

**TALKING POINTS FOR DAVID R. HINSON  
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION  
NBAA 47TH ANNUAL MEETING AND CONVENTION  
NEW ORLEANS, LA  
OCTOBER 4, 1994**

**INTRODUCTION**

- **note significance of event**
  - **acknowledge Borman and Harwit**
- o Thank you very much, Jack, (NBAA President Jack Olcott).

It's a great pleasure to be with NBAA for your annual convention and an honor to help open the world's largest exhibition in civil aviation.

I am doubly honored to share this platform with Colonel Frank Borman and Dr. Martin Harwit (Director of the Air and Space Museum.)

## TODAY'S REMARKS

o Talking with friends and associates on occasions like this always reminds me just how much our national agenda for aviation is a common agenda. The issues that I deal with at the FAA are -- for the most part -- the same ones which concern you.

### SAFETY

One issue that constantly requires our attention is safety.

We still don't know what caused the Pittsburgh crash three weeks ago. The safety board has eliminated a number of possible causes. But, at this point, it's still a mystery.

This much we do know. We can never relax our standards for even a minute. We've got to aim constantly for higher levels of safety.

## RECENT SAFETY ACTIONS

In the past few weeks, I have taken steps to see that the FAA does a better job of getting safety information out to pilots, mechanics, and flight crews. We'll be looking to organizations like NBAA to help us reach as wide an audience as possible.

Most important, I am shortening and simplifying the chain of decisions which are involved with emerging safety concerns.

With the ever faster pace of change and innovation in aviation technology and in aircraft performance -- the FAA must speed up its capacity to evaluate potential difficulties and deal with them decisively before they have a chance to become the cause for accidents.

I would like to commend Jack and the NBAA leadership for their aggressive programs to promote business aviation safety. And I congratulate the one thousand or so individuals who received the NBAA flying safety awards last evening.

We work in a profession where excellence is the order of the day and vigilance a byword. Safety, first and foremost, is our common concern.

### **A BRIGHTER OUTLOOK FOR THE INDUSTRY**

We have this in common as well: All of us here want to see general aviation become the dynamic industry that we know it can be.

Today, the outlook is far brighter than it has been in more than a dozen years.

My optimism isn't based on any single event, but on the momentum we've seen building over the last several months to invigorate this industry.



## **An Improved Economy**

In the year and a half since President Clinton took office, America's economy has regained its strength.

We have seen 4.1 million new jobs created since January 1993. And last year, we created a record number of new businesses.

## **The General Aviation Action Plan**

This year, the FAA, together with the general aviation community, agreed on a clear-cut strategy that spells out what each of us -- the FAA and the industry -- must do to support GA. It's the first definitive policy we've had since the crisis began.

The agenda that we have adopted defines an active role for the FAA in the recovery of growth of general aviation. Not simply as a regulator or enforcer, but as a partner.

This agenda is part of an action plan that provides new incentives to improve safety -- to lower the cost of flying -- to develop new products through R&D, and to guarantee access to airports at home and around the world.

### **Product Liability**

It's been a year of progress. But one achievement stands out above the rest. This year, general aviation got the boost it needed most: a new law to limit product liability claims.

It would be hard to name all the people who worked over the years to get this legislation through the Congress. But we've got to hand it to Ed Stimpson, Jack Olcott, and Phil Boyer. They kept the pressure on and made it happen.

When President Clinton signed the General Aviation Revitalization Act, he made it clear that his administration recognizes the vital role of general aviation in the economy and in the national transportation system.

The new product liability law should help stimulate new product lines, more sales, and create thousands of new jobs.

I read recently that the value of the general aviation market is expected to grow by 6 percent next year and by 10 percent or more once new designs start to arrive.<sup>1</sup>

## CONCLUSION

I'm looking forward to seeing the products on display this year. For the steady outpouring of new design concepts is proof that, as an industry, general aviation has lost none of its innovative edge.

We are still following a path opened up by the thinkers, tinkerers, and inventors who built their own airplanes in garages and backyards all across America.

We are still setting the pace in an industry where the technology is constantly evolving.

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<sup>1</sup>The Economist, October 1, 1994: "General Aviation Chocks Away"

Ladies and gentlemen, this industry is about to become one of the true turn-around stories of the century.

General aviation has faced defeat and won.

Thank you.

o Now, let me invite you to join us in the exhibit area, as we cut the ribbon which will open this year's exhibit of the latest products and newest technology in business aviation.

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NBAA BOARD OF DIRECTORS LUNCHEON:

THIS AUDIENCE IS NBAA BOARD MEMBERS AND OTHER NBAA LEADERSHIP, DR. HARWIT, FRANK BORMAN, AND NTSB CHAIRMAN, CARL VOGT -- ABOUT THIRTY PEOPLE IN ALL.

YOU HAVE BEEN INVITED TO SPEAK TO THE BOARD (10 TO 15 MINUTES) ON SUBJECTS OF YOUR CHOICE.

THIS LUNCHEON IS CLOSED TO THE PRESS AND TO THE GENERAL MEMBERSHIP.

YOU WILL BE INTRODUCED BY AL LANE, NBAA BOARD CHAIRMAN.

THE NEXT PAGES ARE SUGGESTED TOPICS

Outline for David R. Hinson  
NBAA Board of Director Luncheon  
October 4, 1994  
New Orleans, LA

CURRENT EVENTS:

- o The Pittsburgh crash.

(NOTE: You may wish to ask Carl Vogt to comment.)

- o Advanced Automation Contract, update on last week's announcement.
- o Actions to step-up the use of GPS.
- o Cancellation of MLS contract (NBAA supported this decision.)
- o International Aviation Assessment Program

STREAMLINING

- o Objective is become as lean and efficient, and as customer-oriented as the best American businesses.

The FAA is trimming its staff by about 65 hundred jobs over the next five or six years.

Over the past 21 months, we have reduced employment by 4,000.

Challenge is to "rightsize" while protecting safety workforce and maintaining service levels.

## FAA CULTURE

Disturbing stories about TCAS and wake vortex brought change:

- o The FAA is going to be more open with the Congress, with the media, and with the industry.
- o We will admit our mistakes
- o And when we are right, we will be equally forthright in arguing our case.

## THE ATS PROPOSAL -- THE KEY TO A MORE BUSINESS-LIKE APPROACH

- o The Administration will submit its proposal to create the ATS corporation shortly.
- o NBAA believes we can achieve the same objectives through internal reform. Let me tell you why I feel so strongly that we cannot.

## The Existing System Cannot Handle Projected Growth.

- o Over the next 20 years, intercity passengers in the U.S. will go from 500 million to a billion or more.

Aircraft operations will increase 40 to 60 percent above current levels.

- o A system that is already at or near capacity at the top fifty markets will be stretched even further. (In this country, 80 percent or more of all air travel is handled by the top 50 busiest airports.

### The Growing Federal Budget Crisis

- o According to a study to be released by Senator Kerrey this fall, entitlements, if left unchecked, will consume the entire federal budget by the year 2020.

Competition for discretionary federal dollars will be intense.

- o We can expect Congress to provide money for an air traffic system.

The question for us is, what kind of system will it be. And what kind of system could be develop if we had our own funds?

- o The FAA's total budget for 1996 is already \$500 million less than it was in 1993.
- o The investments we need to make in air traffic technology are going to be in competition with everything else that the FAA does.
- o The corporation provides a totally user funded business, out from under the federal budget.

