormous implications for the future of international aviation.

Some may think this agreement is not a business aviation issue. But, in a broader sense, any free market move is as important to one segment of the industry as it is to another. If it means market liberalization it helps all.

The U.S.-Netherlands agreement makes tangible the outline of a new world order for aviation, one that welcomes global competition and interconnectedness.

Secretary Card and I are very proud of the ways the Bush Administration has expanded on the aviation liberalization theme, first creating the Cities Program, extending international air service to cities not served by U.S. airlines.

Then we announced that we would grant "open skies" to the airlines of any European country that agreed to deregulate completely the air services between our territories.

Our agreement with the Netherlands is the first such accord. It is a good deal for both countries. And we will aggressively seek others.

The new U.S.-Dutch agreement should make clear that the future will not rest with those who would cling to governmental constraints on air service. The simple truth is that the demand for air travel and competition will overwhelm efforts by foreign governments to "manage" the market.

By entering into the new agreement with the Netherlands, we facilitated the expansion of air service between the U.S. and Europe.

We created the real potential for better international connections for many U.S. communities that do not currently have them. And hopefully we have helped accelerate the EC's thinking about the need for a new approach to aviation relations with the U.S.

Streamlining Federal Regulations

Negotiations like these are only one part of the story. Although safety is our number one priority, President Bush feels very strongly that we should not burden aviation with excessive regulatory costs. In his State of the Union message, he placed a moratorium on new regulations and ordered a top to bottom review of all regulations -- to eliminate the unnecessary and the obsolete.

Looking at regulations already on the books, we have already undertaken a series of reforms in areas of aircraft operation, aircraft certification, noise certification, and airport security. And the process continues ...

For example, last week the Department proposed a new rule that would greatly reduce the number of employees subject to the requirement of a criminal background check to obtain access to secure airport areas.

Our modification reduces the number of employee criminal record checks from 180,000 to under 500. The bottom line is this: the industry estimated the cost of the original proposal at \$1 billion, while the new proposal would cost only \$3.1 million.

This change reflects the careful attention we paid to all the comments we received on the initial proposal. Through that process, we have devised a more cost effective and yet practical method of improving airport security.

In addition, last week Secretary Card ordered the preparation of a rulemaking launching a formal DOT evaluation of the proper rate for the random drug testing rule. Is 50 percent testing the right rate? We are committed to drug testing, but we want to see if the percentage of random sampling is as it should be.

The FAA just announced another very big savings to industry and improvement to safety. The regulatory burden on the makers of light helicopters was eased by a rule giving them alternative procedures they can use to determine whether their helicopters meet noise requirements.

Product Liability

No regulatory burden, however, can compare to the damage inflicted by the ever-increasing costs stemming from product liability lawsuits. Many of you have a personal interest in what has become the virtual destruction of the light aircraft industry in the United States.

The Bush Administration continues to push hard for product liability reform. But I must tell you, the two reform bills introduced in Congress are for all practical purposes dead for this session.

Our European competitors are way ahead of us. In 1985, the European Community ratified a proposal that unified the product liability laws of the member states.

It provides for strict liability of a manufacturer for producing a product that does not provide the safety "which a reasonable person is entitled to expect..." Other key elements of the directive include availability of joint and several liability, no equivalent to U.S. class action, establishment of liability limits, no shield from liability from manufacturer's warnings, and a statute of repose for aircraft in service for more than 10 years.

If America's general aviation industry is to remain competitive, similar legislation must be enacted in the United States.

The two bills that were under consideration were much more favorable to American consumers than current European protections, but would have been sufficient to put the American aircraft manufacturers back on a reasonable footing with the Europeans in a hotly competitive industry. This is a fight which this Administration will continue to make.

Noise Compatibility

While we are behind in dealing with product liability, we lead the world in several significant areas. Our new national noise policy may furnish a model on the international front. Business aviation has few noise problems at the moment. Sixty-six percent of your planes are already the quieter Stage 3 aircraft. In addition, the law only applies to planes over 75,000 pounds.

