

**Marion C. Blakey  
President and CEO  
Aerospace Industries Association of America  
Chair of the International Coordinating Council of Aerospace  
Industries Associations**

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Good afternoon. It is a pleasure for me to be here at **Japan Aerospace 2008**. It is true that very good things happen every four years – the **Olympics, the World Cup and Japan Aerospace!** This is an extremely important event for the **global aerospace industry** as well as to our Japanese hosts. We all know that Asia is one of the **most important aviation markets** in the world. And Japan is a vital player in the Asian aerospace industry, both as a **customer and producer**.

The preceding speakers have touched on some of the details of the Japanese aerospace industry and market. It is good news that the industry is **strong, and getting stronger**.

Mr. Toda from Mitsubishi aircraft talked about the new MRJ program, which represents an **exciting future** for aircraft production here in Japan. It's the first domestically produced aircraft in **more than 30 years**, and incorporates some of the latest aviation advances, like the use of **composite materials**. As all of you know, there's a lot going on in the industry here in Japan, as well as throughout Asia. And Japan is proving itself to be an **example for others to follow**.

That's nothing new. Japan was an **pioneering aviation nation** in Asia, establishing commercial airline operations in 1922 and 1923. An interesting note is that the early airlines were **private operations** rather than government-run. The three early airlines would ultimately be absorbed into the national flag carrier known as **Japan Air Transport Corporation**, but it represented a very early experiment with private aviation enterprise in Asia.

In the mid-30s, JAT began using new 14-passenger Douglas DC-2s, the first **modern passenger airliner** used in Japan. But there was plenty of domestic production in the early days, like the Nakajima (Na-Ka-Gee-Ma) AT-2 and the Mitsubishi MC-20.

There was even a domestic version of DC-3s called the L2D or the “Tabby.” So Japan’s **full involvement** in international aviation has a **long track record**.

I am here today representing the **International Coordinating Council of Aerospace Industries Associations** – the global body that encompasses the majority of aerospace companies in the world. It includes our hosts here at Japan Aerospace 2008, the **Society of Japanese Aerospace Companies**, as well as associations from all over the world. While these groups are advocates for their members in their respective countries, we also come together within I-C-C-A-I-A to **press for international cooperation** on important issues. You would be surprised that an industry as competitive as aerospace has so many areas of agreement **across national borders**.

I want to talk about some of the most **important challenges** we face in aviation. But first I want to take a look at the international industry. Despite well-documented challenges due to **high fuel costs**, civil aviation is an industry that is **very strong** around the world and an **economic engine** bringing the world closer together.

There are many sectors that have struggled very publicly recently – **housing and banking** come to mind. But aviation manufacturing has been a bright spot, providing **employment and economic benefits** around the world.

Let's look at the two largest airframers in the world – **Boeing and Airbus**. These companies are sitting on **historic backlogs** of aircraft orders that stretch for several years. In 2007 both companies surpassed **1,000 orders** – an unbelievable number for even one company to achieve in one year, much less two. Even **more impressive** is that both companies have surpassed that number of orders the past few years. This means the backlogs of aircraft on order **are staggering** – both around 3,500.

What all this means is a **stable base** for the aviation industry for the foreseeable future. As we know, both Boeing and Airbus have supply chains that **span the globe**. Many U.S. manufacturers provide components for Airbus, and Boeing buys parts from suppliers in Europe, Asia and other **parts of the world**. Japan is playing a **large role** in the 787 program under the Japan Aircraft Development Corp., which consists of Mitsubishi, Kawasaki and Fuji.

These companies are providing **important parts of the aircraft** – Mitsubishi is designing and building the **wing boxes**, Fuji is providing the **center wing box** and Kawasaki is handling part of the **forward fuselage and main landing gear wheel well**. Airbus recently opened its first-ever production plant outside of Europe in China, and also buys components here in Japan. So Asia is at the epicenter of today's **aviation manufacturing industry**.

In addition to the large aircraft manufacturers, **regional jets** are playing an important role in expanding air travel. Brazil's Embraer and Canada's Bombardier are both **recording strong numbers**. As we heard, the MRJ is well on its way here in Japan, with **firm orders** already booked. And other regional jet development **projects are underway** here in Asia and elsewhere.

Now, we know there are **many challenges** ahead in the global economy. And I'm not trying to pretend that our industry is immune to the **effects of economic slowdowns**. Probably the biggest issue is the **wild fluctuation** in oil prices and jet fuel costs.

The price of oil hit a **record price** earlier this year, prompting airlines to take extreme measures to **keep up financially**. We all know that airlines have to **make money** to be able to buy new airplanes. But when you look at the big picture, the international aviation manufacturing industry is in **good financial shape**, especially when compared to other sectors.

Now, I'd like to shift from talking about the statistics behind our industry to some of the **challenges we face collectively**. The first one I'd like to mention was the topic of an address I gave recently before ICAO in Montreal. It's the need for a **globally interoperable and seamless** air transportation system. I think we can all agree that as we move into the future of air travel we are going to need an infrastructure that can handle **ever-increasing pressures**. And that capacity must be implemented around the world, since **islands of advanced technology** surrounded by oceans of outdated infrastructure don't make much sense.

I think most of us are familiar with **NextGen** in the United States and **SESAR** in Europe. Both of these systems are progressing from the planning stages to **development and implementation**.