It is conceivable that we can improve the acquisition process somewhat through internal reforms.

**WE WILL NEVER BE ABLE TO OPERATE LIKE A BUSINESS IF WE CANNOT CONTROL OUR FUNDS**



The Corporation will be "User Friendly": The Corporation will provide a board of directors that will be sensitive to user needs.

- o The freedom to manage like any well-run business will eliminate much of the erratic decision making and second-guessing which we've seen too often in the past.

Safety is not an issue.

- o GAO and others have questioned how the corporation will assure safety.

The answer is "Through the safety oversight of thousands of private companies -- just as we do today."

Nothing about how we oversee safety will change.

## CONCLUSION

- o Secretary Peña and I intend to work hard to get this proposal through the Congress.
- o I hope we can persuade you to believe, as I do, that this is a great idea whose time has come.

We need your support.

Thank you.

NOTES TO MR. HINSON ABOUT THE ATTACHED REMARKS:

TWO OTHER SPEAKERS PRECEDE YOU ON THIS PROGRAM. FRANK BORMAN IS EXPECTED TO TALK ABOUT THE "PARTNERSHIP BETWEEN BUSINESS AND COMMERCIAL AVIATION". DR. MARTIN HARWIT, THE DIRECTOR OF THE AIR AND SPACE MUSEUM, WILL TALK ABOUT GENERAL AVIATION'S HISTORIC ROLE IN ADVANCING AVIATION.

YOU HAVE BEEN ASKED TO PROVIDE 5 TO 10 MINUTES OF REMARKS, LEADING UP TO THE OFFICIAL OPENING OF THE EXHIBIT.

YOU WILL HELP JACK "CUT THE RIBBON" TO OPEN THE EXHIBITION.

OPTIONAL FORM 99 (7-90) *as you requested*

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TALKING POINTS FOR  
FAA ADMINISTRATOR  
NATA NEWS CONFERENCE  
"LEARN TO FLY PROGRAM"  
NEW ORLEANS, LA.  
OCTOBER 4, 1994

- I am glad I could stop by and help you kick off the Learn to Fly Program.
- What you are doing with this program is terrific. It's good for the industry; it's good for the economy. And I guarantee anyone thinking about learning to fly, it will be good for you. Learning to fly is something special. There is nothing like it.
- I can remember how exciting it was when I went through flight training. And even after 40 years and thousands of flight hours in all kinds of aircraft, the thrill never goes away.
- The FAA is eager to support this NATA program in any way we can. Flight training is a crucial part of the general aviation industry that serves as a vital link in our national transportation system.



- The Congress has recognized the need for FAA's support at this time when the number of individuals beginning flight training is at an historic flow.
- The DOT appropriations bill for FY 1995 calls for the FAA to "take immediate steps to ensure the long-term viability of U.S. civil aviation by supporting such efforts as NATA's Learn to Fly Program."
- I must confess we're not always happy about Congressional assignments, but we are with this one. After all, one of our mandates, as defined in the Federal Aviation Act of 1958, is 'the promotion, encouragement, and development of civil aeronautics.' So we see this as part of our job.
- We are already actively involved in promoting interest in aviation. We have a very active aviation education program targeted at youngsters in kindergarten through senior high. We also work in partnership with AOPA and GAMA to support their pilot promotion programs.



- And, now we are working with NATA to help develop information materials about the Learn to Fly program. With our far-flung facilities, we've got a pretty good distribution network. So, we can help you reach a lot of potential flyers all across the country.
- A lot of people in the mid-30s age group you are targeting have long harbored a desire to fly but never quite knew how to get started. I think once we help them take that first step and call a flight school, a lot of them will be hooked.
- So, again, congratulations and best wishes. We are glad to be part of this important effort.

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REMARKS BY  
DAVID R. HINSON  
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION  
NATIONAL INSTITUTE ON LITIGATION IN AVIATION  
AMERICAN BAR ASSOCIATION  
OCTOBER 6, 1994

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Good Afternoon:

The United States, more than any other nation, depends on aviation. Aircraft are our major export. Airlines are our principal mode of long-distance transportation. And airports are a vital hub of commercial life in our cities.

Yet when President Clinton came to office two years ago, aviation was in a state of crisis. We found an airline industry on the verge of economic collapse, with losses mounting to over ten billion dollars from 1990 to 1992.

These financial woes were compounded by simmering labor disputes, declining orders for new aircraft, and the rise of protectionism worldwide.

The times demanded action, and -- true to form -- this Administration did not hesitate.

One of the very first acts of this Administration was the formation of a National Commission to make recommendations on restoring the economic health of the airline industry.

The Commission took its work seriously. And so did we.

It made 61 specific recommendations, and we are now acting on 50 of them.

These range from such major changes as our proposal to restructure the FAA air traffic control function ... to our support for more liberal foreign airline investment rules ... to legislative reforms such as the recently-passed limitation on product liability for general aviation manufacturers.



Along the way, we have fought off anti-competitive practices, encouraged new business formation, and placed stronger emphasis on airport improvement and expansion.

In short, we have adopted the most comprehensive aviation strategy in a generation, and we have defined an active role for government in promoting the growth of this vital industry.

Now we're beginning to see results.

A healthy, low-inflation economic rebound is now fueling a real financial recovery in America's airline industry. Its combined profits this past year were as great as its combined losses the year before.<sup>1</sup>

And the return of growth and profitability in the airline industry will restore economic vigor to aircraft manufacturing.

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<sup>1</sup>Secretary of Transportation Federico Peña: Speech to ACI-NA, Toronto, Canada, September 27, 1994



One recent forecast predicts that airlines, world-wide, will need 13 thousand new aircraft over the next fifteen years. That's about 50 percent more than the total number of planes which were in service in 1991 -- at the depths of the airline crisis.<sup>2</sup>

Someday -- when we look back on that period -- I believe we will see it as just a temporary lull in a history of continuing expansion.

Now, I know it's customary in some circles to talk of us as a mature industry -- one where its dynamic period of development is in the past, not in the future.

But as Jack Welch of General Electric has said -- "Mature" isn't just an adjective anymore. It's become an excuse for giving up on growth.

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<sup>2</sup>Financial Times: "Airbus Foresees Big Demand", October 4, 1994

There's no such thing as a mature business or a mature market. What business could be mature, Welch asks, when you have expanding economies with more than two billion people in India, China and Southeast Asia?

What market could be mature when we still have ideas to test and openings to explore?

I agree.

Aviation is undergoing far too much change to be written off as monotonous and mature. It is being rebuilt and restructured to meet the requirements of a radically different economic and political environment.

There is a powerful convergence of forces which is reshaping the industry. And I'd like to talk a little about these today.

There are four which are especially important -- for each one magnifies the impact of the others. And common to all four is the need to reduce costs and improve efficiency ... without in any way compromising aviation safety.

These four converging forces are the trend toward globalization ... the relentless pace of technological innovation ... the dynamic restructuring of the airline industry ... and the growing public demand for more responsive, effective government.

Let me begin with globalization.

Everywhere in the world, aviation is being pushed to conform to a single set of standards and procedures -- for reasons of safety first and foremost -- but for economic reasons, as well.



With the continuing growth of international travel, no nation can afford to tolerate slipshod practices which endanger air passengers.

