

WELCOMING REMARKS

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On behalf of FAA I am very pleased to welcome you to the 10th International Workshop on Future Aviation Activities. The fact that we have had this workshop for twenty years is recognition of the importance of your input and of FAA projections to developing a safe and efficient air traffic control system. This is my first time here, but I have known of your efforts and the Forecast Conference for many years. In fact, this coming year we will host the 23rd FAA Forecast Conference, which is truly amazing. In the beginning perhaps one could ask if there was some utility to this conference, but after 23 years and the number and quality of the people who participate, it is clear that it is a very useful mechanism for providing information to the community.

What you do here is an absolutely critical forerunner to that conference. As I characterized it today to our Administrator during our senior staff meeting, this is where the real work comes, and this is where the ground work is laid for the future.

This forecasting activity is an essential component for our planning process. These forecasts are used to determine staffing levels and capital expenditures that are needed to accommodate the growth in aviation. The forecasts are used for short-term budget preparation, for cost-benefit analysis, and for safety analysis throughout the agency.

Because of the sizable investment we are talking about making in the National Airspace System, it is essential that our forecasting techniques produce accurate projections. During the last 10 years, with your help, we've adopted state-of-the-art methods of analyzing trends in air traffic. These have helped to reduce our forecasting errors over time. The inputs that you will provide during the next three days are to be used for developing the forecast that we will formally present in March for the period 1998 to 2009. It is a very, very important effort for FAA and for other parts of the industry.

As a result of the continuing success of the conference, we have worked with other people to capitalize on that effort. In your folders you will see something called *Spend an Aviation Week*. When people come to town for the Forecast Conference or for other conferences, we make every effort to make the best possible use of their time. As you can see, we have several meetings that complement each other and culminate in the Forecast Conference, which will be March 12 and 13th, 1998.

The aviation industry has seen dramatic changes in this decade, and we expect these changes to continue well into the 21st Century. We have restructuring, we have intense competition, we have expanding global alliances, and we have *Open Skies*. These are but a few of the activities or issues that we believe will affect our forecasts. We are also experiencing a resurgence in general aviation sales and activities. We believe that that is something that will continue to happen.

The dynamics and complexity of the system make it essential that we turn to you to make sure that our projections, and what we see in the industry correlates to what you see. And, if it does not, to discuss the factors and come up with some consensus—if we can—of where the industry is going.

As you know from the agenda, the workshop is divided into five broad panels—passenger demand, cargo, airports, aircraft fleets, and general aviation. With the exception of air cargo, these are areas that you have looked at in the past and accurate projections of these variables is essential to the quality of the overall forecast.

Let me ask a couple of questions about what we would like to see from your deliberations. In the air carrier and commuter markets we know there has been rapid growth during the last four years, and we ask: What are the critical variables influencing these markets? How will they change? How will they affect the short and the long term? How will the new aviation tax structure activities—clearly something that was not contemplated last year—affect domestic and international aviation, and what will it do to the forecasts? How will the global alliances and *Open Skies*, a continuing effort, affect their operating costs, their revenues, profits, and passenger fares?

Another of our panels this year is the cargo panel. We last prepared a cargo forecast a long time ago, in 1981. What we would like is your opinion on whether we should get back into this business. If so, what are the benefits to the industry, and to FAA, and again, the same question, what are the variables that we should be looking at in order to forecast cargo accurately?

For the Airports Panel, it really is a question of how airports can accommodate the forecast growth in traffic. What are the environmental and capacity constraints, especially in the large hubs, that we need to consider or review for purposes of our forecast? What are the non-capital alternatives for expanding capacity? There have been recommendations of an increasing Airport Improvement Program (AIP) and a need for infrastructure, but are there any other non-capital alternatives for expanding capacity that could be utilized during the forecast period?

In the Aircraft Fleets Panel, we would like to have the discussion focus on the new aircraft—the possible development of large, 500 to 1,000 seat, commercial aircraft. What will that do to airports, what will that do to operations and to the system? What about the growth of regional jets and the effect on overall activity, and the increased demand for business jets? With new information on aircraft that Airbus and Boeing are considering developing, what might that do to our forecast?

We've been looking for general aviation to stabilize or actually to grow. We are hopeful that the time is at hand, and would like to ask your opinion about whether you think that this is true, and why? With the Revitalization Act in 1994, and Cessna's commitment to begin production, we think that the corner has been turned. As you know, in January of this year, Cessna produced its first single-engine piston aircraft in a very long time. What we see in 1997 is a significant increase in general aviation activities at our facilities. What does that mean? That's what we would like you to consider. Is it a projection that will continue? If so, what are the rates for that growth? If it isn't, what is the rationale for this not to continue? The current general aviation forecast for fleets and hours flown used the growth rates developed by a panel from the 1995 meeting. Are those still valid? These are the

kinds of things that we want to know in order to be able to project at our Forecast Conference next March.

We rely upon your efforts over the next couple of days to answer or help to illuminate these types of questions to ensure that we identify and appropriately weight the trends, the new issues, and the economic growth that we forecast. This helps us produce an aviation forecast that hits the mark—as it has in the past. Our record, due in large part to what you have done, has been very, very good, and I would like to be able to say that again next year. So, you have an important task in front of you.

To summarize, the U.S. and the world economies, as well as the aviation industry, have undergone considerable change in recent years. We expect this to continue into the 21st Century. To be sure, these changes have made it difficult to predict aviation activity solely by the use of models. We have recognized that and rely on your knowledge and insights to put bounds on our projections. I appreciate you taking the time to be here and thank you for past and future inputs and for developing innovative ways in which to examine new issues.

In closing, I would especially like to recognize and to thank the two TRB aviation section chairs, Vicki Golich and Jack Wiegand, who managed the planning, development and conduct of this workshop.