

REMARKS OF
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It is an honor and a pleasure to address this distinguished forum.

I plan to discuss current United States policies on both domestic and international aviation. This is a particularly good time to have this discussion. We are now in a relatively quiet period, following a summer of intense consumer dissatisfaction with airline delays and generally poor service. On the international side, final action has now been taken to approve the U.S.-EU agreement, which has been the subject of intense interest over the past few years.

However, we must bear in mind that the quiet period is unlikely to continue for long. On the domestic side, we will soon be at the holiday season, where passenger traffic will reach a peak. On the international scene, a second round of U.S.-EU negotiations will begin in spring of 2008.

It is imperative that we use this quiet time to develop our plans to deal with the difficult aviation issues we are facing.

I know that most of you are familiar with the serious problems our domestic aviation system has encountered over the past eight months with 28 percent of flights delayed. The delays were even greater in some major cities, particularly New York.

In the simplest terms, the basic problem is that our airports and air traffic control system cannot handle all the demands placed upon them, under a system where there are few constraints on the ability of the airlines and general aviation to schedule flights.

In the long run, we must make every effort to develop more capacity by expanding airports and modernizing the ATC system. But these efforts will take years to reach fruition, and we cannot afford to wait.

For the short term, we can alleviate the problem by encouraging the Federal Aviation Administration (FAA) to convene schedule reduction meetings under its current authority if aircraft operations exceed hourly rates and are likely to adversely affect national or regional airspace. FAA can also seek out further opportunities to decrease delays by airspace redesign, such as the recent northeast redesign, which is expected to reduce delays by 20 percent by 2011.

H.R. 2881, the FAA Reauthorization Act of 2007 encourages, and in some cases mandates FAA to take these actions. The bill requires the FAA to hold scheduling meetings where needed; mandates that air carriers and airports submit emergency contingency plans detailing how they will deplane passengers following excessive delays; and gives the Department of Transportation (DOT) the authority to assess a civil penalty against an air carrier or airport that fails to adhere to an approved contingency plan. The bill also requires important studies on flight delays and congestion.

Our reauthorization bill develops long term programs to improve capacity. Our bill passed the House on September 20, 2007. The Senate has developed its own bill in Committee, but there appear to be disagreements particularly on financing, which are preventing the Senate from going forward. We hope that these differences can be resolved soon, and that the House and Senate will be able to develop a final bill to send to the President.

I would like to give you the background on the program in the House bill for airports and airways.

With respect to airports, there has been some development of airport capacity over the past few years. As a result of increased guaranteed funding under Vision 100 and earlier FAA reauthorization acts, new runways have been opened at some of the nation's busiest airports, including runways in Detroit, Cleveland, Denver, Miami, Houston, Orlando, Minneapolis-St. Paul, and Cincinnati.

These efforts will continue. Between now and 2011, 6 airports plan to begin 8 airfield projects (5 new runways, 2 runway extensions, and 1 airfield reconfiguration). The airports have the potential to accommodate approximately 400,000 more annual operations and decrease average delays per operation at these airports by almost 2 minutes.

Yet, despite this progress, much more is needed. Projections developed by the DOT, FAA, and MITRE indicate that by as early as 2013, 16 airports and 7 metropolitan areas will need additional capacity to meet expected demand. The FAA estimates that \$41.2 billion of Airport Improvement Program (AIP)-eligible infrastructure development will be needed in the next 5 years. The Airport Council International – North America projects that during this same time period more than \$87.5 billion is needed for aviation infrastructure, including projects not eligible for AIP support. Clearly, we must make robust investments in our airport infrastructure today to meet anticipated future demands.

H.R. 2881 provides record funding levels for the FAA's airport programs: \$3.8 billion for fiscal year (FY) 2008; \$3.9 billion for FY 2009; \$4.0 billion for FY 2010; and \$4.1 billion for FY 2011. A total of \$15.8 billion for four years, compared to the \$14.2 billion, which was authorized over the last four years.

