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It is an honor and indeed, a great privilege to be invited to speak before two of the world's most distinguished aviation clubs -- the Aero Club of Washington and the International Aviation Club.

I see so many familiar faces in the audience, and I want to take this opportunity to thank all of you for your continued support and encouragement from the time the announcement by President Bush of his intention to nominate me as Secretary of Transportation was made.

As I look back over my career, the thread that runs through it all is transportation. Even as City Council member and later Mayor of San Jose, California, I saw the power of transportation to transform a community -- to create jobs, to build prosperity, and to enhance the quality of life for our citizens.

This is no less true at the national and international levels. So when President Bush offered me the job of Secretary of Transportation in his cabinet, I was honored to accept.

As a life-long Democrat, I told the President, I can think of no more fertile ground for bipartisan consensus-building than in the field of transportation policy. There are no Republican or Democratic aviation challenges. We must work through them together.

The most fundamental challenge we face -- and the most daunting -- is not just congestion or delays or modernizing the aviation system. Those are enormous challenges, to be sure, but the key to surmounting those challenges is to get everyone working together in a spirit of partnership to solve these problems. We all created these problems and we can solve them -- only by working together.

So, as Secretary, I intend to devote the bulk of my energies to working across party lines, reaching across jurisdictional divides, to get us all pulling in the same direction.

In the year 2000, some 600 million passengers flew on U.S. airlines, a 50 percent increase in just nine years. And, as you heard announced at the FAA's recent aviation forecast conference, the number of passengers on U.S. airlines is expected to hit one billion by the year 2010. Now we face the stiff challenge of building the necessary capacity to match that demand. And do it safely.

Strengthening our commitment to keeping safety as our paramount concern cannot be over-emphasized, particularly at a time when the national focus is on system efficiency and trying to squeeze additional capacity from the system wherever possible.

In 1997, those of us on the National Civil Aviation Review Commission which I had the privilege to chair, saw the coming storm, as did earlier commissions, and we predicted there would be gridlock by the turn of the century. I take no pride or satisfaction in saying -- we told you so. As most of you know, today's aviation system in major areas is often literally working at capacity. There is so little flexibility that a single front of thunderstorms from north to south can tie up the entire country for hours.

Clearly, for the long term, we need to focus on expanding airport capacity, building new airports and more runways at existing airports. And we need to make use of the latest technology for managing air traffic, detecting and disseminating weather information, and redesigning the nation's airspace to make more efficient use of it. I will talk about long-term initiatives in a moment. But, first, I want to discuss what we can do in the short-term. In the next two hours.

The spring and summer of 1999 and 2000 were a difficult time for the FAA and the airlines -- and certainly for passengers. I would like to stand up here today and tell you that there won't be a reprise of that situation in the spring and summer of 2001, but I can't. But, I can tell you this, I don't think it will be as bad as previous years because I believe we are in better shape with the Spring-Summer plan this year.

The heart of this plan is a process called "collaborative decision making." It represents a fundamental change in the way that the FAA has been doing business -- centralizing much of their air traffic management planning, their coordination and their decision-making at the FAA system command center in Herndon, Va.

The real key to the whole process is the real-time collaboration with the airlines to manage their operations in severe weather conditions. Last year was difficult, to be sure, but I believe it would have been twice as bad without this collaborative process in place.

Last fall, the FAA and the airlines reviewed their performance of the previous spring and summer -- what worked and what didn't -- and they have made a number of changes in terms of procedures and increased training that should substantially improve the performance of the system. To date, more than 2,700 people -- FAA controllers, FAA supervisors, airline dispatchers and operators personnel, as well as pilots have completed training on the Spring/Summer 2001 plan.

The fact is that nearly 70 percent of all Air Traffic control system delays are caused by

weather. And by weather I do not necessarily mean severe weather. I mean simply that conditions do not allow visual separation.

It takes surprisingly little to curtail the capacity of our system, either at airports or in the enroute environment. We cannot reduce delays in any meaningful way without finding a better way to respond to the 70 percent of delays that are weather-related. We simply have to work smarter in this area. This is where the battle of the spring and summer will be won or lost.

We also are taking action to relieve pressure on seven co-called "choke points" in the system, airspace within the Chicago/Boston/Washington triangle where procedural changes can greatly improve the system's overall efficiency.

We are already seeing benefits from the initiatives we have taken to date. By rerouting departing traffic, for example, from some New York area airports, departure stops are down 30-40 percent from what they were just a year ago. The enroute altitudes, especially in the triangle, are a key battlefield for us. This is where small problems have tended, in recent years, to becoming big problems, and to ripple across the country. Again, we simply have to work smarter in this area.

In addition, we are completing work on the airport capacity benchmarks for 31 major airports that you have heard discussed before. Basically, these involve determining the number of flights an airport can handle -- by hour, during good weather

and bad. And, of course, this brings up the whole issue of demand management. We have to recognize that demand management is not a solution, it is an admission of failure.

When we fail to provide capacity adequate to meet demand, we harm the economy and we harm the traveling public. We can administer that harm in the form of increased delays, or in the form of a government mandate requiring fewer flights to fewer destinations, but it is harm either way.

Our focus has to be on providing capacity to meet the demand of passengers and shippers. We may find a few instances where airline scheduling has short term peaks that could be ironed out without taking away flights that the public wants, and we are looking at ways where we might be helpful in that regard. But our primary focus is and must be providing the capacity that the public wants and that economic vitality requires.