And as code-sharing and other kinds of joint marketing arrangements blur the identity of individual airlines, travelers expect flying to be as safe on one carrier as it is on any other.

The standardizing of procedures for maintenance, as well as for air traffic control, makes it easier to achieve uniformly high levels of air safety wherever planes are flying, regardless of national boundaries.

There is a powerful cost incentive as well. The harmonization of aircraft standards relieves manufacturers of the need to meet multiple certification requirements that add a lot to cost ... but little to safety.



Even for small business jets, the cost of one additional type certification can easily exceed one million dollars. This is a needless expense which depresses demand by increasing prices.

Taking the long view, harmonization will be a big step toward the global integration of aviation -- a trend which is being fueled by the rapid pace of technological innovation. This is the second major change I'd like to talk about.

Today, air traffic control technology is being transformed by parallel developments in three separate fields: satellites, computers and digital communications.

Any one, by itself, would be a major advance. Combined, the benefits increase exponentially. This new era of ATC technology offers the prospect of an integrated global system ... a seamless system.

By the year 2005, the FAA will have invested 32 billion dollars in a capital investment plan to upgrade and improve the entire air traffic control system --- an investment which has already paid for itself by reducing the heavy costs to industry of flight delays caused by congestion and the malfunctioning of our aging equipment.

We've now completed more than 85 percent of the original modernization program the FAA began in 1982. Last year alone, 600 new hardware and software systems were installed. And we expect to do that well or even better this year.

There have been some glitches along the way, of course. Some I expect you've probably read about.

It has not been easy keeping pace with rapidly-evolving technology or adjusting to the changing requirements of an industry in economic turmoil.

The rapid development of satellite-based navigation has taken us by surprise. This new approach to air traffic management relies heavily on the Global Positioning Satellite system.

GPS was a little known military project, largely untested and untried, when we first began to plan our modernization program more than a dozen years ago. But its enormous value for civilian aviation became immediately apparent.

The FAA is moving quickly to make the momentous shift to satellite-based navigation -- a move which will make possible more flexible and direct routings ... reduced separation between trans-oceanic flights ... and the accelerated adoption of advanced air traffic technology throughout the world -- without an enormously expensive investment in ground-based facilities.



But as important as GPS is to us -- and it's importance would be hard to overstate -- now, more than ever before, a fully modern air traffic control system depends on fully modern airports. The payoff of all our promising new technology will remain largely unrealized if our airports are inadequate and outdated.

Within the next 20 years we will have to accommodate more than one billion passengers a year -- twice as many as today. Providing for this surge of new travelers is a challenge we are going to be hard-pressed to meet. Frankly, I worry that we are running out of time.

Proposals for airport development must deal with an almost insurmountable array of complex legal, environmental and financial issues. Only the most determined local officials are willing to make the effort and risk the almost inevitable community opposition which can stall a project for years -- even force it to a complete standstill.

As a result, airport openings will become increasingly rare events in this country -- which means that the emphasis must turn to expanding capacity at already existing high volume airports.

Much of our innovative technology is designed to do just this. For example, some of our airports can be equipped to allow independent, simultaneous approaches on closely-spaced runways, even in low visibility.

But these innovations in air traffic control technology must be matched by new ideas for planning and financing airport expansion, and new approaches to dealing with environmental concerns.

Just building a new runway can take five years or longer. And adding a single runway today can cost as much as we once paid to build an entire airport.

Yet a failure to build airport capacity fast enough to handle the growth in air travel which we foresee in the next couple of decades -- this failure may jeopardize the economic viability of our still struggling air carriers.

This is the third force for change I mentioned -- the fundamental restructuring of the airline business.

Our airlines are just now beginning to emerge from a period of unprecedented economic peril. And they are emerging as very different companies.

Some are now employee owned. Some are partly owned by foreign carriers. But all are forced to adapt to a marketplace where plane tickets are priced to compete with the Greyhound bus.



A major carrier today finds itself competing on many of its routes against the new breed of aggressive low cost airlines.

The carrier that can most successfully reduce the time its planes spend on the ground has the advantage. Quick turnaround -- as fast as 15 or 20 minutes -- is essential.

And delays caused by crowded airspace and congested, inadequate airports are a costly complication.

In aviation, the public and private sectors are tied together -- perhaps more closely than in any other industry. As President Clinton's Airline Commission observed, aviation is unique in this respect.

The profitability of our air carriers depends on the government's ability to provide the essential infrastructure to handle a growing volume of air traffic.

The economic viability of civil aviation demands timely, effective response on the part of government. And this demand is the last force for change which I'd like to discuss with you today.

The FAA as it exists today, is an old-line federal bureaucracy, obliged to operate within the rigid constraints of government procurement, personnel, and budget regulations.

As an organization, we are poorly positioned to keep up with the rapidly changing needs of the industry, the pace of technological development, and the growth we know is on the way.

And as part of the federal bureaucracy, we are caught up in our national dilemma: how to meet our growing obligations with ever shrinking resources.

Even if we could get from under some of the red tape, we still have to contend with the red ink.

President Clinton has made the best effort in more than a dozen years to curtail federal spending and lower the deficit. But the federal budget will continue to be under severe pressure for decades to come -- especially from entitlement programs -- and discretionary spending will continue to diminish.

What we clearly see building is a fierce competition for federal dollars -- with no end in sight.

The FAA will always get sufficient funds to stay in business -- that's not the issue. I foresee a real danger that we will end up on subsistence rations -- with never quite enough money to develop the air traffic system to its fullest potential.

The Clinton Administration has a solution.



Our proposal calls for the creation of an independent air traffic control corporation, outside of the existing FAA but strictly subject to its oversight on all matters related to aviation safety -- just as the FAA already oversees hundreds of carriers and aircraft manufacturers.

The corporation would be self-supporting, financed by a steady stream of revenue from fees charged to users of the airspace. These users would have an influential voice in how this income was spent, for they would be represented on the board of directors which sets policy and approves major projects.

And the corporation would be free to operate like the best American businesses.

It's an exciting idea and one whose time has clearly come.

Corporations of this kind are successfully managing air traffic services in more than a dozen countries around the world. England, in fact, has had a corporation for about twenty years and is now trying to take the bold final step toward complete privatization.

Our proposal is not so radical.

It is, however, one which I believe offers a credible and creative alternative to what otherwise could be a gloomy outlook for American aviation.

Today, many industry analysts are looking overseas for the future success stories. Everyone expects the most dramatic growth in aviation to occur in Asia and Latin America. This is the conventional wisdom, and it is, no doubt, well founded.

But there is still plenty of potential here at home -- if we have the will -- and the wisdom -- to adapt to the forces of change.

I, for one, am not ready to give up on growth.

The corporation will help secure America's leadership in global aviation for generations to come.

I hope you will join me in working to make this happen.

Thank you very much.



REMARKS PREPARED FOR DELIVERY  
FEDERAL AVIATION ADMINISTRATION  
DAVID R. HINSON  
AVIATION RESEARCH GRANTS  
TRANSFUTURE TECHNOLOGY FAIR  
WASHINGTON, D.C.  
OCTOBER 7, 1994

Thank you, Mr. Secretary. For all of us in this Department ensuring the safety of the traveling public our highest priority -- period.

