

"No Way to Run an Air Traffic Control System"
by
David Hinson, administrator
Federal Aviation Administration
and
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Commission to Ensure a Strong Competitive Airline Industry

One-hundred-and-eight days to hire an employee ...

Nearly two years to pass a budget ...

AND two-to-five years to buy new equipment.

That's no way for the government to run the nation's vital air traffic control system.

But that is what's has been happening. Now the administration, through Vice President Gore's National Performance Review (NPR), has a better plan. We call it the Air Traffic Control Corporation. It will bring private sector personnel, budget, and procurement practices to the nation's air traffic control system. What does that mean to the average traveler? Simply put, corporatization will enhance safety, improve efficiency, and save money.

This innovative "reinventing-government" proposal was also a key recommendation of the independent commission called for by the president and Congress to, "investigate, study and make policy recommendations about the financial health and future competitiveness of the U.S. airline and aerospace industries." The 15-member National Commission to Ensure a Strong Competitive Airline Industry, which included

representatives from the airline industry, labor, the financial community, and others, came to the same conclusion as the NPR -- air traffic control can be more effectively provided by a government corporation than under its existing structure in the Federal Aviation Administration (FAA).

It would be difficult to find a federal organization that we as a nation are rely upon more than the nation's air traffic control system. Unlike most of government, it is constantly operating, 24 hours a day, 365 days a year. It is the only governmentally controlled entity which an entire industry is wholly dependent; if there's no air traffic control service, there is no airline service. With over 480 million passengers and \$80 billion in economic activity at stake, it is clearly in the national interest to ensure that the air traffic control system functions as safely, efficiently, and cost-effectively as possible.

Unfortunately, that is not entirely the case today. Although, the safety record of the air traffic control system is exceptional, it has accomplished this despite significant obstacles inherent in the federal procurement, budget, and personnel system. These obstacles make the dedicated men and women air traffic controllers less efficient than they could be, and impose tremendous costs on the business community, taxpayers, and travelers.

Each year, over \$2 billion in costs are incurred by airlines because of delays. Passengers lose \$1 billion in time, wages, and productivity. Furthermore, each year the FAA fails to implement modernization of infrastructure equipment such as satellite navigation, costs the aviation industry and travelers \$88 million in fuel savings and \$263 million in operating expenses. These are problems that can and should be addressed.

Leading the argument towards corporatization of the present air traffic control system is a cumbersome military-style federal procurement process that limits the system's ability to meet rapid technical advancements in aviation.

Today, many air traffic control facilities are equipped with technology that were delivered during the Kennedy Administration. In the rapidly and continually evolving field of technology, that is something akin to Stone Age man attending MIT. A controller at Washington National Airport uses a Univac computer that takes up half a room and provides one-tenth the computing power of his personal lap-top.

According to the airline commission report, in another case, a data processing system that was designed in the early 1970s, was finally awarded a contract in 1980. The last system, based on 21-year-old technology, was not installed until 1993. This simply does not make sense. This equipment should be in a museum, not in our air traffic control facilities.

Why is this equipment in our system? It is the result of the air traffic control system being subject to the bureaucratic procurement requirements of the federal government - a stack of rules 11-feet high that were never designed to address the challenges of a capital-intensive, technologically-dependent operation. Eliminating them by corporatizing the air traffic control system will bring on-line new technologies in a timely manner and will mean safer, more efficient air travel well into the future.

The present air traffic control system is also constrained by cumbersome federal personnel and budget restrictions. The FAA, as it is structured today, finds it more and more difficult to prepare for the impact of important changes which are now

transforming the world of aviation and altering the environment in which we work. The air traffic control corporatization is the best approach to achieve the safety, productivity, and efficiency benefits we all seek.

Advanced planning and improvements within the FAA have become increasingly difficult because of the confusing and often less-than-timely federal budget process. Preparation of FAA's fiscal 1994 budget began in 1992. It took 19 months to complete. Furthermore, the FAA estimates that the flying public will grow by over 300 million by the year 2000. And those from airports labeled as "congested" will expand from 60 to 80 percent. According to the Center for Naval Analysis (CNA) 1994 report "Compelling Reasons For Change," "It is unlikely that FAA can get the money from the federal budget that it will need to keep pace with the airlines' need to serve the traveling public.

