



'Competitiveness' key for 2011 as 'year of crossroads' says AEA Secretary General at the International Aviation Club in Washington

AEA Secretary General Ulrich Schulte-Strathaus addressed the prestigious International Aviation Club in Washington DC on 18th January. At the heart of his presentation was the premise that 2011 would be a 'crossroads' year for the global aviation sector – referring to the newly constituted Congress in the USA, and the Eurozone-related financial concerns in Europe, he said that the aviation sector would need to secure a consistent political understanding that, despite the current fiscal pressures, "investments into infrastructure are investments into the future".

The AEA Secretary General's underlying theme was global competitiveness. On both sides of the Atlantic, consolidation was well under way. But carriers operating on the North Atlantic should be aware of gravitational shifts of market growth to Asia, and of emerging mega-hubs in the Near East.

Middle Eastern carriers, whose aircraft orderbooks will dwarf the size of North American and European international operators, benefit from the enthusiastic participation of their governments in providing the necessary infrastructure at their hubs. In view of this 'vertical integration' of the airlines as a tool of national policy, the challenge was a global one, yet no global mechanism existed to address the situation. Mr Schulte-Strathaus called for a sustainable solution; structural remedies should be sought to address the discrepancies of the policies pursued by governments.

The Secretary General also noted that no global framework had yet been developed to deal with the global challenge of aircraft emissions. Instead, the EU had forged ahead with a regional solution – the inclusion of aviation into its Emissions Trading Scheme, which has many relevant technical shortcomings, will make no discernible impact on global emissions and can only be enforced upon non-European carriers at the price of legal and trade conflicts. Extraterritorial implementation of a regional initiative, he said, cannot be the way forward; what is required is a global consensus. The global aviation sector has shown remarkable progress in decoupling emissions growth from traffic growth and of reducing emissions through technological innovation. He said further environmental benefits can and must be gained from infrastructure improvements, referring to the Single European Sky project in Europe, as well as the next generation of satellite-based air traffic management technologies in the US and Europe, NextGen and SESAR, both of which require public funding to materialise.

More generally, he noted that consumer rights were on the agenda in the USA and Europe and this required not 'regulatory frenzy', but a clear understanding where liabilities and obligations lay along the aviation value chain.

Mr Schulte-Strathaus praised the US' track record of leadership which, together with a substantial contribution from the Europeans, had largely defined the shape of the modern air transport sector. The EU-US relationship itself, he said, needed to reflect the 'new dynamics' of international aviation and address ownership and control issues appropriately. He urged regulators, in the US and in Europe, to take a broad view of the industry, its internal workings and its external dimensions, to give it the instruments it required to deliver to a globalised economy in a sustainable manner.

The full text of Mr Schulte-Strathaus' speech may be viewed [here](#).