So today, I am also pleased to announce the award of \$475,000 to the University of Illinois to develop improved flight training programs, so that our nation's pilots can make use of the best science has to offer as they continue to develop their expertise as the world's safest pilot cadre.

To make aviation safer, more efficient and better for all users of the National Airspace System, the FAA also works cooperatively with industry. We have just signed two new Cooperative Research Development Agreements:

- with Esco/Datron we are developing a soft ground arresting system that safely stops aircraft that overrun available runway length, and
- with CTA, Inc. we are analyzing controller voice workload, giving us important data to better design Air Traffic Control systems.

I also want to report that we are making rapid progress in adapting the satellite-based Global Positioning System -- used for highly-precise navigation by military aircraft for years -- to civil aviation.

Aircraft eventually will be able to navigate solely with the signal from GPS satellites -- knowing their exact locations in any weather, taking more direct routes, and saving millions of hours in passenger delays and billions of dollars in airline fuel costs.

In fact, GPS technologies will pervade the whole transportation world -- guiding trucks, buses, cars, railcars, and ships. And in this huge new industry, American firms will lead the world.



And let me say that GPS systems are already saving lives. We recently provided the Erlanger Medical Center in Tennessee with GPS access. This has allowed their emergency service helicopters to operate in severe weather conditions and to take more direct routes to reach patients -- saving precious, life-saving minutes.

In just the first months, they report that the lives of 12 trauma patients were saved specifically because of the rapid, all-weather access provided by GPS. That is a record of which we can be proud -- a record which will increase as GPS becomes widely available over the next three years.

Saving precious lives is our ultimate value, Mr. Secretary, and with your leadership on high-technology research we are doing that every day.

Thank you.



Delivered Oct 17, 1994

## COUNCIL SESSION OPENING REMARKS

MR. PRESIDENT, MR. SECRETARY GENERAL, AND DISTINGUISHED COUNCIL MEMBERS:

IT IS A GREAT HONOR FOR ME TO ADDRESS THE COUNCIL OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION. I WOULD LIKE TO THANK DR. KOTAITE FOR HIS KIND INVITATION AND FOR THIS OPPORTUNITY TO DISCUSS WITH YOU, ON BEHALF OF MY GOVERNMENT, THE UNITED STATES OFFER OF THE PROVISION OF GLOBAL POSITIONING SYSTEM SERVICE, FREE OF CHARGE, TO THE WORLD AVIATION COMMUNITY.

I AM PROUD OF THE ROLE THAT THE UNITED STATES HAS PLAYED IN THIS ORGANIZATION SINCE ITS INCEPTION IN CHICAGO ALMOST FIFTY YEARS AGO. AS YOU KNOW, WE ARE PLANNING A MAJOR CELEBRATION IN CHICAGO LATER THIS MONTH, HIGHLIGHTED BY A SPECIAL SESSION OF THE COUNCIL HELD AT THE SAME LOCATION AS THE ORIGINAL CONFERENCE. I LOOK FORWARD TO WELCOMING EACH OF YOU PERSONALLY TO CHICAGO.

ALTHOUGH THIS IS MY FIRST APPEARANCE BEFORE THE COUNCIL, I HAVE HAD MANY OPPORTUNITIES TO OBSERVE THE IMPORTANT CONTRIBUTIONS ICAO HAS MADE IN ADVANCING SAFETY AND ENHANCING CIVIL AVIATION THROUGHOUT THE WORLD. TODAY WE STAND ON THE THRESHOLD OF ONE OF THE MOST IMPORTANT EVENTS IN AVIATION HISTORY--THE IMPLEMENTATION OF SATELLITE TECHNOLOGY IN A WORLDWIDE AIR TRAFFIC MANAGEMENT SYSTEM.

AS YOU ARE WELL AWARE, MY GOVERNMENT HAS OFFERED ITS GLOBAL POSITIONING SYSTEM SERVICE TO CIVIL AVIATION AROUND THE WORLD FREE OF CHARGE. I AM HERE TODAY TO REAFFIRM THAT OFFER, WHICH I HAVE DESCRIBED IN A LETTER TO COUNCIL PRESIDENT KOTAITE.

THE COUNCIL ASKED THE UNITED STATES IN 1991 TO ENTER INTO A BINDING AGREEMENT WITH ICAO ON THE QUALITY AND DURATION OF GPS SIGNALS. THE LETTER THAT I CONVEY TO DR. KOTAITE TODAY IS FAR REACHING IN THE EXTENT OF THE ASSURANCES THAT WE PROVIDE YOU. INDEED, IT TOUCHES ON EVERY TOPIC IDENTIFIED BY THE LEGAL COMMITTEE LAST SUMMER IN A MODEL MOU FOR THE FUTURE PROVIDERS OF SATELLITE NAVIGATION SIGNALS.



10/14/94 14:29 202 267 5308

FAA/AIA

I HAVE TODAY DELIVERED TO PRESIDENT KOTAITE AN UPDATED VERSION OF MY APRIL 14 LETTER. THE UPDATE IS DATED OCTOBER 14. IT CLARIFIES TWO POINTS THAT MAY HAVE BEEN UNCLEAR. FIRST, IT PROVIDES CONFIRMATION THAT GPS MEETS THE ICAO REQUIREMENT FOR AVAILABILITY OF AT LEAST 10 YEARS. SECOND, IT STATES THAT THE UNITED STATES SHALL ENSURE THE INTEGRITY AND RELIABILITY OF THE SERVICE.

SOME HAVE ASKED IF THIS EXCHANGE OF LETTERS CONSTITUTES A BINDING LEGAL AGREEMENT IN THE FORMAL SENSE. IT DOES NOT. BUT THAT IS REALLY THE WRONG QUESTION BECAUSE WHAT I BRING IS A WRITTEN COMMITMENT OF THE UNITED STATES GOVERNMENT UPON WHICH THE WORLD COMMUNITY CAN RELY.

THE LETTER CONFIRMS THE OFFERS MADE BY MY GOVERNMENT FORMALLY AND SOLEMNLY IN THE 10TH AIR NAVIGATION CONFERENCE AND THE 29TH ASSEMBLY. IT WAS EXHAUSTIVELY COORDINATED THROUGHOUT THE U.S. GOVERNMENT WITH EVERY INTERESTED AGENCY. WE ARE ABSOLUTELY COMMITTED TO PROVIDING THE SERVICES I HAVE DESCRIBED AND TO BUILDING THIS GLOBAL SYSTEM WITH YOU.

THERE IS EVEN A MORE PRAGMATIC REASON WHY OUR GOVERNMENT WILL CONTINUE GPS SERVICES UNINTERRUPTED. GPS IS OPERATIONAL TODAY AND AVAILABLE TO ANY USER WITH A GPS RECEIVER. THE UNITED STATES AVIATION COMMUNITY IS MOVING RAPIDLY TO TAKE ADVANTAGE OF THAT TECHNOLOGY. THE UNITED STATES HAS APPROVED THE USE OF GPS FOR SUPPLEMENTAL MEANS NAVIGATION FOR EN ROUTE THROUGH NON PRECISION APPROACH OPERATIONS AND WE ANTICIPATE APPROVAL OF GPS FOR SOLE MEANS OPERATIONS IN 1997.