Plodding civil-service regulations in air traffic control also inhibits motivation in the workforce and fails to attract the best and the brightest at high-pressure, difficult work locations. These regulations threaten the ability of the FAA to hire and retain sufficient numbers of trained controllers, and to place them at the facilities where they are needed most. CNA feels that the agency will be unable to make major employment changes to cope with new technologies without going outside federal civil service rules. According to the center report, "Lacking that, it will be virtually impossible to make the cuts and adjustments to the personnel mix without serious disruptions in the workplace."

In January, Transportation Secretary Federico Peña outlined the administration's aviation policy, the most comprehensive strategy for addressing the issues facing the aviation industry and its users in the last 15 years. That strategy includes the plan to

corporatize the airtraffic control system, with the goal of making air traffic control "more business-like and to overcome chronic impediments to good management, such as inflexible personnel rules and burdensome procurement regulations, that have frustrated efficient and effective delivery of air traffic control services."

A detailed proposal is being developed, and will be submitted to Congress this spring. Advancing towards an air traffic control corporation deserves the support of anyone who is interested in safer, more efficient air travel, and in government that works better and costs less.

Remarks Prepared for Delivery
FAA Administrator David R. Hinson
Annual Aviation Forecast Conference
March 4, 1994
Washington, DC

Good Morning.

I'm pleased to be here with our forecast staff to present the FAA's aviation projections for the next 12 year period. I have a few brief remarks about the forecasts. Then, in keeping with the tradition of this forum, I'd like to provide my views on the state of the aviation industry and the FAA.

The year that just ended was historic for aviation in many respects. It saw the continued expansion in no-frill, low-cost air service -- 18 new carriers entered the market and another 20 applications are pending.

It was a period in which our major airlines experimented with radical restructuring and the idea of employee ownership, while selling off sideline businesses and putting off new aircraft deliveries.

It was witness to fierce international competition among flag carriers, with a flurry of attempts at merger and alliance building.

It was another disappointing year for general aviation, but one with a ray of hope.

And at the FAA, we began to respond to the nation's demand that government learn to do more with less.

These are some of the events and trends that I'll be discussing today.

Before I proceed, I'd like to thank the organizers of this meeting and all of you for helping make this conference the best attended of any FAA-sponsored event. And I'd like to add how fortunate we are to have as our special guests, Transportation Secretary Federico Peña and the President and CEO of USAIR, Seth Schofield.

This year's conference marks an anniversary of sorts for us. The FAA published its first aviation forecasts 35 years ago -- in August 1959. They calculated them by hand, and charted them out on graph paper. Computers were still an unfamiliar and untested technology and not many government offices had them.

Those early projections were intended mainly to help the agency plan its staffing needs and capital expenditures.

No one, not even our own forecasters could have foreseen back then how widely used and respected the projections would become.

John Kenneth Galbraith once said there were two types of forecasters -- those that don't know and those who don't know they don't know.

We don't claim to be omniscient and we're not seers. Unlike the court advisors to the emperors of ancient China, we can't divine the future by reading the cracks on tortoise shells. But when it comes to accuracy, our forecasts rank among the best.

Last year, we predicted there would be 472 million domestic passenger enplanements on U.S. carriers in 1993. As it turned out, the actual number of enplanements was 466.3 million -- 1.2 percent less than we had forecast. Given the economic uncertainty at the time, and the structural changes taking place within the commercial airline industry, we consider an error in the one percent range negligible.

An important part of our forecasts, especially for us at the FAA, is the workload measures which help us plan how much staffing we need at our facilities.

This year our en route centers handled 37.5 million IFR aircraft operations -- exactly the number we had predicted.

Ten years ago, we predicted that between 1982 and 1993, U.S. domestic enplanements would grow by 59.3 percent, reaching a total of 462 million passengers. The actual growth was 60.4 percent -- a variance of only eight tenths of one percent (0.8). That's astonishingly accurate for a ten year forecast. And it says something both about the stability of certain long term trends and the quality of our forecasts.