However, Federal assistance never has, and cannot, be expected to meet the full costs of airport development. Locally-controlled Passenger Facility Charges (PFC) can help fill

the gap between the Federal investment and needs of airport capital development. To help airports meet increasing capital needs and reduce airline delays, H.R. 2881 increases the PFC cap from \$4.50 to \$7.00. According to the FAA, if every airport currently collecting a \$4.00 or \$4.50 PFC raised its PFC to \$7.00, it would generate approximately \$1.1 billion in additional revenue for airport development each year. H.R. 2881 also provides significant increases in AIP funding for smaller airports, which are particularly reliant on AIP for capital financing.

While much of the focus of the FAA's proposal is on air traffic control modernization, in terms of capacity, airport runways can provide even greater benefits. The FAA's Operational Evolution Plan finds that in the next few years, new runways and runway extensions will provide the most significant capacity increases.

Let me now turn to the air traffic control system.

The U.S. operates the largest and safest ATC system in the world. The FAA's ATC system operates 24 hours a day, 365 days a year, providing aircraft separation and guidance services to commercial, military, and general aviation users. The ATC system consists of ATC and flight service facilities, navigation, and landing aids, staff to operate and maintain existing facilities, and staff that conducts research into future ATC systems.

Fourteen of the world's fifteen busiest commercial airports (in terms of commercial aircraft operations) are in the U.S. The U.S. handles almost one-half of the world's air traffic.

However, our nation's air traffic management system is based on technology developed in the 1960s – the system is still fundamentally based on radar tracking, analog radios and ground-based infrastructure. Moreover, much of the FAA's infrastructure—towers, TRACONs, radars, etc. — need to be restructured and modernized to adequately address the demands of a 21st Century globally-connected world.

At the same time, the proliferation of regional jets, the emergence of low cost and new entrant carriers, more point-to-point service and the anticipated influx of very light jets (VLJs) are placing new and different types of stresses on the system.

Modernizing and transforming our ATC system is a national priority. Yet, despite its importance, there is a serious disconnect between the Administration's rhetoric and the resources it is willing to apply to this effort. Over the last four years, this Administration has under funded the FAA's capital account – the primary vehicle for modernizing the national airspace system – roughly \$2 billion below congressionally authorized levels. As a result, a number of ATC modernization initiatives were cancelled and deferred, including some Next Generation Air Transportation System (NextGen) capabilities. So there has definitely been a serious disconnect between the Administration's rhetoric and reality.

H.R. 2881 provides thirteen billion over four years for the FAA Facilities and Equipment account -- about \$1 billion more for FAA's capital account than the Administration proposal. This additional funding will help accelerate NextGen-related activities. The FAA Reauthorization Act of 2007 applies a four-part approach to ATC modernization and the NextGen including more funding, authority, accountability, and oversight. The historic funding levels authorized for the FAA's F&E account will: accelerate the implementation of NextGen; enable FAA to replace and repair existing facilities and equipment; and provide for the development and implementation of high-priority, safety-related systems.

Environment

I am also mindful of the obstacles that the United States still faces in trying to expand our airport capacity through infrastructure improvements. Many of our airports back up to residential neighborhoods, because local governments did not engage in any meaningful zoning or land-use planning. This serious lack of foresight has stifled the growth of many of our nation's busiest airports, thereby inhibiting growth for local industries. The local residents are unwilling, and rightfully so, to destroy their quality of life by agreeing to more operations at the airport.

During hearings in 1990 on Federal aviation noise policy, I observed that even if we succeed in "increasing air traffic control technology modernization and expanding the physical capacity of airports to accommodate more aircraft, if the public is not willing to accept the burden of noise generated by expanded air traffic, then the other two advances will be nullified." Today, this statement is still true. Tomorrow, the Aviation Subcommittee will continue to examine this issue during a hearing on aviation noise.

