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COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SPEECH BEFORE THE INTERNATIONAL AVIATION CLUB ON THE STATE OF AVIATION & THE NEXT AVIATION
REAUTHORIZATION

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(REMARKS AS PREPARED)

Thank you all for being here, and to the International Aviation Club for hosting today's event. I don't think there is any segment of aviation not represented in this room. Each of you plays an important role in an aviation network that is second to none in the world. And each of you understands the importance of a modern, safe, efficient, and reliable aviation system.

This critical segment of our economy provides millions of American jobs and is essential to our competitiveness. And it's responsible for over a trillion dollars in economic activity every year – over 5% of GDP.

It is important that we work together to protect and strengthen this vital pillar of our economy. Our aviation system, and the federal laws that provide for its structure, must evolve and modernize.

The current FAA authorization became law in 2012 and expires September 2015. That bill – the FAA Modernization and Reform Act – made some important reforms and we're trying to ensure FAA is implementing them. But we have more work to do to put U.S. aviation on a true path to the future. My speech today is more about questions than answers as we think about Reauthorization.

The time to ask questions is now. Our global competitors are closing the gap quickly. For example, air carriers in the Middle East and China are emerging as top carriers in terms of revenue and capacity. In these regions, governments are strategically using airlines to drive economic growth – and they're not necessarily concerned about turning a profit. In some cases the government itself owns and operates the airlines, and those carriers benefit from low fees and taxes, low labor costs, and relaxed labor regulations.

Another thing we have to keep in mind is that U.S. carriers must adhere to requirements and rigorous reporting standards that foreign carriers do not – for financial data, fare information, operations and route traffic, for example.

To pass a new reauthorization that will keep us competitive, we have to begin laying the groundwork now. We shouldn't settle for just another reauthorization of programs, or for making adjustments at the margins of the system. On the Hill, we should take a holistic approach, and engage various House committees that also deal with aviation – Ways & Means, Homeland Security, Judiciary, and others.

We may have the world's best aviation system for the moment, but that title comes with no guarantee. We have an obligation to improve our system any way we can, with bold, innovative ideas.

We don't often like to admit it, but we don't have all the answers here in the United States. I certainly don't have all the answers. We need to ask questions about every aspect of our aviation system, because as successful as it has been over the years, it can be better.

There are aspects of other nations' aviation systems that are more successful, innovative, and efficient than ours. What can we learn from others that could help propel U.S. aviation toward the future?

For example, what can we learn from Canada's air navigation service provider? NAV CANADA is privately owned and operated. It is governed by representatives from air carriers, business and general aviation, the Canadian government, and employee unions. And industry and labor have a direct say in how revenue is invested and what level of service is provided. NAV CANADA has been able to quickly and nimbly modernize and realign its air traffic control system. Since its inception in 1996, the Canadian system has seen a decline in near misses, reduced delays, advancements in technology, greater management and employee collaboration, and hundreds of millions in savings. Can we improve our own system by learning anything from our neighbors to the north?

What can we learn from France, Germany and other Western countries that have commercialized their air traffic control service providers? Or the United Kingdom's Air Navigation Service Provider, which is a public-private partnership? Or Australia's government-owned corporation that provides air traffic control services? Or New Zealand air traffic control services, provided by a fully-owned subsidiary of the Government and operated as a commercial business?

What lessons can we learn when we look at the EU and countries that have taken advantage of successful public-private partnerships to maintain and strengthen their airports? An FAA P3 program allows airports to generate access to private capital for just a few -- 10 -- airports, but most commercial service airports in the United States are owned and operated by local or state governments. Could P3s that feature stakeholder engagement, good governance, and healthy oversight work here at home, on a larger scale?

What can we learn about our aircraft certification process when we compare it with the faster European process? U.S. certification is considered a gold standard in aviation, but it's a long, complex, and expensive process. The European Aviation Safety Agency may have some advantages here over the FAA – being a comparatively new agency could be one.

But more to the point, EASA's oversight of new product certification takes a broad approach focused on compliance, rather than looking at individual components involved in certifying a new airplane. This allows EASA to focus more on areas of high risk, and less on areas of low risk.

Congress recently passed the Small Airplane Revitalization Act to streamline the certification of small aircraft. Can we use a similar approach, and elements of the faster European process to improve our other certification processes? Ensuring a safe and efficient process will help keep U.S. manufacturers on the cutting edge of

technology. And it is vital to their ability to compete domestically and globally.