Let me encourage you, however, not to rest on your laurels. As the environment becomes quieter, the noise you do make will become more noticeable. Noise issues continue to be among our most contentious problems.

It is partially for that reason that the new federal law and our rules are intended to limit the proliferation of local noise restrictions that will burden the industry with additional costs and uncertainty. The current rules establish a more predictable environment in which industry can respond to market demands and the orderly phaseout of Stage 2 aircraft. Communities around airports, in turn, can be assured that the transition to Stage 3 aircraft will result in a quieter environment.

While all airports will benefit from the national rule, if relief is not sufficient or if special local problems exist, then negotiations should be pursued. The Administration remains opposed to additional noise restrictions.

We think that voluntary agreements between parties can, and should, be the solution to lingering disputes on noise issues.

Harmonization of Standards

We are also taking the lead in harmonization of aircraft standards. Differences between U.S. and international requirements for aircraft operation, maintenance, design and construction impose a heavy burden on U.S. manufacturers and operators. Creating common international standards could save U.S. industry up to \$1 billion annually.

The FAA has initiated an effort to harmonize the various regulations currently existing throughout the world and is working closely with foreign authorities.

Technology -- A Proper Role of Government

In addition to leading the world in a successful noise policy and working to harmonize standards, the U.S. is the unquestioned leader in an exciting technology that will dominate the future. Trying to keep pace with a changing technology in a changing world is an enormous and never-ending task. This is not just a domestic issue.

Last year, the United States made its military Global Positioning System available to civilian use and guaranteed its availability to civil aviation throughout the world for ten years.

The satellite navigation network will give us one basic system that can safely handle planes anywhere in the airspace - over the oceans -- across continents -- all over the globe.

GPS will provide accurate, more dependable and less costly navigational aids to all modes of transportation. Twenty-four satellites broadcasting signals from 11,000 miles in space -- are to be fully operational by 1994.

GPS will support non-precision approaches. Furthermore, based on the tests we've conducted, it appears that GPS will support a full category-one capability. (*Category-one capability is both horizontal and vertical guidance in an ILS-like manner.*)

If we're right, this could make virtually every runway in the world an instrument runway. And that's good news for business aviation pilots. The Bush Administration will continue to push GPS technology, and share it with the world.

Conclusion

Whether it's hammering out reasonable noise requirements, fighting for product liability reform or negotiating for access to international airports -- this Administration has a solid agenda in place to reinvigorate U.S. aviation. I doubt if there's been a recent administration more supportive of -- and more friendly to -- the aviation community.

And I believe you can look forward to a partnership between industry and government that will continue to address business aviation's challenges in the most prudent, productive manner possible. At stake is nothing less than building a truly global aviation system for the 21st century. We certainly cannot achieve our global objectives without the full participation of business aviation.

Thank you.

1.13

ARTHUR J. ROTHKOPF
DEPUTY SECRETARY OF TRANSPORTATION
METROPLEX AVIATION FORUM
SEPTEMBER 22, 1992
DALLAS, TEXAS

Thank you George Scragg (Aviation Committee Chairman), and thanks to all the members of the North Dallas, Greater Dallas and Fort Worth Chambers of Commerce for inviting me to speak at this luncheon. Secretary Andy Card wanted to be here, but he's still devoting much of his time and energy to his special assignment as President Bush's representative in the hurricane relief efforts in South Florida. It has been an enormous task, and the American people have responded magnificently. The tremendous outpouring of people wanting to help in any way possible is a real tribute to the American spirit.

Today, I want to pay tribute to another kind of spirit -- to the pioneering spirit and vision of the people who developed the Dallas/Fort Worth Metroplex. You in these three chambers of commerce have been a guiding force from the beginning.

And today, D/FW is the second busiest airport in the country, indeed the world and is poised to pass O'Hare as the busiest in the next five years.