Our forecasting process combines powerful statistical models with the most current economic and industry assumptions, a data base that reflects our 35 years in the business, and our most informed judgements about what may happen in the future.

The forecasts we are releasing this morning assume the continuing recovery of the U.S. economy, stable fuel prices, and modest inflation.

We predict that domestic enplanements for U.S. carriers will increase by 3.2 percent in 1994, four percent (4.0) in 1995, and average a 3.5 percent growth over the 12-year forecast period. Not as much as we would like -- but a welcome improvement from the very slow growth of the past six years.

We expect international enplanements will increase by an average of 6.5 percent a year throughout the forecast period. That's up from 4.6 percent actual growth in 1993. With Western Europe and Japan still in a recession, most of this growth will be driven by demand in the Latin American and Pacific Rim markets.

We're predicting that regional and commuter airline activity will continue to outpace that of the major carriers. Passenger enplanements in this category will increase by an average of 7.5 percent each year.

We also foresee steady growth -- about 4.9 percent a year -- in both the size of the helicopter fleet and the number of hours flown.

The most troubling part of our forecasts concerns general aviation, and we'll have more to say about general aviation at the special session on March 17 in San Antonio. I invite you to join us at that meeting as well.

Overall, we're encouraged by this year's forecasts - and by the gathering strength of the national economy.

We're further encouraged that for the first time in this decade, the major carriers may be seeing the beginnings of a return to profitability.

There was a time when the strength of the economy alone would have been enough to lead to a full recovery.

But these are not ordinary times. U.S. aviation is being buffeted by forces of change which call upon all of us to focus, to unite, and to act.

Changing airline economics, globalization, technological innovation, and the pressures for a more efficient government -- these factors are having an especially strong impact.

The steps that we've taken these past few months reflect our deep concern for the state of the industry.

First, we have examined how we could best reduce regulatory burdens consistent with our overriding concern for safety and security.

Second, we have redoubled our efforts to promote international trade through the harmonization of standards for aircraft certification and operation.

And, third, we are focusing our capital investment programs on improving the nation's airports and on the timely introduction of new technologies aimed at enhancing safety, increasing capacity, and reducing costly system delays.

We're making headway in our effort to make government regulation more rational. We're well aware that we need to get better information about the real costs actually involved. And to do a better job in explaining the reasons which underlie our rule-making decisions.

We've initiated a systematic review of all the regulations now on the books to weed out those which no longer make sense. In January, I announced in the Federal Register that I would like you to help us identify the regulations you believe are unnecessary. You still have time to send us your suggestions. The comment period closes March 11.

Today we'll be talking about what we can learn from our economic forecasts. But economic history can also teach us something about the future.

We know that as any industry matures, it moves toward standardization and homogeneity. It is inevitable that in the coming years, world aviation will follow a path of increasing uniformity.

Long-term efficiency simply doesn't allow too many different makes of aircraft, too much variation in airport design, or too many competing versions of air traffic control technologies.

World aviation is going to converge on a single set of standards. And whoever can influence the setting of those standards has a distinct competitive advantage.

That is the role I see for ourselves in the next few years: to promote the economic vitality of American aviation by promoting harmonization of standards and by encouraging world-wide compatibility, for example, in air traffic control systems.

The FAA can play a vital role in facilitating this trend by keeping up the pace of our modernization programs and designing our own systems with an eye on the global market place. For as we enter an era of increasing globalization, the links among safety, capacity, and competitiveness will be stronger than ever.

This linkage is apparent, right here at home in USAir's Project High Ground - which I'm sure Seth Schofield will be telling us about.

USAir is attempting to gain some critically needed productivity by reducing the amount of time its planes are on the ground.

The employees may work miracles in speeding along baggage handling and cabin cleanups. But if landings and take-offs are delayed because of system overload and airport congestion, the success of the entire strategy can be jeopardized.

Modernization is absolutely crucial if we are to increase capacity, improve the margin of safety, and reduce the costs of flying for all users of the airspace.

According to our latest reports, 23 U.S. airports experience 20,000 hours or more of annual flight delays.

Even with the modest increases we are predicting in air traffic, unless we make improvements, the number of congested airports will increase to 33 by the end of the century.

