

Fabrice Brégier, Aviation Club, London, June 2016

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Introduction and EU referendum

I should begin with a word of thanks to the aviation club for inviting me here today. And thank you, Jane (*Johnston, Chairman of Aviation Club*) for your kind introduction, as well as your contribution to our sector over many years.

Obviously, we're meeting at a somewhat sensitive time.

It's now just a matter of days until this country's day of reckoning in Europe.

All the talking, debate and speculation will finally be over – and we'll know the truth.

People here could well be waking up to a sudden and premature departure from the continent.

And there may be regret and recrimination all round.

Yes, I'm talking about the England football team's prospects in the European championships over in France.

But enough of the England team. I should return to more serious matters, and the big debate of the moment.

Since last year, business leaders have been under pressure to come off the fence and express a view one way or the other.

This debate has been quite heated at times, but my take on it always been simple: no, I never thought Leicester City would win the premiership – and I still have no idea how they did it either.

In fact, this is proving to be a landmark year for football.

Leicester City's stunning achievement has captured the imagination of people all over the world.

And it was a joy to follow in France, where I can tell you that it generated a lot of coverage in our newspapers. It has set the stage perfectly for the European Championships.

Over the channel, we're delighted to be hosting not only the English football team, but also the Welsh and Northern Irish ones, too.

In the coming weeks, I hope that we'll be celebrating a French win in the football – and a vote by the British people to remain inside the European Union.

One of the UK's great strengths is its openness to trade and investment from overseas.

As the CEO of a major international company, I believe not only that this country's membership of the EU is a crucial part of that openness, but that a vote to leave would have adverse economic consequences for the UK and for the rest of Europe.

Now, I received the Aviation Club's kind invitation to speak long before the EU referendum was announced.

So I do not propose to spend too much time discussing this issue today.

Instead, I want to focus on the future of our industry, which is also at a crossroads.

In the decades ahead, the commercial aviation sector will expand rapidly.

This will give hundreds of millions of people the freedom of flight, while boosting economic growth.

It will also be an era of great opportunity for our sector.

But we must also acknowledge that this expansion is bringing major challenges, including congestion in the airports and skies of south-east England and beyond.

How our sector responds to these challenges is critical.

It will determine the pace of our expansion -- and whether that growth leaves a positive legacy for future generations.

So with that in mind, I'll suggest three priorities for our industry:

- first, driving advances in aircraft design and technology;
- second, meeting rising demand for air travel;
- and, third, attracting and developing the best people.

Industry expansion

But let's start with the big picture.

At Airbus, we publish an annual global market forecast, which explores how air travel is likely to evolve over the next two decades.

It shows that global demand for air travel will increase fast, driven by rising wealth levels in the emerging economies.

Every year, millions of people are taking to the skies for the first time. The pace of change is remarkable:

- Since 2001, commercial aviation traffic has almost doubled;
- That trend is expected to continue, with traffic doubling again over the next 15 years;
- The Asia-Pacific region is the centre of this growth, and will become the world's biggest aviation market.

So this is a wonderful opportunity for everyone in this sector, whether airlines, lessors, airports or manufacturers.

And the prospects for the UK seem especially bright.

This country boasts an impressive group of airlines. London's airports are a lynchpin of the global aviation network.

And the UK is home to the world's second largest aerospace manufacturing industry, including illustrious names like Rolls-Royce, GKN and Spirit.

I should also add that aerospace here benefits from an unusually close degree of co-operation between industry and government thanks to the Aerospace Growth Partnership.

At Airbus, we're delighted to play an active role in the partnership, and look forward to the launch of its new strategy at the Farnborough air show next month.

So it's clear that the aviation sector can continue to be a powerful engine of productivity and employment for the UK for many years to come.

Challenges: safety, the environment, infrastructure and passenger expectations

But we must never let optimism about the future slide into complacency.

The reality is that our industry also faces significant challenges.

The most important is preserving public confidence in the safety of air travel.

As an industry, we've made air travel extremely safe, thanks to decades of continuous improvement in technology and operating standards.

This work must continue. Each year billions of passengers entrust us with their safety. And we must do our utmost to repay their trust every day.

Climate change is another area of major public concern.

Our industry has signed up to some tough environmental targets, including achieving carbon neutral growth from 2020.

To meet them, we'll need to make progress on many fronts, from fuel-efficiency and air traffic management to sustainable fuels.

But the reality is that scrutiny of our industry's environmental track-record will only become tougher. And the right policy frameworks will be crucial if we're to meet our long-term emissions targets.

At the same time, the global aviation infrastructure is creaking under the weight of demand.

As congestion mounts, some countries are struggling to build enough new airports and runways to relieve the pressure, partly due to public opposition.

Another challenge is tougher competition, spurred by rising passenger expectations.

In the social media age, passengers are increasingly powerful. They can now use websites such as Trip Advisor to review their journeys, and to rank airlines. There are few hiding places for those not at the top of their game.

So these are some of the trends re-shaping our industry: surging demand, stricter environmental standards and tougher competition.

The response of industry: the manufacturer's perspective

What's the best way ahead?

Let me start with the aircraft themselves.

At Airbus, our job is to produce the aircraft that help the airlines - our customers - to be competitive.

I'm talking about aircraft that are cleaner, easier to maintain and able to carry a larger number of passengers comfortably, so easing congestion.

Planes are also becoming more fuel-efficient as airframes are made from lightweight composite materials.

Look at the A350, our latest wide-body passenger jet. It delivers a 25% reduction in fuel consumption and CO2 emissions compared to the previous generation of airliners.