BESIDES ITS WIDESPREAD AVIATION APPLICATION, THERE ARE OTHER SIGNIFICANT USERS BENEFITING FROM GPS SERVICE NOW, AND THAT NUMBER IS GROWING DAILY. IT IS CURRENTLY USED BY THE MARITIME INDUSTRY, TRUCKING COMPANIES, SURVEYORS, RAILROADS, AND METEOROLOGISTS, AND IT IS EVEN IN PRIVATE AUTOMOBILES PROVIDING REAL-TIME MAP POSITIONING DISPLAYS. IN FACT, THE AVIATION USE OF GPS IS ALREADY ONLY A SMALL PERCENTAGE OF ITS TOTAL USAGE. IN SHORT, AVIATION AND MANY OTHER INDUSTRIES IN THE UNITED STATES ARE STAKING THEIR FUTURES ON GPS, AND IT IS INCONCEIVABLE THAT THE SYSTEM WOULD BE WITHDRAWN.



THE UNITED STATES FIRMLY BELIEVES THAT GPS AND GLONASS ARE THE FIRST STEPS TO A FUTURE OF CNS/ATM TECHNOLOGY. WE RECOGNIZE THAT THERE IS MUCH WORK TO DO IN REALIZING A TRULY GLOBAL SATELLITE-BASED AIR TRAFFIC ENVIRONMENT, AND WE INTEND TO BE A FULL PARTNER WITH ICAO AND ITS OTHER MEMBER STATES IN ADVANCING THIS TECHNOLOGY.

OUR HOPE IS THAT THE COUNCIL WILL ACCEPT THE UNITED STATES OFFER, BASED ON THE LETTER THAT I PRESENT TODAY, SO THAT WE CAN MOVE FORWARD TO DEVELOP AND IMPLEMENT THE NECESSARY STANDARDS, PROCEDURES, AND INSTITUTIONAL MECHANISMS FOR THE FUTURE SYSTEM.

LADIES AND GENTLEMEN, AGAIN, I AM HONORED TO BE ABLE TO SPEAK TO YOU TODAY. THANK YOU MR. PRESIDENT.

**TALKING POINTS FOR FAA ADMINISTRATOR  
NEWS MEDIA BRIEFING  
OCTOBER 18, 1994**

- Welcome, thanks for coming.
- First, let me introduce my colleagues. Linda Daschle is our Deputy Administrator. Dr. George Donohue is our new Executive Director for Research and Acquisitions. Darlene Freeman is the Associate Administrator for Aviation Standards. Charlie Huettnner is our Acting Associate Administrator for Aviation Safety. Dan Beaudette is the Deputy Associate Administrator for Regulation and Certification.
- This is the first of regularly scheduled media briefings we will hold on a monthly basis. We've got follow up briefings already scheduled for November 7 and December 8. We'll try it for a few months to see how it goes. If monthly meetings don't work, we'll try another schedule.
- We've talked for months about doing something like this on a regular basis. But it seems like there's never enough time on the schedule. And there never will be, so we just need to make time.
- This dialogue is important for both of us--the media and the FAA. It gives you a chance to find out what's going on at FAA, to hear what's on our minds and on our plates.
- For us, it provides an opportunity to bring up issues that need public discussion and debate. And these issues won't get the proper attention if we get together only in times of crisis or when we're both narrowly focused on a particular issue.



Airport Capacity--This is one of our most important concerns--second only to safety. Air travel is forecast to increase 60 percent within the decade.

- New technology won't carry the day. We need more concrete.
- For new airports and improvements of existing ones, we need to explore new forms of financing. We've just about mined out all our old federal resources.
- We also need to redefine the federal role in national airport planning and development. Our traditional role of passive conduits between Congress and local airports is out-dated.
- To help define a strategy for managing the national airport system, I have established within FAA a high-level work group under Cynthia Rich and Monte Belger. Needs to involve public and users to make it broad collaborative effort.

GPS: Discuss the CAT III flight trials involving FAA, NASA, Stanford, United, Continental, UPS. Mention your experience with the Stanford "Pathfinder" at a flight trail at the Technical Center in early August.

#### Safety Rulemaking:

- Revising medical standards for general aviation pilots. (NPRM)  
Darlene will expand on this.

#### System Indicators Report

- What this Report Shows: The aviation system is safe and has been getting safer over the last several years.

TALKING POINTS FOR DAVID R. HINSON  
GPS NOW WORKSHOP  
AIRFORUM '94  
GENEVA, SWITZERLAND  
OCTOBER 20, 1994

Thank you, Dick.

I'd like to welcome you to our workshop on GPS NOW!

We've invited you here for two reasons:

Number one, to report to you on the progress we have made in implementing GPS in our domestic airspace.

And number two, to let you know how -- with very little investment -- GPS can be used, right now, to improve safety and service throughout the world.

Before we get started, let me reiterate the offer of my government:

- o The United States has offered the Standard Positioning Service of the Global Positioning System to civil aviation around the world, free of charge.

On Monday, I reaffirmed this offer, in person, to the Council of ICAO.

Moreover, I conveyed a letter to Dr. Kotaite, confirming the offers made by my government at the 10th Air navigation Conference and the 29th Assembly.



The letter also provides assurances on two very important points.

First, it provides confirmation that GPS meets the ICAO requirement for availability of at least 10 years.

Second, it states that the United States shall ensure the integrity and reliability of the service.

This is the written commitment of my government on which the world community can rely.

- o We all agree that the primary stand-alone navigation system in the 21st century will be provided by a global Navigation Satellite System -- the ICAO GNSS.

We are absolutely committed to building this global system with ICAO and have offered GPS as a first step in reaching that goal.

- o GPS is operational today and available to any user with a GPS receiver.

The full constellation of 24 satellites was declared operational last December.

We have already authorized the use of GPS for supplemental navigation down to and including non-precision approaches.



We recently signed a contract with two major U.S. air carriers to use their Boeing 757s and two other avionics manufacturers to conduct Category Three testing using GPS. The results will be presented to ICAO in 1995.

- o All properly equipped aircraft will soon be able to use GPS as the sole means of navigation throughout the United States and over the oceans of the world. (Est. date: 1997)

The avionics industry is mobilized to respond. The FAA certified the first GPS receiver less than a year ago. Now there are at least nine U.S. companies in the market. About a dozen or so receivers have been certified and several more are awaiting approval.

- o From our standpoint, GPS is a win-win technology

Countries needing to modernize and expand their ATC systems would not need to invest in costly ground systems.

GPS provides one basic system to handle all phases of flight, and it has the potential to turn virtually any landing strip into an instrument runway.

- o GPS can be used today for...

IFR non-precision approaches (even CAT-I precision approaches when the proper ground augmentation is in place.)

Supplemental navigation

Increased situational awareness (basic GPS can pinpoint an aircraft's position within meters.)

Plus a host of other uses which Dick and Tony will discuss.

- o The promise of GPS...

Seamless navigation

Preferred routing

Increased capacity through reduced separation

Substantial savings in fuel and time

Airspace over the oceans as well managed and efficient as that over land

Precision landing approaches on virtually every qualified runway in the world.

Conclusion:

- o All of us at the FAA are proud of our role in bringing GPS on line and making it available to civil users.

Our aim this afternoon is to show you just how far and how fast progress is being made to put GPS in place and the capabilities that are available now.

We have a lot of material to cover. So let me turn the program back to Dick and thank you once again for coming.

