Remarks of

Tony Tyler
Director General and CEO
International Air Transport Association (IATA)

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Good afternoon. Thank you for joining us today. You have heard me speak this morning. So I will keep my remarks brief. But I wanted to quickly highlight a few key points. And then Dave will have some comments and we will be available to take your questions.

I hope that the discussions so far today have reinforced the critical importance of aviation security. The industry and regulators put in great efforts to keep flying secure. Over 3 billion passengers, 50 million tonnes of cargo, 57 million jobs and $2.2 trillion worth of business depend on a safe, secure and sustainable air transport industry. Those are global numbers. Within the United States, aviation contributes some $669.5 billion of gross value added (GVA) annually, equivalent to 4.9% of GDP, and supports 9.3 million jobs.

It is important that we get security right. And that will not be accomplished by airlines alone…or security companies…or airports…or even the government and its regulators. Security, like most things in aviation, requires a team effort. And that is why you are seeing such broad representation here today.

There are some big challenges that we need to tackle:

- **Efficiency and Cost:** Airlines alone spend some $8.4 billion on security…and then there are passenger charges and other costs for the value chain and governments. The system is working, but there are inefficiencies. For example…. our most trusted employees and people with high-level security clearances are screened in the same way as our least known passengers.
- **Strain:** The number of passengers has doubled since 2001 and processes have become more complex. The result is that checkpoints which used to process 350 passengers an hour now struggle to achieve throughput of 150 travelers. And the TSA has even noted that we are running out of space for the growing security footprint in airports.

These challenges will become more difficult as the industry continues to grow. By 2030 we expect another doubling of passenger numbers. As a reminder, I spent much time in my remarks this morning discussing how we need to change….

- We must put results at the center of our efforts—in other words, an outcome-based approach. If the goal is to keep bombs off of airplanes, let's focus on achieving that goal, whether it is by using machines, bomb-sniffing dogs, intelligence or any combination thereof.
- We must understand that bureaucracy and rules do not necessarily equate to effective security.
- And we must recognize that the vast majority of passengers and freight pose no threat to aviation. So we need to make better use of the information that is available to more ably direct our scarce resources where they are most needed.

One of the key elements of this future must be the development of a new airport checkpoint—we call it Checkpoint of the Future. Broadly speaking, the goals are to:

- **Strengthen security** by focusing finite resources where they are most needed by moving from a one-size-fits-all system to one based on risk levels.
- **Increasing operational efficiency** by raising throughput rates, optimizing our asset utilization, reducing the cost per passenger, and maximizing space and staff resources.
- **Improving the passenger experience** by shrinking queues, reducing waiting times and replacing intrusive and time consuming screening with more pleasant technology solutions. Security should be hassle-free.

One way to achieve this is through differentiation, to ensure that we deploy our resources where they will have the biggest impact on reducing risk. But you can only differentiate if you have the information for risk-based decisions. We are not advocating for profiling based on religion or ethnicity…or infringing on privacy. One option is to use information that is already being provided to governments for purposes of border control. Advance Passenger Information (API) and Passenger Name Record (PNR) information could also be used to provide automated guidance for decisions on the level of screening each passenger receives.

We must also pursue technology solutions that are less intrusive and more effective in identifying actual threats.

We are working in close collaboration with international institutions, governments around the world and the best experts in the industry to move Checkpoint of the Future forward. Last autumn we released the Checkpoint of the Future Roadmap and Concept Definition. The standard setting phase is over and we are now focusing on implementation.

We have already conducted trials of components in Geneva, London-Heathrow and Amsterdam. For 2013, we are planning ten new trials that will support rollout of the first end-to-end Checkpoint in 2014. We will introduce additional elements that we expect to be ready by 2017, leading to a walk-through experience without removing outer garments and emptying pockets, with laptops and liquids remaining in bags by 2020.

The TSA's Pre-Check is aligned with the vision for Checkpoint of the Future. We estimate that known traveler programs will reduce wait times by up to 30% and creating a separate screening area for those travelers requiring additional attention will boost efficiency by another 4-5%. That is a 34-35% increase in passenger processing capability, without adding to the infrastructure.

I am paying particularly close attention to the development of Checkpoint of the Future…so I have emphasized that in my remarks here. But before I take your questions, I just want to re-emphasize a few other key messages from my remarks this morning:

- Cargo security needs a similar risk-based approach—a principle that is guiding our Secure Freight program
- Government cooperation is critical to keep this global industry functioning efficiently
- And where global standards exist…as they do for API…we need governments to follow them
- And let's focus our efforts on outcomes…not bureaucratic processes.

Aviation is secure…but there is lots of scope to do it even better.

I will stop here and turn the microphone over to Dave. And then we will be pleased to take your questions.