

Remarks Before the Aero Club of Washington, D.C.
Capt. Lee Moak, President, Air Line Pilots Association, Int'l

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Thank you for the opportunity to be here today. It's a pleasure to speak before you on behalf of the more than 53,000 members of the Air Line Pilots Association, International.

New York Times columnist Thomas Friedman once said, "Pessimists are usually right and optimists are usually wrong, but all the great changes have been accomplished by optimists."

Well, I'm an optimist.

I began flying as a fighter pilot in the Marine Corps, and I've flown as a commercial pilot for almost 25 years. I know that a strong airline industry is good for our customers, our businesses, and our employees, and it's strategically beneficial for America.

My challenge to you today is this: Think about whether the United States government is doing enough to support our industry and put us in a position to compete in the global marketplace.

Is our government doing all it can to implement a state-of-the-art air transportation system and advance the United States' airline industry so that we can compete to win?

My remarks today are not going to be typical of a labor leader. I believe that now is the time for labor and airline executives to work with industry and governments in the United States and around the globe. Working together is the ONLY way we can level the playing field.

Now, if you remember one thing I say today, make sure it is this:

In the global marketplace, competition exists not only between companies, but between governments.

Foreign airlines—particularly in the Persian Gulf—are owned by governments. Those governments make promoting strong and competitive carriers a national priority.

The Gulf countries are investing billions of dollars in airline infrastructure and equipment. This is being done not only to transport the cargo and passengers of today, but with a focus on tomorrow.

Emirates' passenger numbers have increased six-fold over the course of a decade, making it the world's largest airline in terms of international revenue passenger kilometers.

Passenger numbers at Dubai International Airport have almost doubled from about 25 million in 2005 to a little more than 47 million in 2010. Today, the airport ranks fourth globally for international passenger and cargo traffic.

Looking to the future, Dubai Airports' strategic plan projects that almost 100 million passengers and more than four million tons of air freight will pass through its own airports each year by 2020.

What's the reason behind Dubai's success as a leading global aviation center?

The Dubai Airports chairman, who also happens to be the president of the Dubai Civil Aviation Authority—their version of the FAA—attributes it to and I quote a “carefully constructed and well-executed model that features a liberal regulatory climate, a tax-free business environment, and a customer-centric focus that provides value for money and close coordination and collaboration within the sector.”

In stark contrast, the United States is not only short on national transportation, aviation, and energy policies, but our government **actually hinders** U.S. airlines' ability to achieve economic and competitive viability.

Now, I know you wouldn't expect me to quote Taylor Swift here at the Aero Club, but she's dead-on when she says, “It's hard to fight when the fight ain't fair.” So let me give you an idea of how “the fight ain't fair” for U.S. airlines and their employees.

Let's start with taxes.

We need our government to adopt sound airline tax reform. The U.S. airline industry already pays beyond its fair share of taxes. We don't need to pay more as some in government have suggested. The industry's non-income tax burden has grown from nearly 4 billion dollars in 1993 to approximately 17 billion dollars today.

In 1972, the taxes on a 300-dollar domestic round-trip ticket totaled 7 percent of the fare. Today, the tax on a 300-dollar ticket is more than 20 percent of the fare. That is almost a **three-fold increase** in taxes!!

Now contrast that to the taxes paid on alcohol, tobacco, and firearms—the so-called “sin taxes.” Why are the taxes that are meant to discourage the use of items **lower** than the tax rates that airlines have to pay??

Dubai isn't discouraging commercial aviation with sin taxes. In fact, it has a tax-free environment, so how can we compete with that?

Let's be clear: the stakes are high. Foreign governments are backing their airlines with billions of dollars **and** pro-aviation policies. Meanwhile, U.S. airlines are being pushed out of many of the world's most important, profitable, and international markets.

The lack of government support for U.S. carriers is putting our domestic market at risk of becoming a regional feeder for foreign airline competitors. This will cost U.S. airline jobs at a time when every job counts.

If foreign competitors win the edge in the global market place, U.S. carriers may not be in a position to maintain a sizable international long-range fleet—a fleet that is essential to our economy and our national defense.

Let me give you an example of what happens when our government does not think and act strategically about safeguarding the airline industry.

When we take actions that provide an advantage to our foreign competitors, we put our international market share at risk.

Right now, the U.S. government is considering funding and operating a Customs and Border Protection preclearance facility at Abu Dhabi International Airport. This move should baffle everyone in the industry.

Why? Because no U.S. carriers fly to Abu Dhabi.

Installing this facility would use U.S. taxpayer dollars to enhance the flying experience for a foreign airline's passengers. This would give the state-owned airline a distinct marketplace advantage at the precise time that the United Arab Emirates is seeking to establish itself as the premiere international hub.

As I wrote in a recent *Departures* section of *Aviation Daily*, this project should be stopped before it starts. For our country to maintain a world-class airline industry, our government needs to start competing — yes, competing with its foreign counterparts, as our airlines do.

Outside of this country, we have another potential tax issue and that's the European Union's Emissions Trading Scheme. This is an ill-advised, legally questionable job killer for our airline workers. The EU's tax scheme could cost U.S. airlines billions of dollars over the next few years and seriously compromise the economic viability of the U.S. airline industry. This would threaten the jobs of thousands of workers.

Recently, ALPA testified before Congress urging members to explore every available option to exclude U.S. airlines from this tax, including passage of the EU Emissions Trading Scheme Prohibition Act.