While advanced technology, new operational procedures, and land use measures have all contributed to noise reductions at airports, advanced technology has played the primary role. According to the FAA, jets today are seventy-five percent quieter (twenty decibels) than early jets. The transition to Stage three aircraft has had the most impact in reducing aviation noise, and aircraft that meet Stage four standards will be cumulatively ten decibels quieter than Stage three.

As the United States increases its infrastructure investment, it must balance airport capacity expansion with environmental protection. H.R. 2881 contains several environmental-related provisions: a phase-out of noisy stage two general aviation aircraft over the next five years; a pilot program for developing, maturing, and certifying engine and airframe technology to reduce energy consumption, emissions and noise; and a program to fund six projects at public-use airports to take promising environmental research concepts into the actual airport environment. The FAA is also directed to establish a pilot program at five public-use airports to design, develop, and test new air traffic flow management technologies to better manage the flow of aircraft on the ground, and thereby reduce emissions and increase fuel savings.

Finally, I would like to discuss briefly, two international aviation issues: foreign control of U.S. airlines and protection of the environment.

In 2005, the Bush Administration, administratively attempted to accommodate the demands of the European Union for additional foreign control of U.S. airlines by proposing a rule to interpret the U.S. airline “actual control” requirement as only requiring control by U.S. citizens over safety, security, and the Civil Reserve Air Fleet program, and as not requiring control by U.S. citizens over basic commercial decisions, such as the markets to be served or the rates to be charged. After several votes in Congress rejecting the Administration’s proposed interpretation of “actual control,” the Administration withdrew its proposal.

DOT announced earlier this year, that in the future it will develop its policies on foreign control of U.S. airlines on a case-by-case basis rather than by a general rule. To guide DOT in its case-by-case interpretations of the requirement of actual control by U.S. citizens, H.R. 2881 reiterates that there must be actual control by U.S. citizens over all elements of a carrier’s operations, including marketing, branding, fleet composition, route selection, pricing and labor relations. I believe that this provision does no more than continue existing law.

Under the provision in H.R. 2881, U.S. air carriers may continue to hire foreign citizens to positions of responsibility involving these areas, so long as ultimate control over these decisions rests with citizens of the U.S. Existing law also requires that the president of a U.S. air carrier and “at least two thirds of the board of directors and other managing officers” must be citizens of the United States. In short, H.R. 2881 does not change the standards for foreign ownership and control of U.S. airlines; it simply clarifies Congress’ intent that current standards continue to be applied as we negotiate “open skies” agreements in the future.

Emissions Trading

In the international arena, I am keeping a careful eye on the European Union’s proposal to establish an emissions trading scheme. I am concerned about any unilateral approach to dealing with aviation emissions. I believe that any efforts to reduce emissions should be done by consensus through the International Civil Aviation Organization (ICAO) process. The FAA Reauthorization Act of 2007 includes language expressing the sense of Congress that the European Union Directive should not unilaterally extend its emissions trading proposal to international civil aviation without working through ICAO.

At the September ICAO meeting, a resolution passed with reservations from the European Union States, to only allow a state to apply an emissions trading system to another State’s aircraft operations “on the basis of mutual agreement between those States.” Another resolution, passed with no reservations, called on the ICAO Council to form a new “Group on International Aviation and Climate Change” to develop a climate change program of action.

The EU proposal and subsequent ICAO resolutions highlight the importance of well-funded U.S. research to reduce aircraft noise and emissions. We must act now to preserve vital research programs as we move forward towards new global aviation noise and

emissions standards. Only in this way can we be sure that our commercial aviation industry continues to thrive, but not at the expense of surrounding communities. The FAA Reauthorization Act of 2007 includes several provisions to address research on aircraft noise and emissions.

In conclusion, I appreciate the opportunity to discuss these important issues with this distinguished group, representing all parts of the aviation community. We all share the objective of keeping our skies safe and our system prepared for future growth. I look forward to hearing your views and working together as we go forward with the FAA Reauthorization.