I can think of no area of the country that can look forward to the kind of job growth you are expecting here in the Metroplex. The nine-county Metroplex area is projected to increase its jobs by at least 22 percent in each decade to the year 2020.

As a result of your efforts, the Metroplex is home to the nation's largest airline -- American -- and one of the finest regional airlines -- Southwest. Delta, our third largest airline, has a large hub here. One of the nation's outstanding railroads -- Burlington Northern -- makes its home in the Metroplex and the landscape is dotted with large trucking centers.

Federal Role In Airport Development

In addition to safety, which is -- and always will be our number one priority -- the Bush Administration sees the federal government with two key roles in domestic aviation.

The first, of course, is in funding. D/FW International was the last major airport constructed in the United States, until Denver was begun a couple of years ago. The federal government has pumped \$267.6 million in grant funds into this airport alone since it was put on the drawing board in 1966. The \$30.5 million in Airport Improvement Program funding to D/FW this year was a record for any one year.

Current Development Plans

A major new program for improving the airspace system in the D/FW metropolitan area would redesign the ingress and egress routes for the entire area.

The plan provides for relocation of some navigation aids, installation of new facilities, including radar, and revising procedures to improve safety and increase capacity for all airports in the area. The total program is estimated to cost approximately \$146 million. And all this is from FAA funds.

The expansion plans of the D/FW Airport Board are critical to the national airspace system. The FAA has issued a favorable Environmental Impact Statement on the entire airfield development. And once all approvals are obtained the federal government will participate to the maximum extent possible.

Deregulation and Regulatory Review

The second role of the federal government is to see that regulations are not carried to excess.

D/FW's phenomenal growth is due in part to the success of aviation deregulation. Dallas is a prime example of the hub and spoke activity spawned by economic deregulation.

The hub and spoke concept has made America's aviation system more productive, and more efficient while it has remained the safest in the world.

The hub and spoke concept will become even more significant as aviation takes on a more global vision. Our "open skies" policy -- liberalization of aviation throughout the world -- is intended to produce more business for airports and certainly more international flights here in Dallas/Fort Worth.

This Administration and DOT are stripping away unneeded, unnecessary and obsolete federal regulations. For example, the Secretary announced last week that we have issued a rule that would greatly reduce the number of employees subject to requirements of criminal background checks to obtain access to airport restricted areas. Our modification reduces the number of employee criminal record checks from 180,000 to under 500.

We can maintain aviation security without placing undue economic burden on industry.

In addition, we will continue to oppose new, costly, and inappropriate forms of government intervention. Right now, for example, conferees on the Department of Transportation's appropriations bill are considering laws that would provide unprecedented government labor protection requirements and new duty time restrictions for flight attendants. If they follow through, Secretary Card will recommend a Presidential veto.

NAFTA

Finally, the North American Free Trade Agreement (NAFTA) -- which was initialed by President Bush and the Presidents of Canada and Mexico a few weeks ago -- holds great promise for this area. Texas already does \$16 billion a year in trade with Mexico.

As cross-border restrictions fall away, you can look for gains in virtually every product and service area in existence. But D/FW will be a special winner because of transportation. For example, D/FW hosted an estimated 12 million visitors last year. NAFTA provides liberalized access for charter and tour buses from Mexico to U.S. destinations. This will allow you to tap an entirely new tourism market. NAFTA will make Dallas' reputation as a distribution center even bigger. The phase-out of reciprocal cross-border barriers to motor carriers will allow trucks to transport cargoes directly to their destinations in both countries. The first phase will create new opportunities for Northern Texas in particular. Beginning three years after the agreement is signed, the U.S. and Mexico will allow each other's motor carriers to operate in states along both borders.

Three years later, access broadens to include all of both countries. So your long border with Mexico gives you a head start on the rest of the country. And your already excellent distribution facilities strengthen that lead.