And this competition is growing. In addition to our competitors in Europe and Brazil, China is becoming increasingly competitive. In fact, Brazil is now the lead manufacturer of commercial jets with up to 120 seats, and the Chinese government is aggressively pursuing investment in the aviation sector. At least one Chinese government-owned corporation has a goal of going from producing models of aircraft to producing large commercial jets in less than a decade.

What can we learn from the British, Europeans and others in terms of airport security and the flying experience? When Europe began confronting terrorist hijackings in the late 1960s, the initial approach often was to use government employees to enhance airport security. Then in the 1980s, European airports began developing a P3 model – government setting the security standards and airports carrying them out with private security companies. Many now follow this model, or look to Israel's airport security – recognized as one of the best in the world. What does it do well that we can bring to bear at our airports? If we can take a holistic approach to reauthorization that involves other committees in Congress, what can we learn from these other nations when comparing our own aviation system?

These are some examples I think worthy of discussion. I don't support any one approach to improving our system. I want to put all ideas on the table and listen to input from everyone.

I recognize that our aviation system is unique, with more airports, commercial airline operations, and general aviation activity than elsewhere in the world. But our ultimate goal should be to compare our system with other global aviation leaders and use what will work best.

As our economy improves, we need to make sure our airports have the financial tools to address their important infrastructure needs. Airports are truly economic drivers in our communities, wherever they are located. They support over 10 million jobs, and create annual payrolls of over \$360 billion. They produce an annual output of \$1.2 trillion. Will we have enough airports and runways to accommodate future passenger growth?

We can't afford to just stay with the status quo, simply because that's the way it's been done until now.

Has the status quo been the most effective route for NextGen? Is the FAA properly organized to carry out this critical – but costly and chronically delayed – modernization effort? I've asked the DOT IG and the GAO to look closely at NextGen's status, because we need new ideas to ensure this effort fulfills its promise.

I've also asked the GAO to look into growing concerns of a future shortage of pilots and other aviation professionals. Simply put, our aviation system doesn't exist without these important and skilled people. How can we foster the necessary enthusiasm for aviation in current and future generations?

Another problem with the status quo is that the government and the Administration treat airline passengers like piggy banks. I believe there are 17 different federal aviation taxes and fees, much of it passed on to the consumer, including: the 7.5 percent transportation tax; the nearly \$4 per flight segment tax; the \$2.50 security tax; and a range of passenger facility charges (up to \$18).

The Administration also continues to propose an additional \$100 tax on aviation operators. Taxes alone already can account for up to 20 percent of the cost of an airline ticket. We can't follow some of the Europeans in that regard, where taxes can be double that amount – or more. We can't tax our passengers to death.

I pose these questions to you because the aviation community is passionate about its field. I doubt many of you are in aviation by accident. And I believe you have ideas about how to improve the system as a whole.

I mentioned a few topics that I want to talk about more, but as I said, I don't have the answers... except for one – no cell phones on planes – that's one discussion that can begin and end right now.

But beyond that, I don't want the next aviation reauthorization to be my vision, or Congress' vision. I need – Congress needs – all of you to participate in this process to create a collective vision for the future of our aviation system. A bold vision that can benefit us all – because this is about our country's future.

Yes, we need an initiative that makes sense for the various segments of the aviation community – commercial aviation, general aviation, airports, manufacturers, labor, rural and small communities. But more importantly, it must benefit the travelling public, our congested transportation network, and the economy.

The House and Senate are working together towards final Water Resources legislation that will benefit our infrastructure and our ability to be globally competitive. In the House, we listened to all stakeholders and all points of view as we worked together to write a bipartisan bill that passed our chamber 417 to 3. We can follow this same model and continue to build on that momentum.

As Aviation Chairman Frank LoBiondo, T&I Ranking Member Nick Rahall, Aviation Ranking Member Rick Larsen, Congressman Sam Graves – the voice of General Aviation in the House – and other leaders in this discussion, turn with me toward this next aviation reauthorization, we need to hear from you – all of you – bring us your bold ideas.

Let's learn from others who've experienced success. Let's work together to answer the primary question: What is best for the future of our aviation system?

A healthy aviation system – as part of a complex and interconnected transportation network – is not just important for this community, it's important for creating jobs and keeping us competitive. Our shared goal is to keep America the world leader in Aviation. I look forward to working with everyone to achieve that goal.

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