At \$1,600 an hour, these delays at each of these airports cost the airlines \$32 million dollars a year. All told, that's close to a billion dollars. And that doesn't include the costs to passengers and the American economy in lost productivity.

We can't afford these delays at any time. We certainly can't afford them now...when the airlines are in such a fragile financial state.

From the early days of this administration, President Clinton and Secretary Peña have supported a strong funding program to improve the nation's airports.

Just a few weeks ago, we sent a proposal to Congress that would allow us to fund seven billion dollars in airport grants over the next four years.

This is a multi-year bill that we hope will prevent the disruption we experienced when the 1993 authorization expired. It also should make it easier for us to provide grants to communities affected by airport noise and pollution.

The reauthorization bill also includes 5 billion dollars in Fiscal Years 1996 and 1997 for our capital investment programs -- funds which we will use to accelerate the introduction of new technologies such as advanced automation, digital telecommunications, and satellite navigation.

No technology has captivated our industry more than the promise of satellite navigation. We've made the Global Positioning System...GPS...an integral part of our National Airspace System. And we're committed, as an agency, to bring the benefits of this technology to users as quickly as we can.

Two weeks ago, we marked what may someday be remembered as the real start of this new era. The FAA, for the first time, allowed airline and private pilots to navigate solely by satellite.

Initially, GPS will allow planes to land under conditions of low visibility at more than one thousand small airports in this country...those which lack expensive ground-based navigation facilities.

Eventually, of course, navigation satellites and cockpit receivers will very likely replace the vast and costly array of radio and radar which we now rely on.

From a technical standpoint, I believe that GPS will be the only system we'll need to safely and efficiently manage our airspace. From the standpoint of economics and public policy, I believe that it's the only system that makes sense.

It will be far less costly to operate and maintain than our present ground-based network of air traffic control facilities. And it will mean significant savings for our airlines and cargo carriers, as flight times are shortened and delays reduced.

GPS also makes good sense from the standpoint of environmental policy. Shorter flight times translate into less fuel consumption and less aircraft emissions at high altitudes.

The Financial Times recently observed that "In high tech electronics, especially the converging worlds of computing and telecommunications, the U.S. has reasserted its dominance in the past three years."

What we in the FAA are doing with GPS, digital data link, and automation is a prime example of this merging of several key technologies. Any one of these three has the potential to vastly improve the air traffic control system.

When their capabilities are combined...the benefits increase exponentially. When fully implemented as an integrated, global system, the possibilities become virtually unlimited.

But the FAA...as presently structured...is finding it more and more difficult to exploit new technology or to sustain the new growth which will be necessary to meet the future demands of our industry.

Burdened as we are by federal laws and regulations, it can take us up to five years to award a contract for a new piece of equipment. By the time we get it fielded, that system may have been overtaken by a new technology. This actually happened when we installed the new Host en route computer system.

When the FAA first started the program, the computer was so advanced that nothing like it had ever been built before. It took 8 years to award the contract and complete the installations. By the time the last system was installed, new, more powerful computers were already on the market.

Viewed against the background of constant technological change, the forecasts we are releasing today are a compelling reminder that our greatest single challenge is to preserve U.S. aviation as a thriving, innovative and competitive industry. And to do so at a reasonable cost to the taxpayer.

The President's Aviation Initiative was designed expressly for this purpose. The goals of this program - to revitalize domestic aviation...promote international trade and competitiveness...build up our airports...enhance safety... and integrate aviation into the National Transportation System -- these are goals which many in our industry have rallied around for many months -- even years.

But for far too long, nothing much happened. Government was reluctant to take the lead. And in the absence of forceful leadership there was no clear consensus in the private sector...no common agenda for action.

Now there is momentum. We have seen in President Clinton, Vice-President Gore, and Secretary Peña -- a willingness to make hard decisions -- and a renewed recognition that government not only can -- but must play a constructive and productive role in creating opportunities for aviation growth.

One of the most far-reaching recommendations in the President's National Aviation Initiative is the proposal to re-invent the FAA's air traffic control services as a government corporation.