Conclusion

You've demonstrated you have the right formula for success: planning and cooperation, teamwork between the public and private sectors, and confidence in the future. Secretary Card and I look forward to a bright economic future for aviation and America -- a future in which North Texas plays a key role.

Thank you.

###

114

DEPUTY SECRETARY OF TRANSPORTATION ARTHUR J. ROTHKOPF
CAREER STRATEGIES FOR PROSPECTIVE WOMEN MANAGERS SEMINAR
SEPTEMBER 25, 1992
ARLINGTON, VIRGINIA

Good morning and welcome to the 1992 follow-up session to the Career Strategies for Prospective Women Managers Seminar. In the past three years, 675 women have completed this seminar, which is designed specifically for women in Grades 11-14, who are considering a career as a manager at DOT.

Some who have attended this seminar have gone as high as the senior executive level. Rose McMurray, Associate Administrator for Management and Administration for the Research and Special Programs Administration, is a graduate of this seminar. (Rose, would you stand please.)

Reinforcement of Management Concepts

This session reinforces management concepts and skills which were presented during the basic seminar, and explores cross-cultural management issues. It also provides an excellent opportunity to expand your network. Rose and other women here in senior executive positions would be happy to discuss their experiences with career development, mentoring, balancing work and family, and other special issues that women face as they advance into the managerial ranks.

Changing Work Force -- Diversity, An Asset

Over the past several years a number of reports have forecast significant changes in the make-up of the federal work force. The federal work force of the future will be characterized by employees who are much more culturally diverse than today's employees.

In fact, one report suggested that by the end of this century only 20 percent of new entrants to the federal work force will be white male.

DOT management views this change as an opportunity. Work force diversity allows us to use all our human resources to their full potential. This is an organizational strength and not a weakness.

DOT Growth in Women Employees

We are already beginning to witness these new trends. For example, from September 1988 to present the employment of females has grown 25 percent, compared to an overall DOT-wide growth rate of just over 10 percent. This pattern of increase also holds true in senior and mid-level positions in the Department. For that same period 16 women were appointed to the SES; and also the number of women employees at grades 13 through 15 grew by 53 percent.

As the demographics of the work force change, the Department will recruit and hire employees who bring with them needs and expectations that are likely to be different from those we have experienced previously. The smart managers will recognize and accommodate the needs and expectations of our future work force. At DOT we have already initiated a number of actions to that end.

DOT Is Leader In Promoting Diversity

Our efforts in promoting diversity and improving the quality of work life for all our employees have earned us the reputation of being a leader and a model for other federal agencies. Our successes include:

- A mentoring program that provides prospective mentors the tools to give guidance and career advice, as well as basic coaching and counseling.

- Fifteen child care centers today with four more scheduled to open by 1996.
- Awareness and sensitivity training on employment of individuals with disabilities.
- Policy statements on diversity and sexual harassment.
- Improved accommodations for individuals with disabilities.

We have hired interpreters to assist the hearing impaired, lowered elevator control panels, and installed telecommunications devices for the deaf (or TTD's) on the desks of all hearing impaired individuals. We are also making plans to install TTD's at the guard stations of all three headquarters buildings.

- Training sessions on prevention of sexual harassment: what constitutes sexual harassment, and what mechanisms are available for addressing it.

- And just this week, we hosted DOT's first work and family resource fair. Forty organizations participated in the fair, providing information on resources that offer child care, elder care, home help, and other dependent care services.

But Much Remains To Be Done

We've made a lot of progress, but there are still plenty of opportunities for improving the DOT work place. Secretary Card and I want to make this Department the best employer in the federal government. We want the kind of organization that offers every employee an opportunity to be included. We envision a Department that embraces the uniqueness, differences, and specialties of every individual; a federal agency where no one is disadvantaged or advantaged for any reason other than personal effort, contribution, character and performance; a Department that is consistent in allowing all people to perform their potential without hindrances or barriers.

We also want to provide an environment that fosters creativity, encourages employees to express themselves, and accommodates personal and organizational growth.

