

# Strategic Opportunities for International Trade Logistics at Seattle-Tacoma International Airport – Air Cargo Briefing

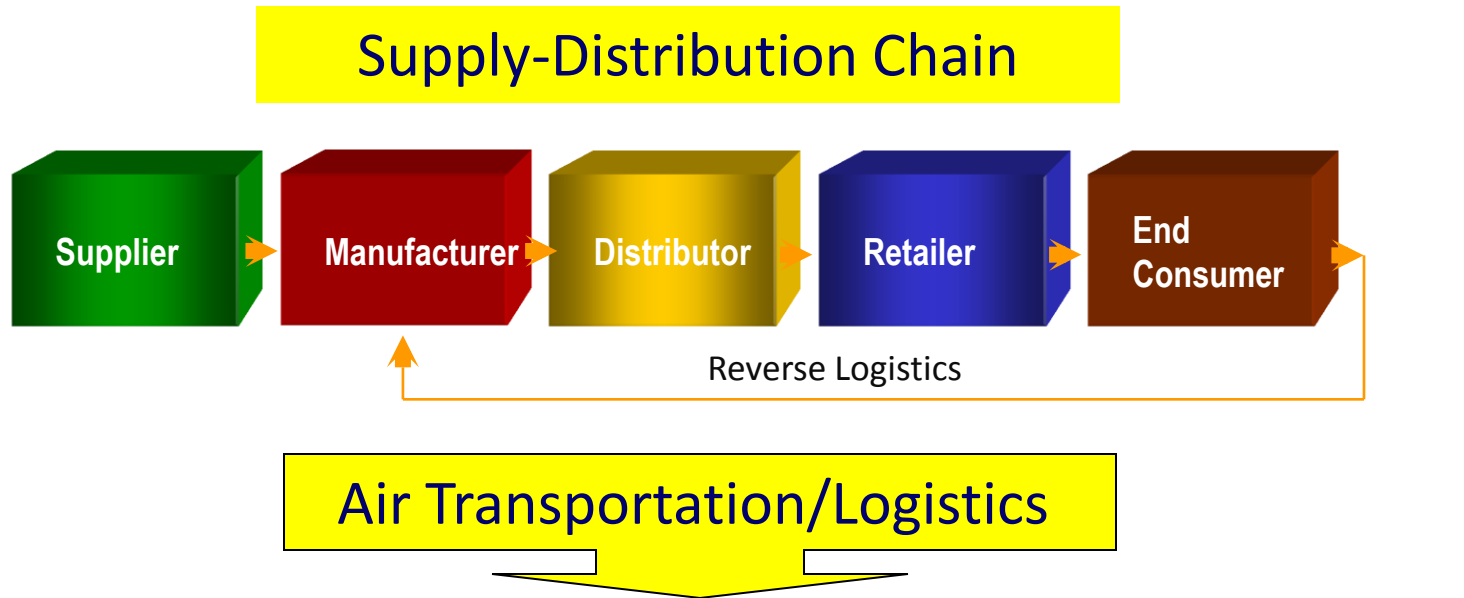
# Air Freight is Big Business



- Over \$1 trillion is spent annually on domestic US transportation and logistics services
- Air freight accounts for 24 % of the total US merchandise trade value
- \$85 billion air freight & express market
- \$35 billion US domestic market
- Freight traffic growing about 6% per year worldwide
- Market size doubles every ten years



# Cargo Industry Players



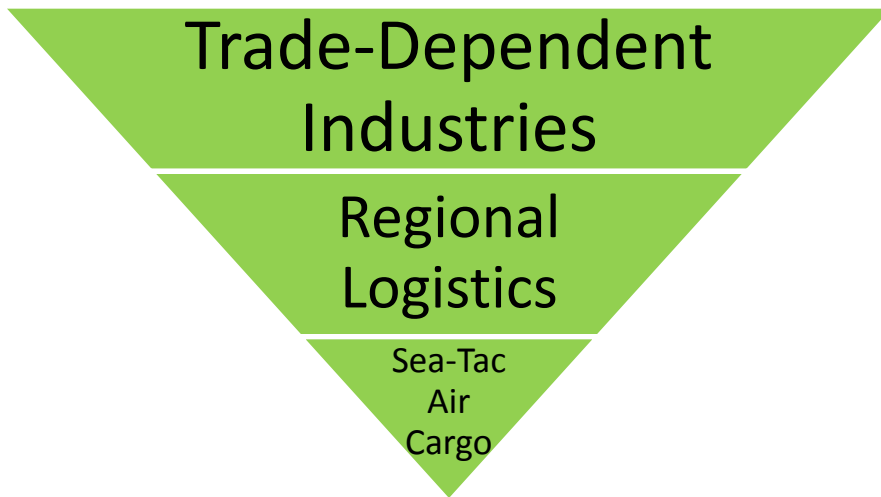
- Shippers
- 3PLs/4PLs
- Customs brokers
- Consolidators
- Indirect carriers
- General Sales Agents
- Gov postal authorities
- Motor carriers
- Air carriers
- Airports
- Cargo/Ground handlers
- Federal Inspection Agencies
- Consignees