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U.S. Department  
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Federal Aviation  
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# INFORMATION

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ATC PERSPECTIVES, USA  
DAVID R. HINSON, ADMINISTRATOR  
U.S. FEDERAL AVIATION ADMINISTRATION  
AIR FORUM '94  
GENEVA, SWITZERLAND  
October 20, 1994

Today the world of aviation, like the world at large, is experiencing a period of unprecedented change and unparalleled opportunity. Someday, when historians write about these times, their emphasis will be on trade agreements, not defense alliances. Wheat deals, not arms deals. Battles over market share, not disputed border territories.

Where once a nation's fate depended on its military coalitions, today the future is determined by a nation's place in the global economy. And no nation can participate fully in the global economy which is now emerging without participating in the emerging system of global aviation. The two are linked. Economic growth depends on air transport which, turn, stimulates further expansion.

The global aviation system now taking form has three key components: standards of safety which are uniformly high throughout the world, an air traffic control system based on the best available technology, and airports able to efficiently handle the growing volume of air traffic with minimum delay,

Each is vital. All are interdependent. And each has its unique challenges.

First and foremost, the long-term growth of aviation requires steadfast public confidence in the safety of aviation. People want to be able to assume -- wherever they fly -- that the planes are well maintained, that the pilots and other crew members are thoroughly professional, and that our airports and air traffic control systems give top priority to safety.

In this period of extensive code-sharing and joint marketing arrangements, the identity of individual airlines is becoming blurred. And, sometimes, because of dry leasing practices, the identity of the owners and operators is uncertain. It is our responsibility as civil aviation authorities to guarantee passengers that different countries and different carriers maintain the highest standards.

There can be no compromise on this issue.



The 183 nations which are signatories of the Convention on International Civil Aviation all agreed to provide for safety oversight of their airline operations. This is not an easy task. Oversight involves clearly-defined responsibilities and an organization with the authority to carry them out. It takes trained personnel. And none of this comes cheap. For these reasons -- and perhaps others -- some countries are not living up to their commitment.

In 1992, the members of ICAO reaffirmed the obligation of states to provide safety oversight of their airlines, urged them to ensure that rigorous inspection procedures were being carried out, and called for assistance to those states which were falling short of compliance.

Given the dimensions of the global airline industry, this is going to require a dedicated effort by all of us here today. There are, for example, over 90 countries that operate about 475 airlines into the U.S. -- or oversee airlines that code share with operators flying to the U.S.

In 1991, the FAA began a systematic review of the oversight performance of these 90 countries. Our aim was to identify which countries were having problems in providing basic levels of oversight and to pinpoint the nature of those difficulties. In some cases, we're denying service to U.S. airports until those basic standards can be met. We are offering corrective help where we can. But our resources are limited.

For this reason, we are asking ICAO to disseminate approved standards for the conduct of safety assessments that countries can use to review their own legislation and safety regulations. We also seek an international capability to validate compliance with ICAO standards.

We are urging greater regional cooperation as well. The establishment of regional civil aviation authorities with adequate enforcement powers would permit neighboring countries, especially smaller ones, to pool resources to achieve a higher level of oversight than any one country might be able to provide on its own.

Steps toward regional cooperation are already taking place in Central and South America, in the Far East, in Africa, and among the Gulf States. The experience of the Joint Aviation Authorities of Europe also provides a valuable precedent.

The United States fully endorses the further development of such regional approaches.

We are as aware as any nation that oversight requires constant vigilance. We can never relax. We can never assume that we've succeeded in eliminating every possibility of accident -- as the devastating crash near Pittsburgh reminds us.

Aviation will never be fool-proof and fail-safe. Oversight operations require careful and constant maintenance -- just like the planes in which we fly. And it requires open-ended investment -- a continuing commitment of resources fully as important as the building of airport facilities or the acquisition of advanced air traffic control systems.



It is an enormous benefit that the same technology which expands capacity and promotes efficiency ... at the same time extends the margin of safety.

There is no incompatibility between growth and safety. There is no trade-off which we are forced to make. Investing in the new technology buys us both. This is the second component of the global system now emerging.

Between 1982 and the year 2005, the United States will invest \$32 billion dollars in new equipment and technology to upgrade and improve our air traffic control system. Many of these investments are aimed at further improving air safety. Others are directed toward lowering cost -- for the operators of the system and for those who use it. And, increasing, we are investing to provide for a surge of new travelers.

Everyone is anticipating a sharp rise in air traffic during the next ten to twenty years. All of our forecasts agree that there will be healthy growth in Europe and North America, and a period of dynamic expansion in Asia and Latin America.

Much of our modernization program focuses on three emerging technologies: GPS for precision navigation ... data link for error-free computer-to-computer communication ... advanced automation for maximum efficiency and productivity.

These three technologies are changing the way we traditionally think of air traffic management...shifting us away from a purely ground-based perspective to one which places increased emphasis and reliance on airborne participation and decision-making.

This is the fundamental idea behind the ICAO FANS recommendation for an international Communications, Navigation, and Surveillance Air Traffic Management system. I fully support the FANS recommendations and the U.S. is designing its national system along those lines.

Digital data link and higher levels of automation are core technologies -- as important to aviation in the next century as radar was forty years ago. But no technology we can foresee offers greater promise for civil aviation than satellite navigation.

The great appeal of GPS, of course, is that it provides one basic system to handle all phases of flight -- en route, terminal, and airport surface operations. And it has the potential to turn virtually any landing strip into an instrument runway. Basic GPS can pinpoint an aircraft's position within meters. These systems will permit more direct routing, save hundreds of millions a year in airline fuel costs, allow closer headways and far better all-weather performance - and enable airports to cope with a steadily rising volume of traffic.

Countries needing to modernize and expand their ATC systems would no longer need to invest in extensive ground systems which are expensive to buy and costly to maintain.



There is an analogy here between GPS and cellular phones. Both will allow countries which now lag in ATC and telecommunications technology to catch up at relatively low cost. Both are leapfrog technologies which will level the disparities which now exist between the developed and the developing world. There are several GPS services that can be used now, worldwide, for very little cost. I invite you to attend our forum this afternoon and let us tell you about them.

I agree with Australia's CAA Director Doug Roser that the implementation of the CNS-ATM will not only advance the integration of several key air traffic control technologies into a single, seamless system...it may, over time, promote the integration of the many independent air traffic control authorities into unified regional and global organizations.<sup>1</sup>

Bear in mind that I said "over time". Not right away. Perhaps not even anytime soon. But I believe that is where technology -- and the global economy -- is leading us.

The third component of a globally-integrated aviation system is the airport. It must be designed to meet international standards of safety, reliability and efficiency -- if it is to handle the growing volume of traffic we foresee in the years ahead.

A modern airport today is as important to a nation's economy as seaports were in the past. Earlier this month, the Wall Street Journal<sup>2</sup> reported that one of the most rapidly growing regions of the United States is a place many of us know mainly from old John Wayne movies -- inland mountain states such as Idaho and Utah which once seemed isolated both in time and distance from the modern world.

Curiously, much of the new prosperity of the American west is based on export trade in high technology products -- made possible by airports which link Boise and Salt Lake City with Tokyo and Frankfurt. Air transport allows regions far from the sea to compete for overseas business with the port cities of Seattle and San Francisco. With the coastal advantage diminishing, international trade is moving inland.

