

**Testimony of Clayton M. Jones,**  
**Chairman, President and CEO of Rockwell Collins**  
**Before the House Transportation and Infrastructure**  
**Aviation Subcommittee**  
**February 11, 2009**

Chairman Costello and Ranking Member Petri, on behalf of the more than 20,000 Rockwell Collins employees around the world, as well as the Aeronautical Repair Station Association (ARSA), the Aerospace Industries Association (AIA), the General Aviation Manufacturers Association (GAMA) and all of the men and women who help design, build and maintain aircraft across this nation, I am grateful to have the opportunity to testify before you and the House Aviation Subcommittee.

Mr. Chairman, there are few industries in the world today that have experienced the same rapid pace – and magnitude – of change as the U.S. aerospace and aviation industry. Since the Wright Brothers' first historic flight over Kitty Hawk a little more than a century ago, the accomplishments of the human race in aerospace have been nothing short of miraculous. Since that first flight, the U.S. aerospace and aviation industry has become a crucial element of the global transportation infrastructure. It is an industry that moves people and goods quickly – and virtually anywhere in the world.

Today, the civil aviation industry plays a critical role in the health of our domestic economy, employing nearly 11 million workers in all 50 states. The annual earnings of those workers total almost \$370 billion. Furthermore, civil aviation contributes more than \$1.2 trillion annually to the U.S. economy<sup>1</sup>, or more than five percent of gross domestic product. The aerospace industry also produces one of our nation's few remaining trade surpluses with domestic aviation manufacturers showing a \$54.1 billion positive trade balance<sup>2</sup> in 2007, the largest of any domestic industry.

Despite these laudable figures and the enormous recent growth of the civil aviation marketplace, these are challenging times. In order to adjust to the financial realities of the day, companies large and small have been forced to liquidate business and commercial aircraft they can no longer afford. This sharp reduction in utilization – coupled with the rapidly increasing inventory of used aircraft – is further depressing already slumping demand for new planes.

Everyday across our nation in places like Cahokia, Illinois; Seattle, Washington; Appleton, Wisconsin; Duluth, Minnesota; and my company's headquarters of Cedar Rapids, Iowa, thousands of employees report to work and undertake the high-paying jobs that keep our country and our industry strong. Unfortunately, as aircraft order backlogs are shrinking right before our eyes, manufacturers of both general aviation (GA) and commercial aircraft – as well as their suppliers – have been forced to take painful steps and lay-off thousands of hard-working employees from coast to coast.

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<sup>1</sup> Federal Aviation Administration, *NextGen Implementation Plan*, 2009, Page 5

<sup>2</sup> United States Department of Commerce

Perhaps even more troubling are the indications that these cuts may not be the last, as it is growing increasingly clear that the current economic situation – at least as it applies to the aircraft manufacturing community – will get worse before it gets better.

This Committee is well aware of the benefits the GA industry provides to our nation, whether in job creation, access to small communities, or export sales. As such, I respectfully request that – as you consider legislation during these troubling times – you remind your colleagues of these benefits and do nothing to prevent corporate ownership of these aircraft and damage this important industry.

Mr. Chairman, today, in addition to the overall importance of the civil aviation industry, I would like to focus on three important issues which this Committee is ideally positioned to address - the need for long-term Federal Aviation Administration (FAA) reauthorization legislation, an increased focus on the development and deployment of Next Generation Air Transportation System (NextGen) technologies to address environmental and congestion concerns, and adjustments to language contained in H.R. 2881 that deals with foreign repair station oversight.

### **FAA Reauthorization**

This hearing once again underscores your leadership in moving FAA reauthorization legislation forward. We must find agreement on outstanding issues blocking passage of this bill and move forward on a long-term reauthorization for the FAA as quickly as possible.

In the coming weeks, we are hopeful that President Obama will nominate a new FAA Administrator who, when confirmed, will be faced with a litany of issues to address. Passage of a long-term reauthorization bill will provide critical direction from Congress and allow the new Administrator to focus his or her attention on managing these challenges.

The recent inability to get a long-term reauthorization passed has also had a significant negative impact on FAA programs. In the Airport Improvement Program (AIP), for example, grants have only been issued for the length of each authorization extension – increasing grant management costs and resulting in delays in safety and capacity projects as a result of sponsor uncertainty over the availability of long-term funding. In addition, the NextGen program has suffered due to the lack of a clear, long-term commitment as represented by a multi-year reauthorization bill.