# A Changed Role for Cargo Airports

- As the economy recovers, airports with substantial cargo movement should recognize the multimodal nature of cargo and increased role of third party logistics services, and consider an expanded role
- Airports should think of themselves not only as airfields, but as logistics centers that extend beyond the airport fence and embrace regional partnership opportunities
- Airports are becoming network hubs for consolidation and distribution of not just air, but also truck and rail freight

# Air Cargo is Vital to Pacific Northwest

Major economic benefits accrue from an efficient transportation logistics industry, boosting trade and increasing regional economic strength.

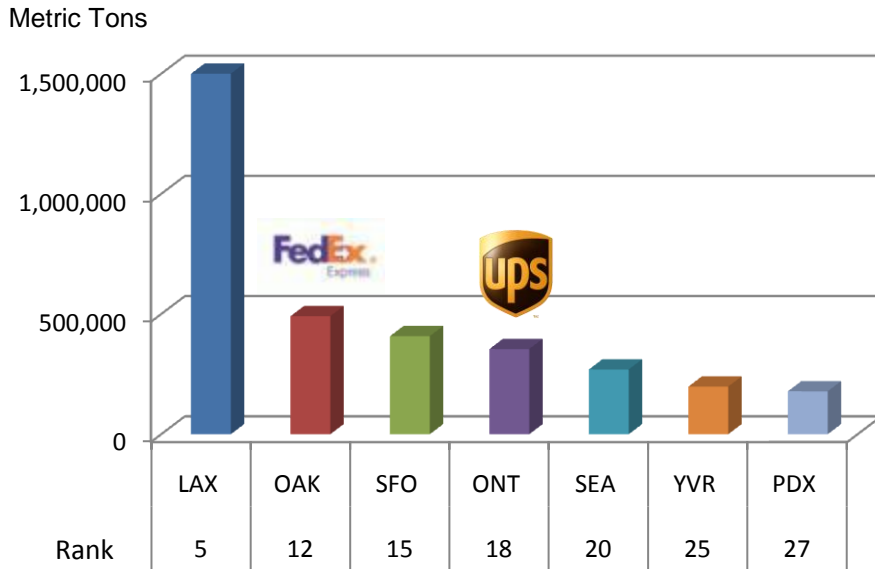


- More than **160,000 jobs** in Washington state are related to air cargo at Sea-Tac.
- Those jobs earned **\$8 billion** in wages and salaries and contributed **\$737 million** in state and local taxes.
- Total annual value of air freight exported from Sea-Tac is estimated at more than **\$15 billion**.

