

## Remarks

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Thank you, Jack, I appreciate the introduction, but more importantly, I appreciate all the work you have done for so many years to call attention to the fact that airports are powerful economic engines for their communities. We must do all we can to maximize the power of that engine.

Mayor Hancock, it is great to be here with you. Denver has a long history of enlightened leadership on issues such as transportation and aviation; your community is an example for us all. And, in Kim Day, you have an airport leader with vision and passion and a proven ability to get things done. Her qualities were recognized by her peers who honored her with this year's Airport Revenue News Airport Director of the Year award.

It is always wonderful to be with my good friend Angela Gittens, a great leader for the world's airport community. And to be with so many dynamic airport and aviation leaders from across the country and around the world.

The airport cities concept is all about recognizing the power of the airport economic engine. All of us know it is true. This year, ACI-NA set out to measure it through our Airport Economic Impact Study, the first done in 10 years, and the numbers are in. If Airports, Inc. was a single company, we would be the nation's second largest employer, just behind WalMart. Airports are responsible, according to our survey, for \$1.2 trillion of economic activity and 10.5 million jobs. We all know that the ability to deliver people and products to destinations and markets around the world is the economy's lifeblood. Beyond what we can measure, the power of the United States as a 21<sup>st</sup> century economic power would simply be impossible without aviation and airports.

But we are in danger, in this country, of taking that for granted.

Last year in Memphis, I said a few things in my opening speech that got some attention; I guess I caused a stir. I think that's why I was invited back.

I said that the United States is under-investing, massively under-investing, in its aviation future.

I said that the United States Government was standing in the way of that future, and that in taking that stand, the US Government was working with airlines to limit investment.

At this point I need to make one thing clear. I was not, and am not, bashing the airlines. I am not anti-airline, I am pro-airline. I sincerely believe that moving to a modern system for financing infrastructure, such as the system I outlined last year, would be good not only for our nation's communities and travelers, but for the airlines and their bottom lines. And that the current financing system, developed and institutionalized during the Nixon administration, is out of date; it is holding us back.

But, as I said last year, airlines are still mired in an old theology, one that pre-dates their own de-regulation, and are more concerned with controlling airports and limiting competition than serving their communities and looking to the future. And, whether it is because politics in Washington is currently paralyzed, or because of significant airline campaign contributions, or because of an unwillingness to consider new ideas, the US Government is right there beside them. And our communities, travelers, shippers and, I submit, the aviation industry itself, pays the price.

The recently passed FAA Authorization Bill, enacted more than four years after its predecessor expired, further enshrines that old theology. It not only keeps the lid on airports, but reduces federal support for infrastructure investment without providing recourse to airports and their communities to take their growth plans into their own hands. In its approach it combines the worst of old world theology with a dis-regard for where the rest of the world is going.

Those comments last year got some attention. And what I found most interesting is that no one really much bothered, with one limited exception, denying an airline interest in controlling airports and limiting competition. In the past, what we might hear would not be so direct, but would be cloaked in terms such as these: if you increase fees by even a dollar fewer people will fly and that is why we cannot let airports move to this modern system of passenger fees.

Well, the whole move toward baggage and other ancillary fees blew that one right out of the water. So, I heard next to nothing in response to the control and competition argument.

Instead what we have heard is the following:

First, that the US market is mature and will not grow. Sometimes a modifier is added, that the market won't grow faster than GDP, sometimes not. But the basic point is that we are done growing.

Second, that it does not matter that other nations in Asia, the Middle East, Latin America and elsewhere are building or modernizing facilities. They are just trying to build their own systems; we already have an air transport system.

So, therefore, we need no new capacity and we need not worry ourselves that others will have newer, more modern and effective facilities.

Those are the arguments. Let me take them each in turn.

The first assertion, that of a future of no growth, is a pessimistic hope combined with a lack of historical evidence and a disregard for demographic truth.

The truth is that the United States is the ONLY industrialized country in the world that is demographically dynamic right now. The truth, according to the Census Bureau, is that we will add 25 million more people in the United States by 2020, and a bit more than 30 million each of the three decades after that. We will add the equivalent of the population of Japan in the next few decades! As if that will make NO difference?

It disregards even the possibility of an improving economy. It disregards the development of new industries and new opportunities.

