

Aviation Summit 2020 Report

Daisuke Takagi (Japan International Transport and Tourism Institute, USA)

1. Introduction

On March 5th, 2020, the US Chamber of Commerce hosted their 19th Aviation Summit at the Ronald Reagan Building and International Trade Center in the heart of Washington, DC. The event is held annually, with many aviation business leaders taking part to discuss challenges facing the industry and possible solutions. According to the organizers, there were more than 1,000 attendees at this year's event. I also personally witnessed large, crowded audiences intently listening to the lectures. From the early morning through evening, there were a wide-range of sessions with discussions on various topics. In this report, I would like to introduce the sessions that I believe seem particularly valuable.

2 Aviation Safety in Focus

The first session of the day focused on aviation safety, particularly from the perspective of pilots. As the suspension of Boeing's 737MAX aircraft has had a lasting effect, strong interest on how to ensure security at US operating sites has emerged. In response to the moderator's question, "What is the most important thing in ensuring aviation security?" one of the speakers, Bob Fox, Vice Chairman of the Air Line Pilots Association, International, said "It's definitely preparing manuals." He added that "It's important to be able to prepare a manual for every contingency, as well as a manual for basic operations." In addition, "certifications," "manpower & technology," and "simulators" were cited as three important factors for aviation safety.

3 Security Check-In, From the Ground to the Sky

Aviation security issues are another topic of high interest in the aviation industry, and experts from government agencies, airport operators, and research institutes came to the meeting to discuss their thoughts. The first thing that came up in the discussion was Real ID. "Real ID" is a state-issued driver's license and ID card that adheres to federal standards and was federally mandated in response to the 9/11 terrorist attacks. However, some state governments have opposed issuing these IDs because of fears of personal information leakage and financial burden. In fact, enforcement for states to issue the IDs has been postponed for some time. However, the

deadline is now imminent, with September 30th, 2020 being the last day for non-Real IDs being accepted for air travel. At the time of writing, Oregon and Oklahoma have continued to postpone the deadline, while New Jersey, U.S. Samoa and the Northern Mariana Islands are under discussion of whether they require Real IDs as well. Many U.S. citizens do not have Real ID yet, including those living in states where the IDs have already begun being issued, and a major challenge for the federal government is figuring out how to increase its ownership before implementation of laws that require it for travel.

According to David P. Pekoske, Secretary of the Transportation Security Administration (TSA), "If you do not have a Real ID when going through airport security, you will need to have a separate security screening. If these functions overlap, security inspections will take longer and become less efficient, which will have an adverse effect on both airports and passengers." Regarding the current state and future prospects of aviation security, Jack Potter, President of the Metropolitan Washington Airport Authority (MWAA), commented that "Since 9/11, aviation security technology has matured. However, we are now at a stage where we need to focus not only on raising the level of security but also on finding ways to increase the convenience of passengers. In this regard, the introduction of biometric authentication technology has greatly improved convenience." Also Jeffrey Troy, CEO of the Aviation Information Sharing and Analysis Center (A-ISAC), said "Cybersecurity has the utmost interest of the aviation security field, with a need for strategy being a key element. Specifically, discussion on how to best formulate cyber security plans, build frameworks, identify and focus on critical operations, and minimize the gap between vulnerable and non-vulnerable areas is of interest."

4 Serving the Modern Customer at 35,000 Feet

In recent years, with the progress of science and technology, it has become possible to connect to the Internet even while on aircraft.

In this session, companies whose business is to develop infrastructure for in-flight internet services held a discussion on stage. "We are aiming for those who use the app to get the same services in the air as

they do at Starbucks," said Jon Cobin, Senior Vice President of Gogo, a company that provides commercial airline broadband and internet services. SES Satellites provides in-flight internet service by transmitting and receiving radio waves by artificial satellite, while the aforementioned Gogo facilitates transmissions of radio waves from the ground to aircraft. Eric Diamond, Air Sales Vice President of the North America branch of SES Satellites said, "The demand for in-flight internet is increasing, and we plan to launch more dedicated satellites in the future."