To be clear: ALPA strongly supports reducing aircraft emissions, just as the airlines do. We have done so for decades. But foreign governments' tax schemes will only harm our ability to sustain and create jobs.

I believe the solution is through our government investing in new technologies like NextGen and other sustainable programs.

In fact, ALPA fully supports "Alaska Airlines' Greener Skies over Seattle initiative." This is a powerful example of a collaborative effort by the FAA, the port of Seattle, Boeing, and Alaska Airlines to revise navigation procedures and training to use technology more efficiently. Based on GPS, these new procedures allow airlines to safely cut mileage and optimize descent profiles, reducing fuel burn, emissions, and noise exposure.

It's a clear example that NextGen holds the potential to do much more in the way of safely enhancing our operations with new technology.

Now, let's talk about regulations.

Our industry needs regulations that ensure airlines don't find themselves competing on safety, security, and training, either domestically or internationally.

We don't need government action designed for short-term political gain.

While we understand the importance of delivering the service that airline passengers and shippers expect and deserve, the only certain way to do that is by solving the complete problem, not just a part of the problem.

It is also time for our government to use its power to enhance the customer experience at our airports by using smarter, risk-based security screening. This will make traveling easier.

A key component of this is moving to a threat-based security screening system. ALPA is proud to have helped lead a national effort with A4A to put into place the Known Crewmember program, which strengthens aviation security and shortens the screening lines for passengers.

Known Crewmember—along with other programs, such as Trusted Traveler—will make traveling more secure as well as satisfying for airline passengers who simply want to get to their destinations safely and on time.

On a similar note, we applaud President Obama's initiative to increase international travel to the United States by establishing an expedited, but secure, visa process for low-risk travelers.

ALPA and its partners in the airline industry have been encouraging the administration to streamline its visa process—specifically for travelers from China, Brazil, and India—to spur economic growth, and benefit our airlines.

Globally, airlines can also benefit from the expertise and efforts that organizations—like ALPA—put into making our air transportation system the safest in the world. For this reason, we need to take our safety and security regulations to ICAO, so that we can raise the bar around the globe.

ALPA has drafted its own policy paper entitled, “Leveling the Playing Field for U.S. Airlines & Their Employees.” I’ve provided each of you with this document on a thumb drive at your table. This is our flight plan—our template for reaching goals and moving closer to a national aviation policy.

In the beginning of my remarks, I asked, “How can we compete in a global economy?”

I believe the answer to that question—and what’s included in our white paper—is that active and constructive engagement with all stakeholders will help us achieve our goals **and we’ve proven** that it works.

During my tenure as president, ALPA has capitalized on opportunities and secured progress by pressing ahead. We have produced exactly the kind of results our country needs to compete.

In contract negotiations, ALPA representatives have engaged with senior executives to achieve fair contracts so that employees and management can get back to the business of running the best airlines possible.

I’ve had the honor to speak at several major aviation conferences recently. At each event, I am asked, “What’s the secret for good labor-management relations at our airlines?”

Well, I believe that good airline labor-management relations depend on a combination of economics and leadership. So my answer is: that labor and management agree on about 95 percent of the issues. It’s the remaining 5 percent that can bog down negotiations or create labor unrest.

The secret is not to let the 5 percent define the relationship, and we will not let that happen.

Strong employee morale is essential, but in-court and out-of-court restructuring of the U.S. airline industry have taken a serious toll. ALPA is working toward efficiently completing open contracts and promptly settling grievances and disputes.

In Washington, D.C., ALPA has been increasingly aggressive with our approach to building partnerships with industry, government, and labor to level the playing field. We have also fully supported many successful initiatives that already have and will improve the industry landscape. This includes the FAA reauthorization.

As everyone in this room knows, this was a bipartisan compromise. The FAA finally has a stable source of funding after more than four years of extensions. The administration is now positioned to build capacity and foster airline growth.

Another successful initiative was the FAA's new duty and rest regulations for airline pilots issued last December. This was a significant safety improvement for our passenger-carrying operations, but we're not finished yet.

ALPA is still advocating for these new science-based regulations to apply equally to all operations, regardless of whether the cabin is filled with passengers, cargo or both.

In addition, the collaborative work of our Government Affairs team with other organizations and Congress helped to secure the enactment of the Export-Import Bank Reauthorization Act of 2012. This legislation includes important reforms to safeguard U.S. airlines and their employees from the bank's financing of aircraft at reduced rates to foreign airlines. It also establishes new reporting and auditing rules that will make the Ex-Im's transactions more transparent.

The law also directs the U.S. government to negotiate with European countries that finance wide-body aircraft with the goal of putting an end to worldwide subsidies of these planes.

This is an important step toward eliminating reduced-rate aircraft financing that has put U.S. carriers at a competitive disadvantage in key international markets.

We know what is possible, and we know that we need to do more. At ALPA, we have engaged with many of you in this room to take on complex economic, safety, and security challenges in our industry with remarkable results.

So, how do we level the playing field?

I can tell you what ALPA has done. We've built the foundation for a solid aviation policy through reasonable recommendations and practical solutions. But that's just the first step.

Now it's time for us – everyone in this room and other industry stakeholders – to focus on the 95 percent that we agree on. It's time to develop a comprehensive aviation policy that empowers us to be a true competitor in the international marketplace.

Once we can all agree, we need to convince our government that it's high time that the airline industry becomes a top priority since we are one of the cornerstones of our nation's economy.

Let's be clear: We **need** our government's commitment to support and invest in our future. **Only then** will we secure our place as a leader in the global air transportation industry.

Thank you for having me. And I'm here to take questions.