It is my hope that, under your leadership, 2009 will see passage of this much needed legislation and progress on these pressing issues.

### **Next Generation Air Transportation System**

Mr. Chairman, smoldering beneath today's immediate economic crisis and political difficulties is a much longer term challenge – a challenge that has the potential to

inflict significant damage to the economy of the United States in the future, and our standing in the world economic markets.

While we enjoy the fruits of a vibrant aerospace industry today, we face the serious challenge of modernizing an air transportation system that has not kept pace with rapid growth – or applied advances in technology. Today, we are operating with an aviation infrastructure that is designed around a radar-based system from the 1940s that will soon burst at the seams. It is time for the United States to accelerate the transformation of its air traffic management system from a system of the 20<sup>th</sup> century to a comprehensive 21<sup>st</sup> century solution - a solution that takes into account advances in information management and satellite-based flight tracking and navigation to yield significant improvements in safety, efficiency, and environmental sustainability.

To be clear, NextGen is not a mere “modernization program.” NextGen is a transformation, and will replace our current outdated system, with one capable of accommodating future growth without costing the American economy tens of billions of dollars per year in lost productivity and unnecessary energy consumption resulting from flight delays and inefficient air traffic management.

When fully implemented, NextGen – with its network-enabled, satellite-based ground infrastructure and cockpit equipment – will safely and efficiently handle more than twice the air traffic we have today with less delay and far greater fuel efficiency. Those who believe that this expansion in capacity is unnecessary due to recent drops in global traffic, need only be reminded that following 9/11 – when we saw a 10.4 percent drop in system revenue passenger miles – traffic quickly recovered. In fact, by 2004 it was on par with 2001 activity levels and has grown to historic levels in the years since.

Considering future barriers to growth, the civil aviation industry faces no issue more significant than the environment. The aerospace industry has made great strides at minimizing the environmental impact of its products through technological advancements and operational practices that reduce noise and emissions. In fact, while much work remains to be done, commercial aircraft have increased fuel efficiency by approximately 70 percent over the last 40 years<sup>3</sup>.

Despite this progress, en route and airport congestion and delay pose considerable environmental challenges, resulting in excessive fuel burn which translates to increased CO<sub>2</sub> emissions. In these respects, NextGen is a powerful environmental tool with its technology and improved operational measures creating the potential for a 10 to 12 percent reduction in carbon emissions. Coupled with fuel saving initiatives in place or contemplated by aircraft manufacturers and operators, NextGen holds the key to achieving carbon neutral growth in aviation in the years to come.

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<sup>3</sup> Intergovernmental Panel on Climate Change; *Aviation and the Global Atmosphere*, 1999, P. 297

Because the air traffic system provides important public policy benefits to our citizens and the military, I believe it important that we discuss the role the General Fund plays in funding FAA operations. In order to accommodate public good projects like NextGen, appropriations from the General Fund should return to historic levels. Although fund contributions fell dramatically in recent years, FAA operations funded through this account averaged 29 percent in the 1990s. In hopes of returning to this sensible level of government funding, I request Congress increase the General Fund share of FAA operations to 25 percent per year through the life of this pending legislation.

Mr. Chairman, industry was very encouraged by the introduction last week of a Senate amendment designed to provide the FAA with increased certification resources and expedite the deployment of critical NextGen technologies such as ADS-B ground infrastructure and area navigation (RNAV)/required navigation performance (RNP). If this provision makes it in to the final Senate legislation and through Conference review, it will allow for the accrual of RNP and ADS-B benefits much sooner than the previously scheduled 2018 date.

With the potential inclusion of such language, which industry strongly supports, we request that this Committee take the next bold step to accelerate airspace modernization. Based on the system-wide benefits the NextGen system is sure to provide, we ask Congress to authorize and appropriate three billion general fund dollars over the next four years to fund equipage of ADS-B. This funding will allow the vast majority of the commercial and GA fleet to be equipped with this important technology at a far earlier date than the current 2020 FAA rule would promote. When tied in to the earlier ground equipage date proposed by the Senate amendment, this acceleration would also allow for increased federal savings through the closure of a number of radar sites and stimulate employment activity at avionics manufacturers and repair and maintenance depots around the country.