Our aim is to create a corporation unhampered by cumbersome rules governing procurement, financing and personnel. This new business-like organization will allow us to upgrade equipment much faster...to hire people when we need them...and to put them where we need them.

The problems we've had with the Advanced Automation Program is a classic example of why we need to change how we do business -- particularly in procurement and management.

The AAS has had a history of cost overruns and delays since the award of the contract in 1988. Late last year, I learned of cost and schedule information that gave me great concern. I immediately ordered an assessment by an internal task force. At the same time, I asked the Center for Naval Analysis to conduct an independent review.

Early this week, I received the findings of the internal task force. The report shows that if--and I stress if-- this program were to be permitted to continue on its present course, costs could range from \$6.5 to \$7.3 billion and substantial additional delays could be incurred. This is unacceptable to me, to Secretary Pena, and to all of us in the aviation community.

I cannot and will not allow this to happen.

Let me say this: We have already spent \$2.3 billion on this program. One of my jobs is to ensure that what this money bought will be put to work effectively. Regrettably, at this point, I cannot assure you of this even though I have been advised that the bulk of these funds have been spent on hardware and software that can be beneficially used. What I can tell you is that we cannot tolerate wasteful expenditures. I will do all I can to see that they do not occur in today's FAA.

Yesterday, I announced four interim steps that we will take to put this program in order. These actions include selecting a new program director to suspending funding for the Area Control Computer Complex (ACCC) portion of the AAS contract. I also have appointed a high-level team to thoroughly evaluate all the elements of the program and to re-validate the need for particular requirements and assess the benefits they provide.

I will make sure the contractors are aware that we need their immediate commitment to improve performance and their participation in restructuring the program. No award fee will be granted to the contractor unless justified by performance. Other actions will follow after I receive the report from CNA.

As a businessman, I am well positioned to tell you that the AAS program is a classic example of why we need changes in the system--like those in the ATC corporatization proposal--especially in procurement and management.

I know that many of you would like to know more about how this new corporation will work. Some people worry that the corporation will cause us to lower our safety standards, charge exorbitant user fees, or unfairly favor the big carriers.

Ladies and gentlemen, this corporation isn't about lowering our safety standards--it's about raising them.

It's not about denying access--it's about creating capacity.

And it's not about raising costs--it's about making it less expensive for all users of the airspace.

If we could start from scratch to design an organization perfectly geared to cope with the forces of change that are reshaping our industry...what would make the most sense?

The answer, I believe, is a corporate structure similar to the one we are proposing.

It will be a corporation subject to the same strict regulatory oversight the FAA has long exercised over aircraft manufacturers and airlines in the private sector. There is no reason to assume that the FAA could not regulate, just as effectively, the safety performance of controllers who are employees of a government corporation.

In the context of a corporation for air traffic control-- safety is not an issue.

When the corporation is approved -- as I sincerely hope it will be -- I'd like to reassure you on this important point: While the outward form of our system of air traffic management may adapt to better meet the demands of a changing environment -- the core of the system -- our commitment to the highest standards of safety -- will remain as uncompromising and constant as ever.

There is another constant we can depend upon.

The aviation industry will continue to change as it searches for strategies suited to the economic realities of the 90s. No forecast can predict which of these strategies will succeed or which will fail.

But we can be certain that competitive pressures and the entrepreneurial energy of our industry will force the generation of many innovative ideas--it must, it can, and it will.

And the adaptiveness and quickness of response which we expect from the private sector...we also must expect from the FAA.

As an agency, it is essential that we learn to quickly accommodate the rapidly-shifting needs of an industry in transition.

Such agility does not come easily to a bureaucracy, but we've got to master the art of keeping in step with our partners, even when the band keeps changing the tune.

By following the President's lead, we can lay out a new future...a new direction for air traffic control...a system capable of supporting the thriving economy and expanding industry which we see when we look ahead.

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Remarks by David R. Hinson
Administrator, Federal Aviation
Administration
On Presenting the Distinguished Career
Service Award to Joseph M. Del Balzo
March 4, 1994
Washington, DC

Good Afternoon.

Today we are saying farewell to one of the most respected leaders to have ever emerged from the ranks of FAA career professionals.