The companies represented by ICCAIA are involved on the **ground floor** in both NextGen and SESAR, both in coming up with the technologies and **putting the systems together**.

Their partners in government and the airlines have looked to them to provide the **technical know-how** to make the new systems succeed. And that's a role we welcome. There has even been **participation and input** into NextGen by European companies, and in SESAR by U.S. companies. This **exchange is vital**, and should continue in a fair and robust way.

**ADS-B is the backbone** of both NextGen and SESAR, and the tool that will propel a **seamless global system**. As we know, there has been a great deal of **testing and utilization** of ADS-B here in the **Asia-Pacific** region. Our hosts in **Japan** have studied the technology to see how it would fit into such remarkably busy airspace. **China, New Zealand and Indonesia** have tested ADS-B systems. And **Australia** has perhaps the most integrated ADS-B system.

Japan has taken **other steps** to improve its air transportation system.

It has installed the **MTSAT Satellite-based Augmentation System**, known as **MSAS**, an advanced navigation system covering the Asia-Pacific region. It is similar to the **Wide Area Augmentation System** in the U.S. MSAS improved the **accuracy, integrity, continuity and availability** of GPS satellite signals in the region and has been an **important asset** to the system.

Now, the **cost of upgrading** air transportation systems is expensive, and funding mechanisms must be **ironed out** in each location. Ironically, developed jurisdictions like **Europe and the U.S.** have a more difficult challenge than areas without existing legacy infrastructure. Rapidly developing countries like **China and India** will actually be in a better position to **make huge leaps** in technology by skipping the cost of building today's **sprawling systems** and move straight to the more nimble and efficient ADS-B upgrades. We have been encouraging governments around the world to make the **investment necessary** to put themselves in a position to take **full advantage** of air transportation modernization at the earliest **possible opportunity**.

As we move forward implementing ADS-B based upgrades to air transportation, it's important that we have an **international guiding** hand to ensure the systems are truly seamless and interoperable. The best **organization for the job is ICAO**. We are all familiar with ICAO's excellent track record on international standardization on important issues like **safety, security and the environment**. That's why it is the natural forum to serve as a **coordinating authority** for air transportation systems.

The event I mentioned earlier in Montreal was a conference exploring **how to harmonize** NextGen and SESAR. As a global aviation community, we must support ICAO and encourage it to **continue this important role**.

The last challenge I wanted to discuss today is, in many ways, among the **most important issues** we must tackle in international aviation today. And that's our industry's **impact on the environment**. Aviation has been targeted for environmental blame despite a **very good track record** over the years. Our aircraft and engines are much more efficient than early jets, and the industry's environmental footprint has **shrunk considerably**.

We are determined to do an **even better job**. I represented ICCAIA at the ATAG Summit in Geneva earlier this year during which we committed to finding a **pathway to carbon-neutral growth** worldwide. It is a lofty goal, but not impossible. And it is important to protect our place as **good environmental stewards** and participants in finding solutions to global problems. Once again, manufacturers around the world are **stepping up to the plate** in this respect.

There are efforts underway in virtually every corner of our industry that will result in **direct positive environmental impacts**. Airframers around the world are working on **advanced commercial jetliners** that will deliver significant environmental gains through lighter, more efficient products. Everyone is doing their part – **Boeing, Airbus, Embraer, Bombardier and Mitsubishi**. Engine manufacturers are also making **valuable contributions**. **GE Aviation, Pratt & Whitney and Rolls-Royce** are all working on new technologies that will increase efficiencies and **decrease carbon emissions**.

Another important piece of the **environmental puzzle** is something I've already mentioned – advanced air transportation systems like **NextGen and SESAR**. Estimates put the environmental benefits of these systems in the neighborhood of **12-15 percent fewer emissions**. It is not a stretch to say these new technologies are **worth the cost** for the environmental benefits alone!

To underscore how important this issue is to us, **AIA and GIFAS** are sponsoring a seminar in Paris next week to discuss **improving environmental performance** even more. Our international collective goal is **carbon-neutral growth** in the aviation industry, and we will explore concrete ways to make that happen.

Now, I mentioned some of Japan's **international cooperation** in aviation earlier in my remarks. But I wanted to mention another **important export** to the United States, and any **baseball fans** would agree with me, I'm sure. I'm talking about the great **Ichiro Suzuki**, who came to the Seattle Mariners in 2001 and quickly set himself apart as one of the **best in the game**.

In fact, on this date in 2004, Ichiro got his **258<sup>th</sup> hit of the season**, breaking an **84-year-old record**. He may be as popular in Seattle as he is in Japan, with the stadium sushi stands offering “**Ichiro**lls.”

I bring up Ichiro because he is a walking example of the great **benefits of international cooperation**. There were doubts on both sides of the Pacific about whether he should **play in the major leagues**, and whether he would be successful. But he **defied cultural barriers** and brought almost un-imagined success to himself, his American team and his Japanese homeland. There are **lessons here** for the international aviation community. **Global cooperation and partnership** can bring incredible benefits, whether it's a **Boeing 787** or a **.331 batting average**.

International aviation is an industry **faced with some challenges** around the world. But we have a **strong foundation** and a **good future** in the manufacturing sector. As long as we all **work cooperatively** on an international basis, we should continue to **meet challenges** head-on and continue to our world economic leadership.

Thank you.

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