We can see aviation erasing the once almost insurmountable economic disadvantage of a land-bound geography. And what is happening in the mountain states of the U.S. will be happening all over the world as trade and markets become increasingly decentralized.

To realize this benefit, however, a modern airport infrastructure must be in place.

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<sup>1</sup>Roser, Doug, Chief Executive and Managing Director, CAA, Australia. "The Management Challenge of Linking the Superairways of Our Airspace". The Journal of Air Traffic Control, July-September 1994

<sup>2</sup>October 3, 1994. The Outlook: A New Growth Source in the Western U.S.



Unfortunately, the world over, airports are the weak link in global system. Many of the busiest are already so congested that delays are a chronic and costly problem. And the situation is sure to worsen, despite the often heroic efforts to expand capacity. More than 200 large scale airport projects are underway worldwide, at a cost which ICAO estimates to be around 240 billion dollars over the next ten years -- 400 billion when you add in the costs of related projects such as road and rail links.<sup>3</sup>

That's about the equivalent of investing all of Spain's GDP for a year in new airport infrastructure around the world.<sup>4</sup>

Some of these ventures are among the most ambitious public works projects ever undertaken anywhere. The new Kansai airport is the only man-made structure, other than the Great Wall, to be visible from space.

But I believe we should all be concerned that, in spite of all this expansion, many of our major airports are still likely to be overwhelmed by the volume of air traffic which we forecast.

The number of air travelers is expected to double by the early years of the next century.

The magnitude of this growth is staggering to think about.

We all know about the practical problems which Boeing and Airbus foresee in trying to build and market a 600 seat super jumbo. The hard truth is that doubling the size of our airplanes is simple compared to the task of doubling the capacity of our airports. Not in the short time we have to find a solution. Not with our limited resources. And not with the environmental constraints which limit our options.

In many countries with mature industrial economies, new airports can be constructed only with immense difficulty -- which means that the emphasis has turned to expanding capacity at already existing high volume airports. But just building a new runway in the U.S. can take five years or longer. The recently-completed runway in Salt Lake City took 12 years. And adding a single runway can cost as much as we once paid to build an entire airport.

Our best short-term hope is in the fielding of new technologies which enable us to do more with what we already have. Much of our innovative technology is designed to do just this.

New approach procedures can keep a runway open under weather conditions which once might have forced its closing. And parallel runways, even when closely spaced together, can now be equipped to allow simultaneous landings and take-offs -- regardless of visibility.

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<sup>3</sup>Financial Times, July 2, 1994. Airport development: big spenders await the rush.

<sup>4</sup>The Economist Guide to Global Economic Indicators (1994). Table 4.1, Nominal GDP, 1990.

While many airports -- including some of our busiest, like La Guardia and San Francisco -- must limit operations to a single runway during instrument flight rule weather conditions ... airports equipped to handle independent parallel approaches can boost capacity by 40 to 50 percent.

These are technologies which will become increasingly important in the future. For as business comes to depend on air transport, it becomes more attentive to the heavy costs of delay due to bad weather and congestion. The demand grows for more reliable service, less vulnerable to bad weather and congestion.

This we know from our own experience. And we also know that the problem of delay is not one that affects just a single airport. As air traffic grows in the coming years, and as air routes become more crowded ... delays at one airport will cause back-up and delays at others.

It is an inevitable consequence of global integration that the problems of one can become the problems of all. But so can the solutions. That's the great benefit of our growing interdependence. A solution which works for one will increasingly work for all. Together, we can find global answers to assure high uniform standards of aviation safety ... to build a high capacity, space-based system of air traffic management ... to design airports to meet the overwhelming demands of the next century.

If our investment in the future is to achieve its maximum yield, all our efforts need to mesh closely with what all other countries are doing ... or planning to do. Every nation is destined to become fully integrated within the global system which is emerging. That is the basic fact behind the "New World Order" which is the theme of our conference -- No country can go it alone.

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# INFORMATION

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## TURNING POINTS AND TRANSITIONS

Advancing Aviation Into the New Century

By David R. Hinsón

Administrator, U.S. Federal Aviation Administration

Chicago '94

October 31, 1994

Governor Edgar, President Kotaite ... Ladies and Gentlemen:

I am delighted to share in this celebration of the fiftieth anniversary of the Chicago Convention and the founding of the International Civil Aviation Organization.

It is a testimony to the success of the Convention that ICAO remains the principal forum for the world aviation community, after all these years. And despite the enormous changes which have taken place in aviation and in global politics in the intervening five decades.

As President Kotaite has said -- the framers were truly visionary.

Now, as we look back on it, we see that 1944 was a year near the end of one historic era and the beginning of another. World War Two was drawing to a close, and the 52 nations which gathered here in Chicago were acutely aware of both the promise and the peril of the post-war period. They knew that the task was not simply to start again at the same place where everything had come to a halt when the war began. That place had been shattered by the war and could not be rebuilt.

New foundations had to be laid for an industry transformed by the convergence of wartime technologies -- by jet engines and radar and giant aircraft assembly plants primed to turn from military to civilian production.

No doubt the delegates would be astonished at how fast aviation has grown and amazed at the technology on display in this exhibition. But they understood clearly that the decisions they reached would have far-reaching consequences.

Everyone knew that aviation was destined to play a vital role in the world then taking shape. Yet no one could be entirely sure about their place in that world.<sup>1</sup>

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<sup>1</sup>Mickel, Merlin: World Air Accord as Instrument for Peace Stressed at Chicago, Aviation News, November 6, 1944



1944 was a year of turning points and transitions. And, as such, it was a period very much like our own.

All of us here today also have a strong sense that we are at a decisive turning point -- that the decisions we are making now are not like the decisions of more ordinary times. It is not arrogant or self-important for us to believe our choices will have an unusually significant impact in the years ahead. That belief should instead serve as a sobering reminder of our responsibilities.

In the months immediately ahead we will be deciding issues which are certain to shape the future of aviation for the next fifty years. We must deal with the new realities which are emerging ... changing realities which mark the end of one era in civil aviation and the beginning of the next.

We can already see that aviation is undergoing great change.

It is becoming globally integrated, with the same high standards of safety demanded through all sectors of the industry, and all parts of the world.

The airlines are re-defining the nature of their business, and devising the strategies which are necessary in a changing environment.

And, air traffic control management is being re-invented by the technological convergence of satellites, computer and digital communications.

Let me speak first about the growing interdependence and integration of aviation on a world-wide scale.

In the years immediately following the Chicago Convention, aviation had a strong national identity. The insignia of a flag carrier could evoke almost the same patriotic fervor as a nation's flag. And the big international carriers tended to fly planes built in their own countries. In the 1950s, Boeing 707s were American, Comets were British, and Caravelles were French.

But in the past two decades, there has been an emerging trend toward transnational ventures both in aircraft manufacturing and in airline operation. Many aircraft, aircraft engines and other aviation products are assembled in one country from components designed and manufactured elsewhere.

Inevitably, this trend must lead eventually to greater uniformity. Global integration will erode many of the differences which give companies an advantage over their competitors. And it is the nature of our industry that safety is the dominant competitive issue.



With the continuing growth of international travel, no nation can afford to tolerate slipshod practices which endanger air passengers. The long-term growth of aviation requires steadfast public confidence in the safety of aviation.