I thought it was very appropriate that in Joe Del Balzo's last week at the FAA, the New York Times -- his home town paper -- ran a story about Stewart International Airport. The article recounts the fast growth of Stewart since its conversion from a military base, and its success in giving travelers an alternative to the big congested airports of the Metropolitan area.

As we all know, Joe was very much involved in establishing Stewart. As the FAA's Eastern Region Administrator, he played a pivotal role in its planning from the very beginning. And he never had any doubts about the idea ...even during a few of those anxious early months when the Airport looked to some like it might have been a major miscalculation...when there were sometimes more people behind the counters than in front.

And his achievement there, I think, exemplifies his entire career in the Agency.

It shows his imagination and foresight and energy...his willingness to take a chance on visionary projects... his leadership in getting everyone to commit the necessary resources ...and his perserverence in pushing these ventures through to completion.

One of the great unsettling events during Joe's career was the PATCO strike. Many of you will remember this as one of the most disruptive and demoralizing episodes in our agency's history. Joe was among the first to realize that fundamental changes had to be made in the agency if we were to prevent a repetition of such a disaster. And Joe was one of those who played a key role in introducing a change which...we now know...was a turning point.

This initiative...which he called the Employee Involvement Process...was a daring experiment in labor management relations...one intended to begin the slow process of creating a new basis of cooperation and conciliation. It started in Airway Facilities but now the concept has been expanded to cover roughly 85 percent of the total agency workforce.

Joe never conformed to the stereotype of the cautious bureaucrat. He brought a New Yorker's restless vitality to every challenge. For those of us who are staying behind, it's going to take real effort not to lose some of the edge and the style which Joe brought to the agency. I know we're all going to miss him.

I also know another group who will miss him. There's a senior citizen's group in Southwest DC who looked forward to Joe's annual visit every Valentine's Day, bearing gifts of chocolate and words of appreciation for their volunteer work in the community. They counted on him every year. As the FAA has counted on him for 35 years.

Joe has discovered by now that whenever someone leaves the FAA, we make them give back all those beepers and telephones we insisted they carry at all times. But we don't want to lose touch with you, Joe. So everyone chipped in to give you a cellular telephone of your very own. I also have your retirement certificate here, just to make it official.

Now, at this time, it is a great privilege for me to present Joe Del Balzo with the agency's highest honor--the Distinguished Career Service Award. It commemorates a lifetime of high achievement and salutes your lifelong dedication to the mission of the Agency. And it comes with our heartfelt thanks and our best wishes for your continued success.

Remarks Prepared for Delivery
FAA Administrator David Hinson
ICAO DG Meeting
Santiago, Chile
March 22, 1994

Introduction:

It's a great pleasure to be here today to discuss aviation in the Americas and how we Americans, working together, might ensure its continued growth and development for the benefit of all.

Aviation deserves our attention, of course, because it's such an important component of our national economies. But it's more than that, too. It's a part of our history. Over the years, aviation has played a vital role in binding our countries and continents together, fostering commerce and promoting mutual respect and understanding.

The concept of international aviation was pioneered by people of vision, like Brazil's Alberto Santos-Dumont, a contemporary of the Wright Brothers. Santos-Dumont's remarkable flights helped to convince the public of the importance of aircraft development. His achievements fostered a vision of how the airplane could bring greater economic unity to the nations of the Western Hemisphere. Early airlines, such as Varig, Lan, Mexicana, and Pan American, soon began laying the foundations for an air transport system that would make this dream a reality.

As in the past, aviation still plays an important role in the economic development of the hemisphere. In fact, business has never been better nor competition more intense. FAA's latest "Aviation Forecasts," which was released earlier this month, projects a strong demand for international air transport in Latin American markets during the next twelve years. The predicted average gain of eight percent a year in terms of revenue passenger miles is significantly higher than the rates for either the North Atlantic or Pacific markets.

Such figures are a reflection of the fact that the nations of the Western Hemisphere are growing closer together as our national economies become more

closely aligned and interdependent. We in aviation have an important role in bringing this about. We need to increase our level of cooperation to ensure that our aviation systems are the best in the world and equal to the challenges that lie ahead.