Of course, those improvements owe much to the UK -- which is where the A350's wings and engines have been designed, and are manufactured.

The newest aircraft are quieter, too. The A320neo is a great example. This is Airbus's latest single-aisle plane, which began commercial operations earlier this year.

When taking off or landing, the noise from an A320neo affects a far smaller surrounding area than the previous generation of aircraft -- nearly 50% smaller.

That should prove beneficial to people living near airports here in London and beyond.

Another challenge for manufacturers is to realize the enormous potential of digital technology. It's no exaggeration to say that it will transform our industry in the coming years.

Digital technology is unlocking a wealth of new data about aircraft production and operations. That's changing not only how we produce aircraft -- but everything from flight test operations to aircraft tracking and maintenance.

For example, data generated by the A350 already allows maintenance teams to monitor the aircraft's systems in more detail than older aircraft. So they can take pre-emptive action to change units before problems develop -- saving time and money.

As aircraft manufacturers, we must also help the airlines to live up to those passenger expectations I mentioned.

That's why, at Airbus, we're strengthening our focus on passenger comfort in all classes of our aircraft.

We've designed the cabins for the A350, A380 and A330neo to set new standards in comfort and convenience, including in economy class.

So that means enhanced LED ambient lighting to counter jetlag; more advanced in-flight entertainment systems; and practical improvements like larger overhead storage bins.

These are just a handful of the innovations that define the new generation of aircraft.

I'm confident that they will help the airlines respond successfully to the challenges of the future.

Expanding capacity: the need to invest

A second task for the sector must be to keep pace with rising global demand for air travel.

Put simply, there will need to be a massive expansion in the global aviation infrastructure.

London is currently the only city in the world that handles more than 120,000 long-haul passengers a day.

In two decades' time, there will be seven such cities. And Shanghai and Beijing will manage four times more long-haul traffic than they do today.

Larger aircraft will also play a vital role in satisfying demand.

The A380 is already allowing airports like Heathrow to serve more passengers on some of their busiest routes, while freeing up slots for other services.

So it's great news that the A380 remains so popular with passengers. That popularity is why, at Airbus, we'll soon be launching a website called "I fly the A380". It will show passengers exactly where this wonderful aircraft flies in the world.

In fact, there's a clear trend towards larger aircraft across the market. For example, Airbus's largest single-aisle plane, the A321, is proving especially popular with our customers at the moment.

For a manufacturer like Airbus, keeping pace with demand also means overseeing a dramatic increase in our production.

For example, we recently announced that we will boost production of our single-aisle family to 60 aircraft per month by mid-2019.

That will be the highest rate in civil aviation history.

In preparation, we're streamlining our production processes and supply chains. And we're using new technology in our factories, such as drones for inspections and 3D printing for parts for the A350.

For perspective, we're investing nearly 50 million pounds in updating the single-aisle section of our Broughton factory in North Wales. That's where we build the wings for all our aircraft programmes.

The message here is simple. Rising demand for air travel is not only leading to congestion, but stronger competition, too.

Airports, airlines and manufacturers will all fight for the largest possible share of this growth.

People and skills

A third priority for the industry must be our people.

Ultimately, it is people who make innovation happen.

That's why we must do a better job of broadening our talent pool and attracting people from all backgrounds into aviation.

This is a complex and multi-faceted issue. But one challenge for the sector is to improve female representation in technical jobs.

Targets can help here. Our goal at Airbus is to ensure that at least 30% of the people we hire this year are women. Currently, they account for less than one-fifth of our workforce. So that would be a small step in the right direction.

But lasting progress will also depend on strong leadership -- from increasing the number of female senior managers to encouraging young women to become engineers in the first place.

Our initiatives at Airbus in the UK include hosting visits to our sites by female students, and sending our female engineers to schools to talk to girls. There's really no substitute for this kind of personal interaction and encouragement.

When it comes to skills development, co-operation between business and government is also crucial.

The Aerospace Growth Partnership shows what's possible here. It's supporting vital apprenticeships and Masters degrees in aerospace to draw young people into the sector.

The partnership is also backing Airbus's new wing integration centre at our site in Filton in Bristol, which is another major investment for the future.

This centre will carry out research into the next generation of aircraft wings, landing gear and fuel systems.

All of which should ensure the UK remains a centre of aerospace expertise for decades to come.

That brings me to the final point I'd like to cover.

Government policies

Experience suggests that effective government policies will be crucial to our sector's success.

That will be especially true of policies to improve the industry's environmental performance.

This autumn, the International Civil Aviation Organisation (ICAO) will attempt to secure agreement among governments for the adoption of a global approach to tackling CO2 emissions in our sector.

This would involve a market-based measure, such as a carbon offsetting scheme.

Our colleagues at ICAO face a tough task, but it's important that they succeed. The alternative is for governments to take different approaches to reducing aviation emissions.

That would not be the fairest or most effective way of proceeding in a global industry like aviation.

In fact, it would undermine any prospect of achieving a level playing field for the industry, with airlines paying for their emissions in some jurisdictions and not others.

So I would encourage everyone in the industry to make the case for a harmonized approach to emissions in the run up to this September's negotiations.

That would be the perfect springboard for meeting our emissions reductions targets.

So that's an optimistic note to finish on.

The world is seeing extraordinary growth in demand for air travel.

It's an era of significant opportunity for our industry.

To take that opportunity, we must focus relentlessly on new technology, investment and our people.

And we must never take our passengers for granted.

Thank you.