Challenge To Avail Yourselves Of Opportunities

To that end, I challenge each of you to serve as agents of change for the Department. Be proactive. Seek out opportunities and take it upon yourselves to effect positive change.

Have an enjoyable session, and may you have continued success at DOT!

###

ARTHUR J. ROTHKOPF
DEPUTY SECRETARY OF TRANSPORTATION
AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES
SEPTEMBER 29, 1992
DALLAS/FORT WORTH, TEXAS

Thank you, Ralph (*Tonseth*). [*AAAE Chairman and Director of Aviation at San Jose International Airport.*] It's good to see some familiar faces from Washington -- like Chip and Spencer. I know Todd Hauptli is hard at work in Washington on issues of common concern. I'd just like to say that they do an outstanding job representing AAAE. I've enjoyed working with them, and have found them to be very helpful in relaying your concerns to us at DOT.

Whenever I have the opportunity to get out of Washington for events such as this, I always look forward to coming to Dallas/Fort Worth. I was down here just last Tuesday to speak to the National Business Aircraft Association and an aviation forum sponsored by the three local Chambers of Commerce. I like coming here because it's such a hotbed of aviation activity -- and vision.

Of course, we all know that D/FW was the last major airport completed in the United States -- in 1974. Now it's the second busiest airport in the country and may well surpass O'Hare in the next five years. In so many ways, the Metroplex area exemplifies the direction the Bush Administration wants to lead aviation in this country. While there's a great deal more that we want to accomplish, this Administration's record in aviation is one of our proudest achievements. Working with you, we've accomplished an enormous amount for the industry -- especially airports. In fact, the numbers themselves tell the story.

In the last four years, we've increased the FAA's budget 45 percent, or close to \$3 billion in new dollars. Under the Airport Improvement Program, we've made more than \$6.5 billion available to airports around the country. There's been a 36 percent increase over the last four years. And our A.I.P. funding includes \$56 million over the past two years to help convert eight military air fields to civilian use. For noise relief, we've distributed over \$700 million. This Administration's record in

aviation investment is simply unprecedented. The facts are there, no matter what anyone may say to the contrary.

But that's not all. What I'd like to do today is take a look at the successful initiatives this Administration has launched to reinvigorate the aviation industry in this country.

PFCs

At the top of our list of successful initiatives is the passenger facility charge. I don't need to remind anyone here how hard we had to battle Congress to get this provision enacted into law. The AAAE fought hand-in-hand with the Administration to achieve this extremely important and far-reaching goal. We are reaping the fruits of that victory.

As you know, the FAA is approving PFC requests as quickly as possible. It has already approved 43 for a total of \$5.3 billion. Another 43 are now under consideration for an additional \$2.2 billion. By the time we're finished, we expect to approve more than two hundred PFC applications for airports across the country.

I know the whole process has been a learning experience for our people at FAA. But my hat is off to them for the job they're doing. I can vouch that they have sincerely sought to be fair and impartial as they've navigated those sometimes tricky waters between airport and airline officials. We're particularly pleased that many of you have been working with the airlines and the FAA to iron out potential problems before they occur. All agree that the process has been fair.

One glitch has arisen in the last few days. House and Senate conferees have decided to forbid the collection of PFCs for trips by frequent flyers. We oppose this development and are deeply concerned -- as you are -- that it could be expanded to include connecting flights. Despite this unfortunate development, when the PFC is fully in place at airports around the country, we still expect airports to collect \$1 billion a year for improvements. This money could create up to 40,000 jobs

nationwide. And the resulting improvements will further stimulate economic growth as they boost the nation's aviation capacity.

Aircraft Noise

The PFC was designed not only to create jobs and expand capacity, but to help all of you mitigate the impact of noise around your airports. Again, the national noise policy we hammered out with Congress is a successful approach for dealing with this longstanding aviation challenge.

