

[DOT Speech Masthead]

REMARKS AS PREPARED FOR DELIVERY  
U.S. SECRETARY OF TRANSPORTATION RODNEY E . SLATER  
INTERNATIONAL AVIATION CLUB AND AERO CLUB JOINT MEETING  
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As we break bread together at today's joint luncheon of the International Aviation Club and the Aero Club, our thoughts and prayers continue to be with the passengers and crew of Alaska Airlines Flight 261, and with their families and friends. The employees of the U.S. Department of Transportation and I join President Clinton, Vice President Gore and all Americans in expressing our profound sadness over this tragedy.

I also want to take this opportunity to publicly thank Admiral Tom Collins and members of the Department's U.S. Coast Guard and the Federal Aviation Administration, along with our U.S. Navy colleagues, for their rapid and massive search and rescue efforts Monday night and yesterday, as well as the continuing recovery operations.

These painstaking efforts will help Chairman Jim Hall and the National Transportation Safety Board determine the cause of this tragedy, so that we can all work together to prevent future crashes.

I respectfully submit that any discussion of the future of transportation or aviation in particular must begin with a focus on safety. The tragedy of Flight 261 is a sobering reminder of that fact. Despite having already achieved the safest skies in the world, we must as 'visionary and vigilant' transportation professionals, continue to raise the bar on safety. Safety remains President Clinton's top transportation priority and the "North Star" guiding our work at the U.S. Department of Transportation.

In support of this commitment, I can report this afternoon that the President will propose an increase for aviation safety in next week's budget message. Passage of this increase will help us reach the ambitious aviation safety goal announced by Vice President Gore in April 1998, of reducing fatal accident rates for U.S. commercial aviation by 80 percent by the year 2007.

It is also vital that the Congress quickly pass the FAA Reform Proposals we submitted last year. The FAA is at a critical crossroads. Aviation activity is growing, aviation technology is changing rapidly, and the business of aviation is becoming increasingly complex. Over the past decade, six separate government commissions -- three commissioned by this Administration -- as well as numerous private sector experts have warned about the risk of gridlock in our skies unless reforms are put in place quickly.

With reform, FAA will be better able to advance safety and security, enhance competition and increase the capacity and efficiency of our aviation enterprise. Reform will also allow the FAA to institute management and financial reforms enabling it to operate more like a business and to be more responsive to customers.

Although we must be proactive in reaching compromises that will allow us to proceed with this vitally necessary legislation, the time for action is

now. Passage is vitally needed to maintain the momentum for growth currently enjoyed by both domestic and global aviation.

To support a reinvigorated FAA, I am pleased to announce the President will propose a 22 percent increase in federal funding for facilities and equipment in his Fiscal Year 2001 Budget, a total of approximately \$2.5 billion dollars.

This additional level of investment will be needed. More than 650 million passengers flew on U.S. airlines last year. That number will rise to a staggering 1 billion travelers by the year 2010. Travel and tourism is already the world's largest industry, directly and indirectly driving 10 percent of global jobs, GDP and investment. Moreover, the U.S. aerospace industry is already America's largest manufacturing exporter, employing more than 2 million people. Finally, within the decade, the direct economic impact of this industry is expected to approach \$2 trillion dollars.

When President Clinton and Vice President Gore took office, our nation was gripped by economic distress, social decline and political gridlock. And the aviation industry was off course. The airlines, collectively, had lost \$10 billion dollars over the prior three years. Eastern and Pan Am were already out of business and other airlines were on the verge of bankruptcy. This industry seemed to be sinking into an economic abyss.

President Clinton and Vice President Gore took immediate action to get the economy back on track. The President gave his personal attention to this industry by flying out to Everett, Washington, to meet with industry leaders. His laser-like focus paid off for both aviation and the economy.

As of yesterday, February 1, 2000, the current economic expansion became the longest continuous period of economic growth in American history. We begin this new century and new millennium with 20 million new jobs; the fastest economic growth in more than 30 years; the lowest unemployment rates in 30 years; the lowest poverty rates in 20 years; the lowest African-American and Hispanic unemployment rates on record and a 46-year low in the unemployment rate for women; the highest home-ownership ever -- and the first back-to-back budget surpluses in 42 years.