*Source: Martin Associates, 2009*

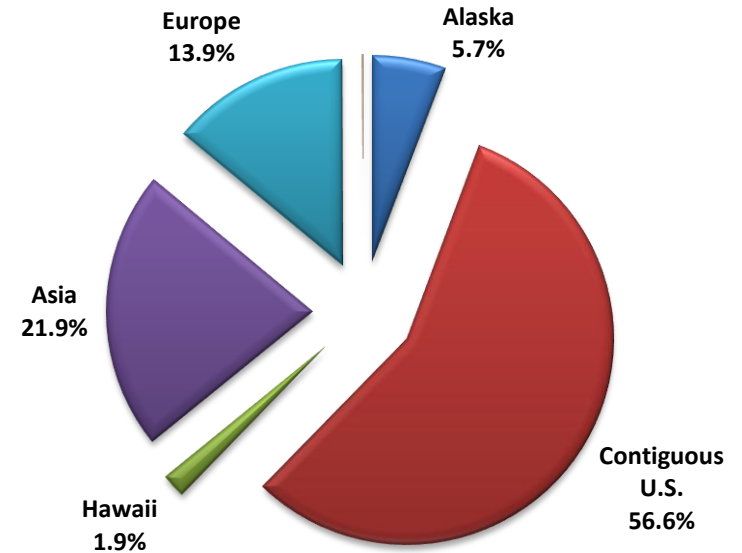
# Air Cargo at Sea-Tac

## 3rd Largest International Gateway on the West Coast



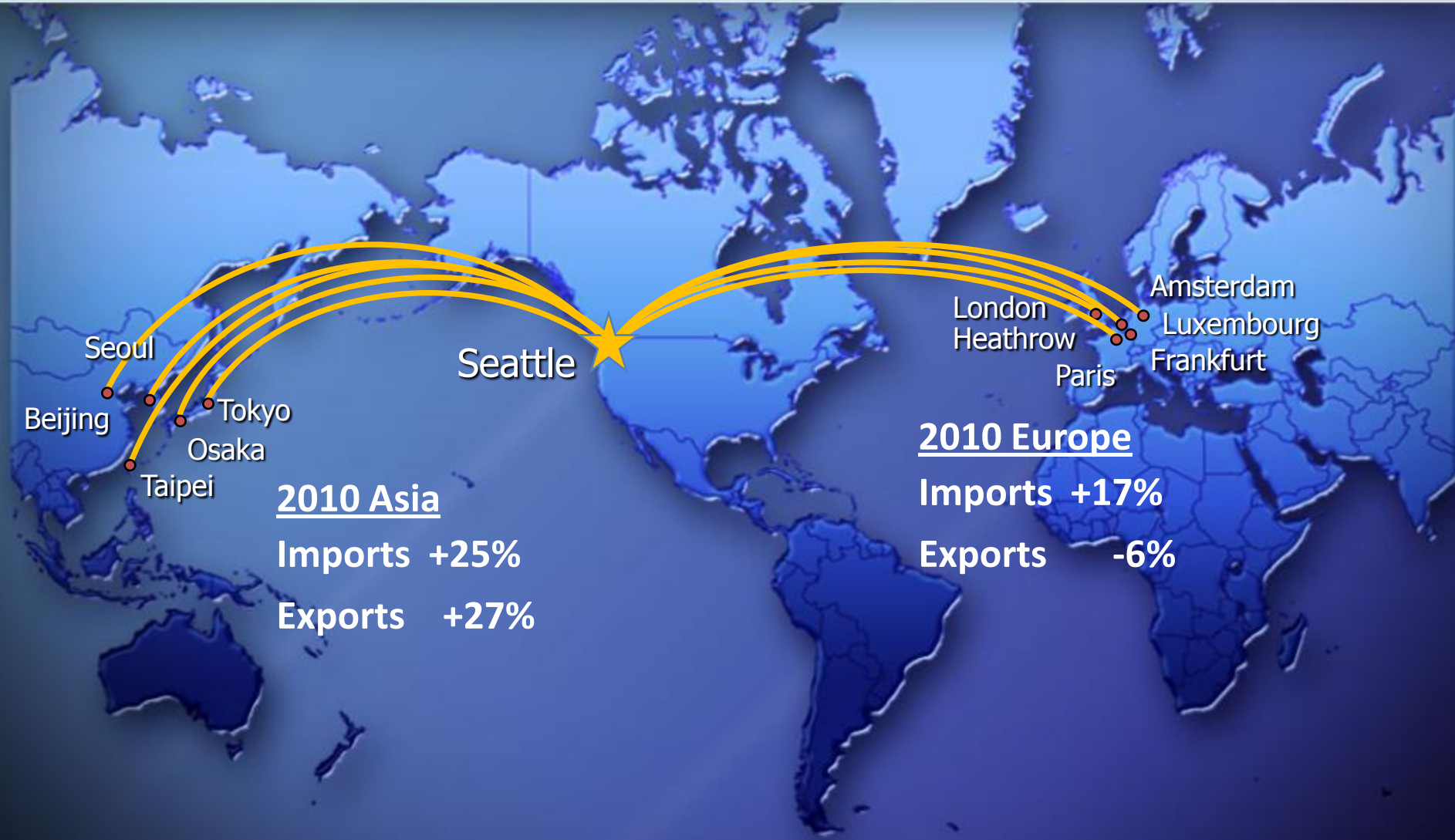