In terms of introducing new technology, I think we are on the right track and making substantial progress. And, thanks to the Congress which passed AIR-21 just a year ago providing higher levels of funding for the FAA's capital improvement programs, and thanks to President Bush to funding the authorized levels, we will have the funds for the capital improvements critically necessary to solving our capacity challenges over the long haul.

In cooperation with the airlines, the FAA also is developing an NAS operational evolution plan that spells out what is required over the next ten years. It discusses not only the changes in air traffic control technology, but the operational procedures, the avionics that the airlines will need to install, the certifications requirements and the budgets necessary to implement all these changes. We aim to publicize this plan later this spring.

Finally, we need to pour some more concrete. We need more runways and more airport

capacity if we are to handle the tremendous growth forecast for the next decade and beyond.

But new runways take a long time -- as much as ten years from initial planning to completion. To speed up that process, without compromising environmental concerns, we think we can in many instances conduct state and federal environment impact assessments simultaneously, rather than consecutively, and save months, if not years in the process. We will be looking at other ways to streamline this process, and I will be making sure this is done without short-cutting environmental concerns.

As we seek to deal with the challenges of congestion we must never lose sight of the fact that the most important stakeholder in our aviation system is -- and will always be -- the traveling public. And right now that public -- our customers -- are unhappy and frustrated. Not only about the cycle of flight delays and cancellations -- but also about the way that they are treated when those events occur.

Much of the complaints about how passengers are treated have been attributed to problems of communication -- between the airline, the FAA, the airports, and the customer.

In the same way that we must seek to harness technology to help us deal with congestion and delays -- the FAA, airlines and airports must develop information systems that allow them to keep their customers informed of events that affect their travel.

Improving our aviation infrastructure and enhancing the level of capacity can do more than alleviate congestion. It can also address concerns about the competitiveness and openness of our aviation system. After all, the traveling public is entitled to more than the opportunity to have its flights depart and arrive on time. It should also have a range of services and fares from which to choose.

Enhanced capacity leads to greater choice and greater choice leads to a more vigorous, competitive airline industry.

But capacity is not the only answer. The government's role as the watchdog of competition is also essential. And part of that role is to review airline merger and acquisition proposals. As is the practice with all industries, the government must consider whether proposed airline transactions are consistent with our antitrust laws.

Last week the Department of Justice announced that it would not challenge American Airlines' proposal to acquire TWA. It is with regret that we witness the end of a long and proud tradition in American aviation history. As I am sure all of you know, TWA was one of the pioneers in establishing a U.S. presence in global aviation. But, despite the valiant efforts of its employees and management, TWA could not survive as an independent company. I believe this acquisition -- which maintains service in the TWA markets and the jobs of TWA employees -- is a resolution that, under these circumstances, best serves the American public.

That brings us to the other major transaction now under review -- the United Airlines-US Airways proposed merger. Of course, I cannot -- and will not -- comment on the merits of this transaction. But I will comment on the process being considered.

First -- the Department of Justice is the lead federal agency to review antitrust issues. That is the way it is -- and that is the way it should remain.

We best serve the American people when federal agencies work together. And working together is exactly what we are doing in our review of the United Airlines-US Airways proposal. I can assure you that the DOT and the DOJ are working more closely than ever before. Combining the transportation perspective with the antitrust expertise will ultimately produce the best results for the American people.

Just as airlines, airports and government must work together to successfully enhance airspace capacity, we must build this same type of partnership to ensure that our aviation system remains competitive.

We must do all that we can to ensure that those who wish to compete have access. While our long-term goal must be to expand capacity, our short-term goal must be to use existing resources as efficiently as possible.

We must ask whether there are more efficient means of using the gates, the runways, and the airways that we already have. Congress recognized this in AIR-21.

Under the law, certain large and medium hub airports, those dominated by one or two carriers, must submit airport competition plans to the FAA in order to gain approval of new Passenger Facility Charges. It's only fair to the public. If airports are going to collect substantial amounts of money from passengers and taxpayer assistance for capital projects, they must be obligated to seek out new ways to expand capacity through open competition.

I look forward to working with all of you to decide how we can best achieve that goal.

Competition must also extend beyond our borders. In recent years, we have made enormous progress in opening new international aviation markets and eliminating restrictions on airline operations. I want to continue this trend. We must continue moving the liberalization process forward.

Our open-skies initiative has demonstrated the importance of this for airlines, consumers, general economic development, and for fostering the process of globalization. With 52 Open Skies agreements, we have a firm foundation on which to build.

I am committed to pursuing all reasonable options for moving international aviation liberalization forward. We look forward to additional signatories to the Multilateral Open-Skies Agreement established among the United States, New Zealand, Chile, Singapore and Brunei.

We also remain willing to engage the European Union with broad aviation negotiations once their Commission receives a comprehensive negotiating mandate from the member states. In the meantime, we expect to continue informal, staff-level exploratory discussions with the Commission and member states on transatlantic liberalization.

If one thing is certain, the challenges facing our aviation community are complex. As I have said before, we all know what needs to be done to meet those challenges. Now we need to sort out how we are going to do it, and sign up to do our part.

I am encouraged by the growing signs of cooperation in the aviation community -- an increased realization that we are all in this together and that the only way we are going to meet this challenge is by staying together. And so, I look forward to working with all of you

Thank you very much.

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