This prosperity, to be sure, required the hard work of the American people. But our prosperity would not have lasted so long, were it not for the President and Vice President's policies of fiscal discipline and their programs fostering strategic investments in our people through support of innovation in education, health care, the environment, technology and transportation -- and their work to open new markets to U.S. goods and services around the world.

DOT's role in supporting this strategy is to be visionary and vigilant stewards -- along with you and our other transportation partners -- of our transportation enterprise. In formulating our strategy, with you, our partners, we have created strategic and performance plans that have been praised as "the best in government."

We have created a new conceptual policy architecture for transportation in the 21st century -- an architecture that will help us create the transportation system the nation needs for a new economic era.

International aviation has a vital role to play in this new era. As the

President said, in his State of the Union, "To realize the full possibilities of this economy we must reach beyond our own borders..."

I am convinced that aviation will be for America in the 21st century, what the Interstate Highway System was for America in the last half of the 20th century. Just as the Interstates connected the communities and states of our nation together as One America, so will aviation connect our communities, cities, states and One America with communities and countries around the world.

It was in support of the President's vision that we hosted the Chicago Conference, "Aviation in the 21st Century -- Beyond Open Skies" last December, bringing together the first world-wide conference of transport ministers since the historic first Chicago Aviation Conference in 1944.

We prepared the groundwork for this global conference with a series of regional ministerials and listening sessions, including the Western Hemisphere Transportation Ministerial in New Orleans in December 1998, and the first-ever African Transport Ministerial, which took place in Atlanta last September.

Our seven domestic listening sessions, which focused on "Aviation in the 21st Century," were held in Seattle, Miami, New York City, Phoenix, Rochester, Wichita, and Memphis.

Our preparatory sessions heightened interest in the Chicago meeting. Over 900 people and 93 countries were represented in Chicago, including the transport ministers or officials of comparable rank from more than 90 countries. International, regional and trade organizations were also represented -- including the European Commission, ICAO, IATA, ATA, the European Civil Aviation Commission and the International Chamber of Commerce.

I know that many of you in this audience -- or your organizations -- were also in Chicago -- major U.S. and international airlines, airports, organized labor, aviation-related organizations, trade associations, manufacturers and others as well.

Much was achieved in Chicago. Among other things, we issued a major report on the global deregulation of our industry, entitled "Global Deregulation Takes Off."

We formally signed Open Skies Agreements with Italy and Argentina; and Administrator Garvey and I announced DOT plans to establish Code Share Safety Guidelines to assure that U.S. code-share service on foreign airline partners of U.S. airlines meets international standards for safety and security.

I am pleased to report that we are close to completing the guidelines, however developing guidance on security and dangerous goods has proven to be a more complex undertaking and will take longer to complete.

We also joined NASA Administrator Dan Golden in issuing the National Research and Development Plan for Aviation Safety, Security, Efficiency and Environmental Compatibility at the Chicago Conference. This plan will help us attain critical aviation and air transportation goals by serving as a blueprint for Federal research investments.

We adopted a Joint Statement on Open Skies.

And we issued a Ministerial Declaration that endorsed our continuing efforts to work together and with ICAO on a variety of matters, including a new policy architecture of International Aviation in the 21st Century.

How do we plan to follow up on the Chicago Conference in the months ahead?

Our ultimate goal following the Chicago Conference remains what it has been for some time now. It is our hope that the nations of the world will move forward on the issue of worldwide aviation liberalization and establish a true international aviation network capable of fully supporting the emerging global economy.

Our strategy is to advance on any practical front in arrangements that are bilateral, plurilateral, regional or global. We intend to continue our efforts to pursue open-skies markets for U.S. airlines with bilateral partners. And after the Chicago Conference, we moved immediately to act on the Conference declaration of intention by traveling to Central America and the Caribbean, where we visited Honduras, Panama, Jamaica and the Dominican Republic.

With regard to bilateral negotiations, let me turn briefly to the subject of our relationship with the United Kingdom. I am profoundly disappointed by the fact that recent talks in London ended without an agreement, first, to restore service to Pittsburgh. This is a market that enjoyed nonstop service for years that has proven its ability to support this service and has a U.S. carrier seeking to provide it.

The unwillingness of the British government to permit this service to continue or to consider a broader expansion of our aviation relationship is regrettable. Regrettable not only from the perspective of aviation policy, but also because it ignores the vital needs of U.S./UK communities, U.S./UK economies and U.S./U.K. citizens.