Travelers want to be able to assume --wherever they fly -- that the planes are well built and carefully maintained, that the pilots and other crew members are thoroughly trained, that adequate security measures are enforced, and that our airports and air traffic control systems give top priority to safety.

Everywhere in the world, aviation is being pushed to conform to a single set of standards and procedures -- for safety first and foremost, but for economic reasons as well. Multiple certification requirements add a lot to cost, but little to safety. Aircraft manufacturers of every nation will benefit if we can relieve them of this burden.

A second reality is the changing economics of the airline industry.

In the United States, in the last fifty years, the number of passengers has grown from five million to five hundred million.<sup>2</sup> And our airlines expanded to keep pace with this growth. The industry knew how to make money. The formula was clearly understood.

The formula has now changed. Consider:

- Low cost, low fare carriers are proliferating in many parts of the world;
- Increasingly, competition is causing carriers to change their cost structures;
- Tensions are building between countries that subsidize their flag carriers and countries that do not;
- Pressure for "open skies" between states is increasing;
- The per-seat cost of new technology aircraft is rising faster than inflation, creating pressure on both manufacturers and carriers;
- Cross-ownership and code sharing are techniques designed to by-pass the restrictions imposed by strict bilateral agreements;
- As the world opens up to less restrictive international travel, the potential to realize the true leverage of market elasticity grows dramatically.

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<sup>2</sup>Handbook of Airline Statistics, Civil Aeronautics Board, 1963



All this leads one to conclude that a new way of doing business is here now. The old "steady as you go" economic environment is gone. Constant change is now the theme.

Air carrier management teams will need to realize that every day is different and as a result the term "long-range planning" takes on a new definition.

In the end, however, carriers need to ensure that revenues exceed expenses; except, of course, in those instances where state subsidies are available.

Developments in technology is the third reality I'd like to discuss.

We're at a period which very much resembles 1944 -- when one proven technology was about to be replaced with one which was boldly innovative.

During the time the delegates were struggling here in Chicago to reach an agreement, another fateful struggle was underway. This was the competition between two rival concepts of the computer. The choice was between computers based on the solidly reliable technology of the telephone exchange -- using thousands of slow but dependable relay switches -- and computers built with vacuum tubes.<sup>3</sup>

We all know the outcome of that contest. The triumph of the vacuum tube soon led to transistor technology and the Age of Electronics.

There is a comparison here with alternative approaches to air traffic control. Our old ground-based system is as dependable as the telephone. But it has reached its limits. It cannot handle the growth in air travel which we foresee in the years ahead.

Today, air traffic control technology is being transformed by parallel developments in three separate fields: satellites, computers and digital communications. Any one, by itself, would be a major advance. Combined, they create virtually unlimited possibilities. This new era of ATC technology offers the prospect of an integrated global system ... a seamless system.

By the year 2005, the FAA will have invested 32 billion dollars in a capital investment plan to upgrade and improve the entire air traffic control system -- an investment which has already paid for itself by reducing the heavy costs to industry of flight delays caused by congestion and the malfunctioning of our aging equipment.

We have now completed more than 85 percent of the original modernization program the FAA began in 1982. Last year alone, 600 new hardware and software systems were installed. And we expect to do that well or even better this year.

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<sup>3</sup>Bunch, Bryan & Hellemans, Alexander: The Timetables of Technology, Simon & Schuster, 1993



There have been some glitches along the way, of course. Some of them highly publicized. But it is surprising that there were not more problems. Especially when you consider that we had already started to modernize when a revolutionary new technology suddenly came to the fore ... one which motivated us to take a boldly different approach.

This new approach to air traffic control will rely heavily on the Global Positioning Satellite system. When we first began to design our modernization project, GPS was a little known military program, largely untested and untried.

But its enormous value for civilian aviation became immediately apparent. Today, the FAA is moving quickly to make the momentous shift to satellite-based navigation -- a move which will make possible more flexible and direct routings ... reduced separation between trans-oceanic flights ... and the accelerated adoption of advanced air traffic technology throughout the world -- without an enormously expensive investment in ground-based facilities.

Just last week, the U.S. reaffirmed to ICAO that we are offering the use of GPS to civil aviation around the world, free of charge.

In 1944, the delegates at the Chicago Convention were looking ahead to the prospect that civil aviation could be rebuilt using those technologies which had played such a decisive role in determining the outcome of the war.<sup>4</sup> Everyone here in Chicago recognized that radar and jet aircraft design had enormous potential.

GPS offers the same promise. The same opportunity. And its rapid deployment is essential if we are to have an air traffic management system which can handle the growth we all predict for the future.

Within the next 10 years, world aviation will have to accommodate twice as many passengers as it does today. Providing for this surge of new travelers is a challenge we are going to be hard-pressed to meet.

Frankly, I worry that we are running out of time.

The world spins a lot faster today than it did in 1944. Yet our institutions for making policy and reaching decisions belong to another age. They reflect the time when messages were shuttled about the building on conveyor belts and documents were copied manually by clerks in green eye shades.

The FAA is a prime example.

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<sup>4</sup>Feldman, Joan M., Navigating Change. Air Transport World, October 1994, pp 77-82



All during the period when aviation was undergoing rapid expansion and technology was gaining in power and sophistication, the FAA remained basically the same. Despite occasional reorganizations, we continued to make policy, manage contracts and allocate money and personnel as we'd always done.

We didn't change because we weren't free to change. Unlike a well-run business, we could not mold and remold our form to fit our function. We were limited in our ability to evolve in response to changing conditions.

President Clinton's proposal for an air traffic services corporation would position us to cope with the emerging realities I have been discussing. The corporation would give us both the flexibility and the resources to keep pace with the changing dynamics of the industry.

I see a similar need for speedier decision making at the international level. Like the FAA, organizations such as ICAO are often too encumbered by procedure and protocol to initiate timely responses to important issues. In the search for consensus, we often lose momentum and clarity of purpose.

But the emerging realities which I have discussed today all require urgent responses.

First, the maintenance of high standards of aviation safety and of an economically viable aircraft industry both require prompt progress on harmonization and standardization.

Second, a fiercely competitive marketplace demands that the carriers devise a survival strategy which allows them to maintain profitability in a low cost, low fare environment.

And, third, the rapid deployment of GPS and advanced air traffic technology is essential if we are to avoid being overwhelmed by future growth.

It is significant that in commemorating the fiftieth anniversary of the Chicago Convention, we find ourselves not just observing another anniversary. We find ourselves again, fifty years later, watching ourselves cross over another dividing line in the history of aviation.

Like 1944, this is a time of high hopes and ambitious plans.

But it is also a time to face the new realities of a new era.

Thank you.



MEDIA ADVISORY

FAA CHIEF TO DELIVER MAJOR ADDRESS

MONDAY, OCT. 31

Administrator David R. Hinson of the Federal Aviation Administration will deliver a major address at 12:00 noon Monday, October 31, in the Grand Ballroom of the Chicago Hilton and Towers Hotel, 720 S. Michigan Ave., Chicago.

Mr. Hinson was scheduled to be introduced by Gov. Jim Edgar.

The occasion is a special meeting of the International Civil Aviation Organization (ICAO) to celebrate the 50th anniversary of the Chicago Convention and the founding of ICAO.

For further information, contact Tanya Christopherson, FAA Public Affairs, 708-294-7004.

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