Our policy establishes a predictable environment in which industry can respond to market demands and move forward with an orderly phaseout of Stage 2 aircraft. Communities around airports, in turn, can look forward to a quieter environment as the transition to Stage 3 aircraft is completed.

We strongly believe that voluntary agreements between parties can, and should, be the solution to disputes on local noise issues. Negotiations have been conducted at the local level in Los Angeles and Minneapolis/St. Paul. We're disappointed that these negotiations have not yet been concluded.

We understand, however, that Los Angeles is not pursuing a different policy, but merely postponing action for the time being. We hope that within the next few weeks, the parties involved will implement the agreement we reached with them earlier this year. As for Minneapolis/St. Paul, we continue to urge the airport commission and the carriers to conclude their talks with a voluntary agreement.

We are closely monitoring the situation at the Port Authority of New York and New Jersey. We have been in contact with all parties involved, and are strongly urging a mutually agreeable solution. Our FAA Administrator, Tom Richards, has personally committed himself to facilitate a voluntary agreement between the carriers and the Port Authority.

Regulatory Relief

The guiding principle driving all the Administration's aviation policies is our attempt to deregulate wherever possible, except where required by safety concerns. We have taken important steps to ensure that the government does not unduly hinder the industry through unnecessary regulation. For too long the tentacles of government have been unduly strangling the initiative of private enterprise, not only overseas, but also here at home. And the aviation industry is no exception.

All sectors of the aviation industry have been quite vocal about the heavy financial burdens imposed on it by government. In line with the regulatory moratorium and review imposed by President Bush in his State of the Union address, Secretary Card promised a comprehensive examination of all regulations affecting U.S. aviation. Already, we've done a great deal to ease the regulatory burden. And the process continues...

Our goal is to help industry by eliminating all excessive and unnecessary regulations -- consistent with our top priority of ensuring the safety of the travelling public. There is little we can do about many rules that stem from Congressional legislation. But we can -- and will -- continue to oppose new, costly, and inappropriate forms of government intervention.

The Department has already implemented a series of reforms in dealing with aircraft operation and certification, airport security, and noise certification. One example is the revision of a proposed rule which will greatly reduce the number of persons subject to a criminal background check to obtain access to secure airport areas. Our revision reduces the number of criminal record checks from 180,000 to under 500. The industry estimated that the original proposal would cost \$1 billion. Our new rule, however, will generate costs estimated at only \$3 to \$8 million.

Our change reflects the careful attention we paid to all the comments we received on the initial proposal. Through that process we devised a less expensive and more practical method to improve airport security -- without jeopardizing safety.

The FAA has also issued guidance to provide more flexibility for airports regarding the installation of costly, high technology security systems. Requiring them in only the most critical areas will reduce costs without decreasing safety. This has been good news for many of our 186 smaller and medium sized airports.

All told, our series of initiatives to reduce the government's regulatory burden will save our struggling aviation industry many millions of dollars. In the future -- and there are many rulemakings in the pipeline -- all will be subject to this fundamental test: Is this a rulemaking that makes common sense? Can it withstand the scrutiny of a stringent cost/benefit analysis?

Airport Privatization

In tandem with regulatory relief is the President's privatization program that he announced in April. Along with highways and transit facilities, President Bush listed airports as assets that can be shifted to private sector ownership. Legislative programs are already in place for private ownership of roads, bridges, tunnels, and transit systems.

To privatize an airport under the President's Executive Order, generally speaking states or localities must funnel sales proceeds into additional infrastructure, or use the money to reduce debt or cut taxes. States or localities also must ensure that public infrastructure transferred to the private sector will continue to be used as originally intended and for as long as necessary. And they must see to it that user fees remain reasonable.

There are many complex issues involved in privatizing an airport. We have not heard from any of you on this matter since April, but we remain interested in discussing any responsible proposal to explore whether public policy concerns are met. Naturally, approval would

ultimately hinge on getting all parties on board -- airport sponsors, private developers, local communities, affected carriers and other interested parties.