It disregards the possibility that the US role as a hub of global commerce will increase – or even stay level.

It disregards the truth that you must plan and build infrastructure in advance, that you can't just go to some infrastructure shelf and put it into place overnight if you all of a sudden discover you need it.

Finally, it disregards the fact that we now live in a global economy – that businesses, manufacturers, employers – can choose to place their operations nearly anywhere they choose. And that modern transportation infrastructure attracts business, while decaying infrastructure repels it. American airports should make this country a magnet for global business, not deter it.

It is a bet against the future, a bet that disregards all evidence.

About the best you can say about this is that if we make this bet – against a future of growth – we can be virtually assured it will happen, and that the rest of the world will leave us further behind.

That brings me to my second point.

Some say it does not matter if others build modern, new facilities. It does not matter if they modernize old ones. They are simply trying to create what we in the United States already have.

I say that statement flies in the face of history, and it flies in the face of our competitors' ambitions.

To me, it sounds like the American steel and auto industries in the post-World War II era.

As others were building new, more modern steel plants and auto factories, U.S. industry stood still, complacent in its dominance and certain its future was assured.

A decade or so later, those industries were all over Capitol Hill and federal agencies begging for protection against foreign competition. A more self-destructive scenario is hard to imagine.

My fear is that this argument sets up US aviation for the same outcome. And in a global industry like ours that is a suicide note.

Indeed, we are already seeing this today. Airlines are all over Capitol Hill trying to prevent Export Import Bank financing of exports of US produced aircraft to non-US airlines. A battle royal is underway. The aviation industry is already feeding on itself. The future, as a famous former football coach once said, is now. And it is a sad one.

Now, I am not commenting on the merits of export assistance for aircraft, what the US does for Boeing or the EU does for Airbus. I don't know. But this is not the future we want – an industry whose only available strategy for global growth is protectionism.

But that IS what happens when you do not invest in tomorrow. And as of right now, led by the airline industry with the full cooperation of the US federal government, that is the direction we are headed.

I hope we can change this.

Over the next three years we are prepared to work with airlines and others to construct a new modern system to build and upgrade infrastructure. A system that gives airports and their communities the ability they need to invest in modern infrastructure, a system that permits our air transportation system, and the companies within it, to flourish, a system that positions our nation as a key linchpin in the global economy throughout the 21<sup>st</sup> century and beyond. In short, we are talking about the need for a comprehensive aviation policy that addresses the needs of airlines, aviation infrastructure and airports.

I remember as a young Capitol Hill staffer in the 70's and 80's seeing executives from auto and steel companies I'd admired growing up coming through our offices begging for protection as a way to survive. I do NOT want to see aviation executives doing the same thing.

This is a pro-aviation speech, not an anti-airline speech. All of us, airlines, airports, and airport communities, need to move past the theology of the past and build a future of growth and prosperity.

Over \$80 billion worth of documented new infrastructure projects – runways, terminals and other facilities – are needed by 2015 to meet projected growth in passenger travel and other activity through the early 2020s, based on the long lead times needed for airport improvements. Planning, permitting, and construction can take five to eight years for a terminal and more than 10 years for a runway.

Betting against growth and airport modernization could be a self-fulfilling prophecy. If we don't invest, we know what the future holds: an absence of growth and protectionist complaints about competition from folks who are eating our lunch. While those of you from elsewhere are building the airport cities of the future, we here in America will be consigning ourselves to an economic backwater.

If we do invest in airport infrastructure, there are no guarantees but we have a chance to build a competitive future for a competitive nation. And we do know that having a vibrant and efficient airport is essential when trying to attract new businesses and operations to America's communities. Not to mention that these infrastructure projects could provide over two million jobs in the process.

When I finished speaking last year I was immediately invited back to this year's meeting. I had hoped for a more upbeat speech this time. I regret that didn't come to pass. For now, while airports and communities all over the United States are looking to the future our airlines and federal government are stuck in the past. But I am hopeful, and I remain convinced that all of us in the aviation industry can ultimately come together to chart a better future.

I look forward to these next two days, to learning a great deal from so many smart people from all over the world, and to delivering that upbeat speech about a system that truly empowers local airports to invest in our country's global competitiveness at a future conference.

Thank you.