The United States will continue to look at its options to bring about a more open and responsive relationship with the UK. We must not and will not, however, let this issue deter us from our ultimate goal of progressively moving forward with those partners who share our vision for aviation in the 21st century.

The rest of the world is enthusiastically embracing liberalization. Over the past five years we have achieved spectacular success, reaching a grand total of 41 open-skies agreements -- 6 in the Asia/Pacific region; 17 in Europe/Africa; 6 in the Near East/Central Asia and 12 in the Western Hemisphere.

The pace is picking up. In FY 1999 we reached five new agreements; this fiscal year we have already signed five more.

We also intend to make as much use as possible of existing regional forums. APEC has already embraced air transportation liberalization and the subject is on the agenda of its upcoming March 2000 meeting. We intend to table a draft text for a multilateral air transport agreement for consideration and discussion by APEC members.

The European Commission has invited the United States to enter into a dialogue toward creating a "transatlantic aviation area." This dialogue could be the prelude to a future regional agreement. I am pleased that the Association of European Airlines recently released a paper supporting U.S.-EU discussions in this regard.

The Organization for Economic Cooperation and Development (OECD) is currently examining both liberalization and multilateralization of air cargo services. The OECD intends to circulate a draft multilateral agreement in March, with plans for a workshop for member countries to discuss the proposal in June.

The United States has invited the countries of the Caribbean (CARICOM) to discuss a regional Caribbean-U.S. aviation agreement. The date of the meeting is still pending but we plan to meet soon.

A draft multilateral agreement between African countries is being circulated and will be taken up by heads of state later this year, with workshops planned in advance of the meeting of leaders to agree on details. The United States will ask to use one of these workshops to discuss international aviation liberalization.

Notwithstanding our strong position that aviation services not be included under GATS, the World Trade Organization will address this issue during the current year 2000 review. We plan to use the occasion of these meetings to explore alternative concepts for a multilateral regime with interested partners and coalitions.

Additionally, I also have several regional trips planned over the next several months to keep up the momentum of Chicago. I will be traveling to Asia later this month, with stops in Singapore, Hong Kong, Beijing, and Tokyo. I will also visit the State of Hawaii during the trip. In March, I will visit Brussels (and possibly Amsterdam) and I plan several additional trips to other regions later this year.

Lastly, we are working with our colleagues within the Administration, with D.C. Mayor Anthony Williams and with others to host an International Transportation Symposium here in Washington in the fall of 2000. The transportation system of the 21st century will need to be safe and sustainable to be sure, however, it will also be required to be international in reach, intermodal in form, intelligent in character and inclusive in service. The creation of a climate of transportation innovation is critical in this regard.

One of the major new emphases this coming year will be a stepped-up effort to promote innovative technology, an area that both the President and Vice President have indicated they want to emphasize.

Let me illustrate in one technology area -- e-commerce: The growth of e-commerce is one of the reasons why we expect the value of cargo shipped by air to triple in value by 2015. You can order "Steaks from Omaha" on line, but you can't download them to your plate. Overnight delivery still requires planes, as well as trucks and highways, to move a product from the warehouse to your house.

E-commerce will not only stimulate more air traffic, it will also provide us with new ways to simplify and speed up operations. Adding

machine-readable bar codes to boarding passes can cut the boarding time for wide-body aircraft by as much as 50 percent.

Next week in Atlanta, we will explore this important issue at an executive forum on e-commerce sponsored by The Council on Competitiveness, United Parcel Service and The Georgia Institute of Technology.

I will join some of my DOT colleagues to meet with Georgia Governor Roy Barnes and key transportation experts from government, business and universities to discuss how we can facilitate and realize the potential benefits of e-commerce. We will talk about how we can work together to take advantage of existing and potential innovations and create new ones to ensure the continued growth of this industry.

However, aviation itself is more than just an industry. It is a critical and driving force for our economic well being in this new century and new millennium.

Aviation can even help newly emerging countries to "leapfrog" decades -- perhaps centuries -- of traditional infrastructure development.

Formulating an aviation policy appropriate for the 21st century is difficult. But the prize before us is clear. We have an opportunity, if we but seize it, to give people on every continent the chance to strengthen their own lives and our global economy in this new century and the new millennium. Transportation is truly "the tie that binds" us to this new vision.

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Briefing Room