FAA Reauthorization

While privatization may be an interesting concept to some, I know that all of you are very concerned about the fate of the grant money in this year's Airport Improvement Program. To help facilitate passage of the FAA reauthorization bill -- which we submitted to Congress on March 4 -- Secretary Card has urged the Senate to decouple the supplemental compensation plan associated with the Montreal Protocols from the bill. If that happens, we should be able to get a new FAA bill passed before Congress goes home for the year. If not, the flow of A.I.P. money will come to a sudden stop the day after tomorrow. This cut-off could continue well into 1993, which would be very unfortunate. Let us work together to secure passage of a bill before Congress adjourns.

New World Order for Aviation

The Airport Improvement Program is an essential component of our agenda for the future -- as are PFCs and our regulatory relief efforts.

But of equal importance to our agenda to revitalize aviation in this country is our effort to liberalize the rules governing international air services. The goal is to achieve deregulation at home, liberalization abroad. The President has spoken often of a new world order emerging from the demise of the Cold War era. What we have in mind at DOT is nothing short of a new world order for global aviation. This has significant ramifications for local communities and airports around the country.

Unlike the archaic, protectionist, bilateral system we have today, we envision a new world order in aviation characterized by genuine competition by airlines around the globe. We don't have any illusions about the difficulties inherent in that quest. But that is not preventing us from trying.

We've already taken several steps to prod open world aviation markets. A couple of years ago, we decided to ease restrictions on foreign investment in U.S. airlines. We also started our Cities Program to help local communities expand their air services. We allowed foreign airlines to establish new gateways into U.S. cities that did not have comparable service from a U.S. airline. All we asked in return was that the host country join us in making some progress toward deregulating our bilateral agreement. We've succeeded in gaining new air service for Washington, D.C., Baltimore, Minneapolis, Charlotte, Detroit, Miami, and Philadelphia.

In the past, we offered "open skies" to only our largest aviation partners. Earlier this year, Secretary Card expanded this policy to include any European country willing to permit our carriers essentially free access to their markets. A few weeks ago, we signed our first such agreement with the Netherlands. It is a good deal for both countries; and it has enormous implications for the future of international aviation. And, in an important shift from the past, we will no longer merely offer such deals with other countries, we will henceforth actively pursue them.

Our new accord with the Dutch should make clear to all that the future does not rest with those clinging to governmental constraints on air service. The simple truth is that demand for air travel and the willingness of carriers to compete head to head will overwhelm the efforts of foreign governments to "manage" the market.

We believe the Dutch agreement is a harbinger of things to come in air service between the United States and Europe. If nothing else, we trust we have spurred the EC into new thinking about the need for a new approach in our aviation relations. In the end, the real beneficiaries will be you in this room. You and the communities you serve will enjoy a greater variety of service and expanded international connections.

In this same spirit, we are pursuing an open skies agreement with Canada. And we're making considerable progress. As things stand right now, Canada would have immediate access to U.S. cities. Our carriers

would limit their access to Toronto, Montreal, and Vancouver for three years. Negotiators are still working out details on how to distribute slots at three of our major airports. We'll be meeting for our 10th round of talks in Washington on October 19th.

Finally, we'll be meeting with British negotiators in Washington next week to discuss ways to liberalize our current, highly restrictive bilateral agreement with the U.K.

Conclusion

Whether it's prying open the world's closed aviation markets, working to implement our PFC program, or trying to make sure the nation's airports get the A.I.P. money they need, the Bush Administration has a solid agenda in place to reinvigorate U.S. aviation. There has not been a recent Administration more supportive of -- and more friendly to -- the aviation community.

I can assure you that you can look forward to a partnership between industry and government at all levels that will address airport challenges in the most prudent, productive manner possible. At stake is nothing less than building a truly global aviation system for the 21st century. To attain that goal, we will certainly need the full participation of America's airports.

Thank you very much.

###