

**Marion C. Blakey  
President and CEO  
Aerospace Industries Association of America**

**International Conference on  
India Aviation: Scaling New Heights**

**Hyderabad, India  
Thursday, Oct. 16, 2008**

*Remarks as prepared for delivery*

Good morning. I want to say I appreciate the opportunity to address such an important conference today looking at the future of civil aviation in India. I think we all appreciate the great opportunities and responsibilities we all bear in this growing airspace.

The last time I was together with many of you here I was still the head of the U.S. Federal Aviation Administration. But today I am here as president and CEO of the Aerospace Industries Association. We are the premier trade association representing aerospace companies in Washington D.C., and we play an important role regarding policies not only in civil aviation, but defense and space. So it's a pleasure to be here in that role today.

It's especially good to see my friend Minister Patel once again. And I'm sure you would agree with me, minister, that the topic this morning is more than appropriate for us to both be addressing.

Two years ago next month, myself and Minister Patel signed an agreement on cooperation in civil aviation that pledged the U.S. and India to work closely together on a common goal -- the safe and efficient development of civil aviation in this great nation.

We have heard some of the fruits of that labor this morning, and I expect we will hear even more as the program goes on today.

I consider that civil aviation agreement one of the greatest accomplishments of my time at the FAA.

This morning we are talking specifically about infrastructure. I remember the last time I was here in India there was a lot of discussion of the importance of ensuring that development in this country keep pace with the great demand for civil aviation. I'm happy to say that on this trip I have seen a great deal of that planning become a reality in a very short time. So I applaud your commitment and action on this front.

I have full confidence that India will continue with that foresight and keep the momentum going in making improvements to you aviation infrastructure.

Now, I have found myself recently giving speeches and having conversations about aviation infrastructure all over the world.

Just last month I was in Montreal addressing a forum on the importance of harmonizing air transportation modernization efforts around the world. The forum was sponsored by ICAO and featured top-level participation from government officials from around the world.

I have also just visited Japan and France in the last two weeks, and the concept of international aviation infrastructure was front and center in those places as well. All this shows the importance this issue is given on a global basis, so I'm happy to be here addressing it here today.

One idea that I have been promoting is the need for a globally seamless interoperable air transportation system. We cannot have islands of advanced technology spotting a sea of outdated and incompatible equipment when aviation knows no borders.

As we know, the cornerstone to this advanced technology is ADS-B. India is a country that has embraced ADS-B and run with it in several different programs. This is important, as the Indian nation is among the fastest growing in the world in terms of air transportation demand and in great need of this type of advancement. I applaud Minister Patel and the other Indian leaders for their excellent work in this area.

That support has come not only in policy, but financially. I understand the investment in GAGAN (GPS and GEO Augmented and Navigation) is more than \$100 million at this point. This is another important way India is stepping up to the plate -- or perhaps the wicket, in this case!

Now, I mentioned that I am representing manufacturing companies through AIA, and it's worth noting that our companies are involved on the ground floor of air transportation system modernization, but in the U.S. and around the world. I know many of those companies are active here in India as well.

It's not an exaggeration to say manufacturers are at the forefront of modernization efforts around the world. We are providing the nuts and bolts of NextGen in the U.S. and SESAR in Europe. I understand Raytheon -- a great AIA member company -- has completed the first stage of GAGAN. Additionally, manufacturers are involved in projects in places like China, Japan, Australia, Africa and others.

It's interesting to note that U.S.-based companies have played a role in SESAR's development in Europe, and European companies have done the same with NextGen. This is an important exchange toward achieving that globally interoperable system I mentioned earlier.

Additionally, many of the companies involved in these projects have done at least some degree of research and development using their own financial resources. They are essentially betting that future demand for these technologies will be so great that it will be well worth the investment.

There is another factor at work here in India and other regions of the world that do not have sprawling legacy air traffic control systems in place. With the advanced technology ready to be implemented and few barriers, India is leapfrogging the types of systems in place in the U.S. and Europe today. This means it will actually be a little easier here in India than in the U.S.!

Another important factor in air transportation modernization is the benefit to the environment. It's hard to overstate the environmental benefits that new technologies like ADS-B bring to our industry. We estimate the benefits from NextGen in the U.S. will be an increase in fuel efficiency of 12-15 percent. As we know, this leads to less carbon emissions and a better environmental record for our industry.

As concern for the environment becomes more and more important around the world, it is a benefit to our industry to be able to demonstrate that we are good environmental stewards, and we are getting even better.

Before I close, I wanted to address the financial uncertainties in the U.S. and other areas of the world today. Obviously things are very unpredictable at this point as we are in some uncharted territory with dramatic market swings.

But if there is any international industry in a position to whether this financial storm relatively well, it's aerospace.

In the U.S., the defense and space sectors of our industry will be relatively stable for at least the next six months to a year since budget levels are largely set.

In civil aviation, we have been keeping a close watch on the market over the past year, especially when oil prices spiked to near \$150 per barrel in July. Even with these incredible pressures, airframers have seen very few order cancellations.

One potential fallout of the troubled financial industry is that it may make it a little more complicated for some airlines to finance aircraft orders. Recently Boeing CEO Jim McNerney said Boeing may end up financing more purchases itself.

Even with all these issues, McNerney said the risk of cancellations would be 5-10 percent, a number the huge backlog could absorb very well. The fact that the vast majority of Boeing's orders are from foreign customers will also help weather the financial storm.

There is also a very good case to be made that the new baseline for oil prices could end up spurring airlines to buy new aircraft models because they are markedly more efficient. Many airlines have already grounded older, less-efficient planes.

So this is all to say we are cautiously optimistic about the state of the U.S. aerospace industry today and into the foreseeable future.

Now, you have heard me talk about AIA and our great member companies. You don't have to take my word for it. Many of them are here at this event, so I would encourage all of you to feel free to introduce yourself to those company representatives and get the information straight from them.

Before I close, I wanted to mention one of my favorite things about visiting Hyderabad, and that's the great monument Charminar. Even as it was being built by Muhammad Quli Qutb Shah in 1591, it reflected the multi-cultural and welcoming nature of this city that has made it one of the world's greats. While laying the foundation, Shah said a prayer wishing peace and prosperity and for all castes, creeds and religions to make it their abode.

That reflects what we see in civil aviation today. It's an important tool that makes the world smaller and brings us all closer together, a fact that belies its economic importance. Like the Charminar, civil aviation is a symbol of hope and cooperation, so it's fitting that we are so near that great monument addressing these issues today.

As we move into the future of air travel in India, it's clear that advanced technology is poised to deal with the challenges and help launch it to the next level. India faces a challenge in the form of skyrocketing air travel demand, and the pieces are in place for this great nation to not only meet that challenge, but go even further and be among the world leaders in civil aviation.

Thank you.

--AIA--