Clinton Aviation Initiative:

These matters already are receiving a great deal of attention in my country. Under the leadership of President Clinton, we've taken a hard look at our aviation industry and come up with a game plan to ensure that it remains a vigorous competitor in the global marketplace. Published in January, it's called "The Clinton Administration's Initiative to Promote a Strong Competitive Aviation Industry."

Although the focus of the document is on improving the position of the U.S. aviation industry, many of the recommendations also have broad international application. For example, one of the major goals is promoting international aviation trade and competitiveness through development of new, more flexible, multinational air service agreements.

We believe that everyone would benefit from this liberalized approach which more accurately reflects the realities of today's world with its growth of multinational blocs, such as the European Union, and the creation of multinational airlines with boards of directors that transcends traditional geographic boundaries.

But these are matters I'm not required to spend a great deal of time on since they are beyond the purview of the FAA. We are a technical agency concerned primarily with safety issues and, as such, we also have an important role to play in the implementation of the Clinton Aviation Initiative.

One of the plan's major directives, which would affect FAA profoundly, deals with the restructuring of air traffic services in the United States into a Federal corporation. The change would free the air traffic system from the governmental restrictions on budget, personnel and procurement that have become overly burdensome with the passage of time. I believe it's an idea whose time has come and we are working very diligently to win Congressional approval.

From an international standpoint, undoubtedly the most significant task assigned to FAA by the President's plan has been the acceleration of the satellite navigation, or GPS, program. It's now on a three-year fast track aimed at bringing GPS into general use, including precision approaches, no later than 1996.

The agency also has been directed to expedite ongoing efforts to harmonize international aviation regulations and provide assistance to other nations and regions in modernizing their aviation systems.

Global Positioning System:

Turning first to GPS, I think it's safe to say that no technical development in recent aviation history has elicited as much excitement as the advent of satellite navigation. Aviation Week, for example, has called GPS the single greatest innovation in flying since the introduction of radio-based navigation over 50 years ago.

The great appeal of GPS, of course, is that it provides one basic system to handle all facets of flight - en route, terminal and airport surface operations. With certain enhancements, it also has the capability to turn virtually any airport runway into an instrument runway.

Speaking on behalf of the United States government, I want to say that we are very proud of our role in bringing GPS on line and making it available to civil users. And, as you know, GPS service is provided free of direct user charges.

By way of a fast update, we now have 24 satellites in orbit. That was accomplished last May and the system achieved Initial Operating Capability in December 1993.

FAA also is moving ahead quickly with equipment certification. Just last month, we approved GPS receivers for en route through non-precision approaches.

Continental Airlines, in fact, already is flying non-precision approaches at two Rocky Mountain ski resorts, Aspen and Steamboat Springs, Colorado. Work currently is underway aimed at winning approval for precision approaches at those locations before the next ski season.

GPS Wide Area Augmentation System:

One of our top GPS program priorities right now is the development of a Wide Area Augmentation System that will constantly monitor the integrity of the satellite system and alert pilots when the signals are not usable for navigation.

We expect to achieve nationwide coverage in the United States with a network of approximately 24 monitors. System integrity messages will be transmitted to aircraft through three or more Geostationary satellites. With the Wide Area Augmentation System, additional accuracy and ranging capabilities will also be provided making augmented GPS more useful for civil aviation.

The Department of Transportation, representing the FAA and Department of Defense, have just released a joint task force report titled "The GPS: Management and Operation of a Dual Use System;" which approves FAA's implementation of an initial Wide Area Augmentation System.

We've now completed the specifications; the system has been designed, and we are ready to proceed with the procurement process. Our goal is to have an operational Wide Area Augmentation System in place by 1997.

Latin American Interest in GPS:

I may have gone on a bit long here but I know the subject is of great interest to this audience. South America is an area that stands to benefit greatly from early implementation of satellite technology and I can understand how very anxious you must be to get moving with the development of GPS route and approach structures.

Well, the United States is equally anxious to help in this efforts since our carriers also will profit from having the most modern systems available in this part of the hemisphere. In other words, what benefits you also benefits us.