### **Industry's Commitment to Safety**

Finally Mr. Chairman, I would like to stress the aviation industry's commitment to safety and security at our manufacturing facilities and repair stations around the world. As you know, aviation is a global industry and – as such – it requires an international network of safe, secure stations to repair and maintain aircraft.

Although Section 304 of H.R. 2881 was no doubt designed to improve the safety oversight of foreign repair stations, I believe it could ultimately undermine the exact safety systems we are constantly improving – while damaging the FAA's leadership around the world.

I am particularly concerned about the provision setting a minimum number of inspections by FAA personnel. Rockwell Collins and other companies that operate foreign repair facilities welcome inspections and oversight by the FAA. Our facilities are constantly inspected – by the FAA, foreign aviation authorities, our air carrier customers and by our internal auditors. However, requiring the FAA to inspect each foreign repair station “not fewer than two times” annually presents several problems.

First, the FAA does not have the resources or the inspection personnel required to inspect every foreign repair station with such frequency. Based on this challenge, I believe the agency should employ a risk-based model for inspections in order to use its valuable personnel in the most efficient manner possible. I believe it makes more sense to send inspectors to facilities whose safety oversight may be called into question rather than waste these resources carrying out redundant inspections in locations we know to have exemplary safety records.

Equally concerning is the premise that any foreign repair station which the FAA fails to inspect twice annually - whether or not it is in compliance with FAA safety rules - would lose its FAA repair certificate. I believe this to be fundamentally unfair.

Second, the inspection requirement essentially undercuts the recently signed U.S.-European Union (E.U.) safety agreement. This agreement, as a general rule, requires reciprocal maintenance oversight (i.e. the FAA provides surveillance of U.S. based E.U. certificated repair stations and vice versa). The FAA has operated under reciprocal maintenance agreements with European nations for more than 35 years. If the FAA is forced to back out of this agreement, the E.U. would have to send its own inspectors to the U.S. to certificate repair stations to work on European registered airplanes. As a result, these U.S. based repair stations would be subjected to additional certification fees, risking the ability to repair European registered airplanes, all of which could result in a significant loss of business and employment - an outcome devastating to the hundreds of small businesses that comprise the aviation maintenance industry. As the U.S. currently has a positive balance of trade in repair work with the E.U. - with more than 1,200 U.S. based repair stations certificated to repair E.U. registered airplanes, and only 708 FAA certificated repair stations around the world - domestic operators stand to lose far more work than we could ever hope to gain.

Another consequence of backing out of the U.S. - E.U. agreement is that we risk jeopardizing our access to foreign markets. As I stated earlier, the aerospace industry provides the largest trade surplus of any domestic manufacturing industry. A large part of this success rests with our ability to easily export products overseas. In addition to safety oversight, the bilateral provides for reciprocal certification of aircraft. As you know, Mr. Chairman, it can take up to five years for a new aircraft to go through the FAA certification process. Under the agreement, the E.U. accepts the FAA's certification which allows for instant access to their markets. Without this, our manufacturers would have to go through a separate certification process for every European market - an effort that would cost time, money and jeopardize our export base.

Mr. Chairman, we will send our bi-lateral partners a terrible message if we violate this safety agreement. After decades of cooperative oversight, we would signal our lack of faith in their work. Doing so would insult our European partners, undermine the FAA's credibility, and make it harder for the FAA to maintain its worldwide leadership on safety issues.

The importance of this agreement simply cannot be overstated. The U.S. – E.U safety agreement will serve as a foundation for future negotiations in areas such as licensing and operations that have huge economic impacts for U.S. industry. To endanger this agreement through foreign repair station legislation risks future economic growth and job creation in our country.

For these reasons, I respectfully ask the Committee to take my comments into consideration and continue to examine this issue and its ramifications for the aerospace industry and workforce.

Mr. Chairman, thank you for inviting me to testify before your Committee. Many of the challenges facing our industry today can be rectified by the House and your colleagues in the Senate, but Congress is not the only group which has work to do. Industry should focus on the broader impacts of this legislation and work to find common ground on the best way to fund FAA operations. Such an agreement would help this Committee and the federal government to move forward with the long-term authorization necessary to accelerate development and deployment of NextGen and resolve many of our capacity and environmental concerns.

Thank you and I would be happy to answer any questions you may have.