5 Flying Across a Changing Globe

Covering the latest issues affecting the aviation industry, this session featured three speakers: ① William A. Franke, Founder of Indigo Partners, a private equity firm with control of low-cost carriers in Europe and the US, including Frontier Airlines; ② Alexandre de Juniac, Secretary-General of the International Air Transport Association (IATA); and ③ David E. Short, Deputy Assistant Secretary for Aviation and International Affairs at the U.S. Department of Transportation. To begin the conversation, Secretary-General De Juniac of IATA referred to COVID-19, which is currently rampant around the world, saying "The loss of the aviation industry due to the spread of the COVID-19 could be in total as high as \$113 billion worldwide, with losses two weeks ago estimated to be around \$30 billion." Next, Deputy Assistant Secretary Short of the DOT explained the U.S. government's response to COVID-19, which considering U.S. citizen safety as the highest priority, has conducted such actions as restricting admissions to the US from China and pre-departure inspections of passengers traveling to the US from Iran and Italy. Furthermore, the Centers for Disease Control and Prevention (CDC) plays a central role in responding to the crisis in the US, and is cooperating with worldwide health organizations to prevent further expansion in China, including in Hong Kong. (*All of the above mentioned information was stated at the event.)

The discussion then shifted to new situations surrounding existing alliances. In recent years, partnerships between airlines have gone beyond alliance frameworks, and individual joint ventures (JVs) and transit agreements are increasing with airlines that are and are not members of current alliances. Secretary-General De Juniac of IATA welcomed the situation, stating that it created a more competitive environment for the aviation industry. "The U.S. government has signed 24 open sky agreements over the last three years, and is proud to make a significant contribution to the liberalization of aviation," said Deputy Assistant Secretary Short. He then emphasized that the "allocation of slots to US airlines following the increase in international flights at Haneda Airport and the resolution of an aviation agreement with the UK in anticipation of withdrawal from the EU can be called a great success."

6 A Fireside Chat With Boeing's Commercial Airplanes Leader, Stan Deal

Stan Deal, Executive Vice President of The Boeing Company, and President and Chief Executive Officer of Boeing Commercial Airplanes, spoke on the suspension of 737MAX aircraft. According to Deal, the company is making progress toward returning the aircraft to service, and is also working with regulators to resolve the issue. The next step is for the authorities to perform a test flight and give certification, which Boeing is preparing to implement as soon as possible, Deal said. He continued, "In order for Boeing to evolve further, we must never forget the manufacturer mindset (Product Mind) and the continuation of innovation (Keep Innovation)." When talking about COVID-19, Deal said, "The mid- to long-term impact is quite difficult to predict. However, China, which is the possible source of the infection, has the world's second largest economy. If the economy stagnates in this region, then the impact on the company will not be small."

7 A Fireside Chat with Bradley D. Tilden

A number of US airline leaders participated in this event, including Chairman and CEO Bradley D. Tilden of Alaska Airlines. The session with Tilden began with him speaking about the plane crash of Alaska Airlines flight 261 in January 2000, which was now 20 years ago. "It was a very painful accident, much like the 737MAX incident, and Alaska Airlines has taken more responsibility to enhance safety because of that experience," Tilden emphasized. He also explained that no COVID-19 cases have been reported among employees or passengers. In addition, regarding the recently announced partnership with American Airlines and its participation in One World, he said confidently, "it is very exciting, and we can bring many benefits to customers on the West Coast." He also mentioned the issue of the environment, saying that "The company is exploring alternative fuels and electricity-driven energy diversification."

8 A Fireside Chat with Gary C. Kelly

Following the conversation with Tilden, Southwest Airlines CEO Gary C. Kelly spoke. Southwest Airlines has the largest number of 737MAX aircraft among US airlines, and there is a concern that its suspension will have a significant operational impact for the company. "I believe we will return to service around the middle of this year. We will promise to grow again when the 737MAX returns to service," Kelly said. In response to the moderator's question, "How do you convince passengers of the safety of the 737MAX aircraft when operations resume?", Kelly replied by saying "We will explain carefully to customers of operating plans, pilot training programs, and communication programs that we have formulated and set in place."

9 Conclusion

In addition to the speakers mentioned above, the event had a more diverse line-up of participants than usual, including the Canadian Minister of Transport, Marc Garneau, and CEO of American Airlines, Doug Parker. To sum up, all the speakers talked about COVID-19 and 737MAX aircraft, and I've shared their opinions above. In addition, there were many discussions on partnerships between airlines, securing pilots, and other environmental issues such as reducing carbon dioxide emissions. Although the amount of discussion on advanced technologies and innovations declined slightly compare to last year's program, it may be said that because technology in the aviation industry has already been developed, attention to the topic has weakened. The impact of COVID-19, which became a central topic at this event, is immeasurable even in the North American aviation industry, and we will continue to monitor the situation carefully.