Accordingly, the FAA would like to work with those nations in the region that are willing to invest in the ground equipment need to ensure safe, reliable and accurate GPS operations. Although direct financial aid is not in the cards given the tight money situation in Washington these days, the agency is ready to discuss technical and operational assistance, and provide the needed software, to bring this equipment on line.

The FAA also is encouraging other nations to participate in the development and implementation of the Wide Area Augmentation System, so that a seamless worldwide system for the GPS augmentation may be implemented. We are working to ensure that the initial implementation of the Wide Area Augmentation System can be expanded into an international GNSS.

Globalization of Aviation:

The transition to GPS as the international standard navigation system shows how fast the world of aviation is changing. Indeed, the operative word in aviation today is "Global." You see the trend everywhere you look with joint ventures and multinational agreements becoming the rule rather than the exception across the board in aviation from aircraft manufacturing to airline operations.

Last year in the United States, for example, we witnessed a number of significant link ups between U.S. and non-U.S. carriers. Included were Continental and Air Canada, Northwest and KLM, USAir and British Airways and United and Lufthansa. I expect we'll see more of the same.

On the manufacturing side, even highly successful companies like Boeing have found it advantageous to take on foreign partners in order to share costs and risks as well as facilitate access to overseas markets. And it's a foregone conclusion that the next generation jumbo jet and supersonic transport will be multinational efforts.

One result of these trends is that the international community is of necessity moving closer and closer to a single set of standards that will govern how we build, maintain and operate airplanes. There really is no reasonable alternative to this approach.

Latin American Harmonization Effort:

The FAA has given this matter a top priority in line with the directive in the Clinton Administration's Aviation Initiative that I mentioned earlier. The agency has been working for a number of years to promote the international harmonization of aircraft standards and encourage world-wide compatibility in air traffic control and other aviation systems.

You are familiar, I know, with the on-going effort we have had with the European Joint Airworthiness Authority or JAA. It has been a very successful program and has demonstrated that international cooperation on these issues is something everyone wants and is willing to work hard at to achieve.

We've also been reaching out to other nations which have a significant aviation capability, including those in the former Soviet Union, along the Pacific Rim and here in South America.

Last year, for example, we began conversations with Latin American aviation leaders who want to ensure that their own industries are not left behind in the drive to establish international standards. They have proposed a Latin American harmonization initiative that would keep them in step with the rest of the world.

FAA has embraced the idea, and so has ICAO. We've participated in a series of meetings with the most recent being held just a few weeks ago in Buenos Aires. We've made excellent progress and I think we are very close to an agreement on just how to proceed with this effort.

I won't go into detail because there is a panel discussion on the subject scheduled for later in the meeting with FAA Associate Administrator for Regulations and Certification Tony Broderick as one of the participants. He'll answer all your questions.

But I do want to say that we recognize that the harmonization of standards will work to the benefit not only of the Latin American nations but also to everyone who flies in this part of the world. To cite just one example, common maintenance standards will help to ensure the continued availability of Latin American repair stations to U.S. and European operators and that's something we all want to see.

Partnership 21:

In closing today, I want to emphasize again how anxious we are to work with our neighbors to the south -- and to the north -- to achieve the best possible air transportation system in the Western Hemisphere.

To promote this goal, we already have sent invitations to your organizations to participate in the week-long "Partnership 21" seminar scheduled for mid-June in Oklahoma. As the name implies, the focus of the seminar will be on how we can best plan for the global aviation needs of the 21st century.

You'll be getting some additional material on this meeting, I'm told, but to give you an quick preview, we'll be discussing a wide range of technical subjects. They include air traffic control planning, administration and financing of aviation organizations, flight safety, aircraft manufacturing oversight and, of course, the Global Positioning System.

We're hoping that this will be the start of a continuing process and that other civil aviation organizations in the hemisphere will sponsor similar sessions that could be tailored to meet the particular concerns of the host country as well as address broader issues.

In any event, we look forward to your participation in the June meeting. We need to establish and maintain a continuing dialogue to ensure that we act in concert on issues of common concern. Working together as Americans -- North and South -- I really think there is nothing we can't accomplish.

Thank you!