\*based on 2009 tonnage

## Origin and Destination Market Share

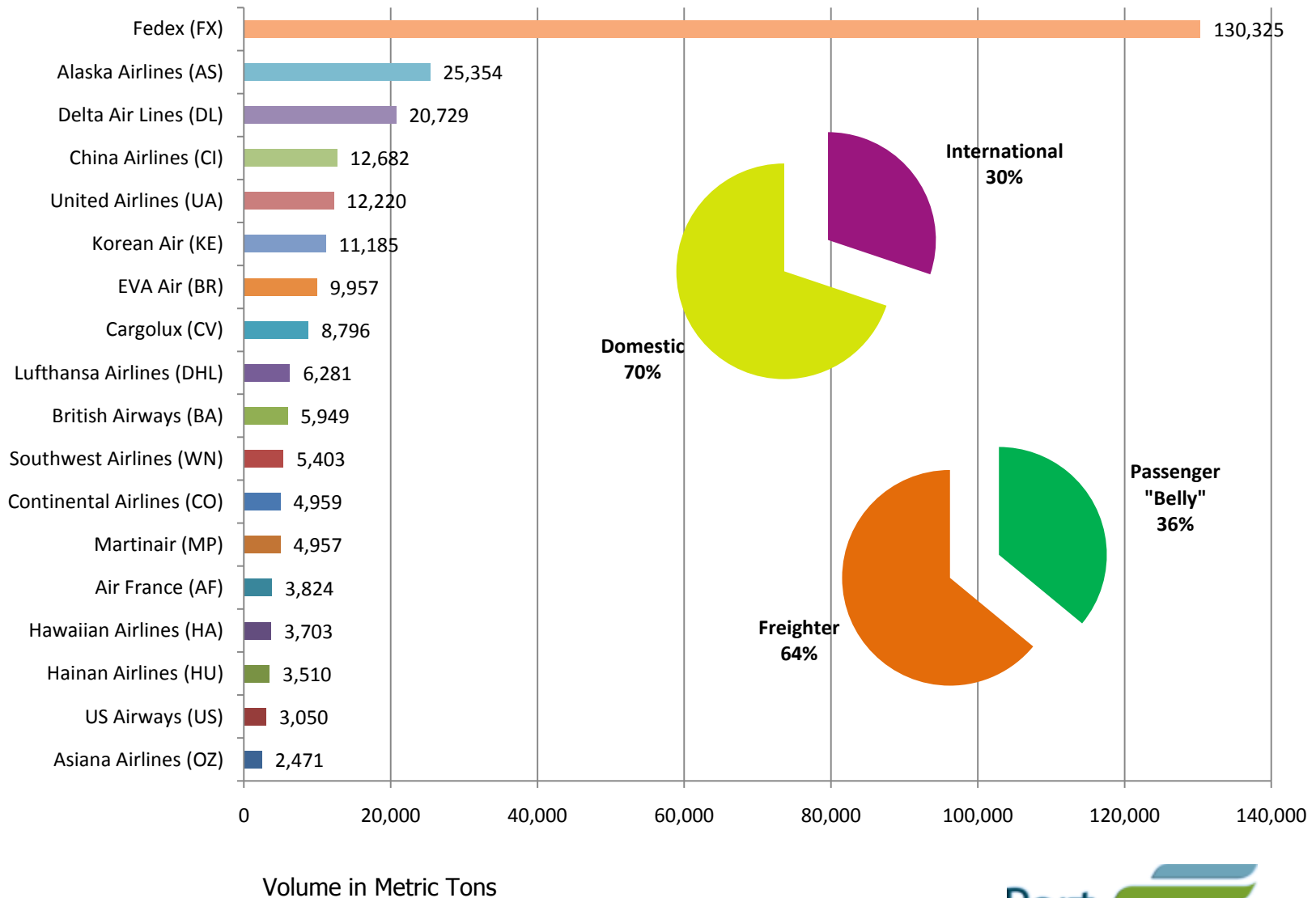


# International Air Cargo Service

February 2011

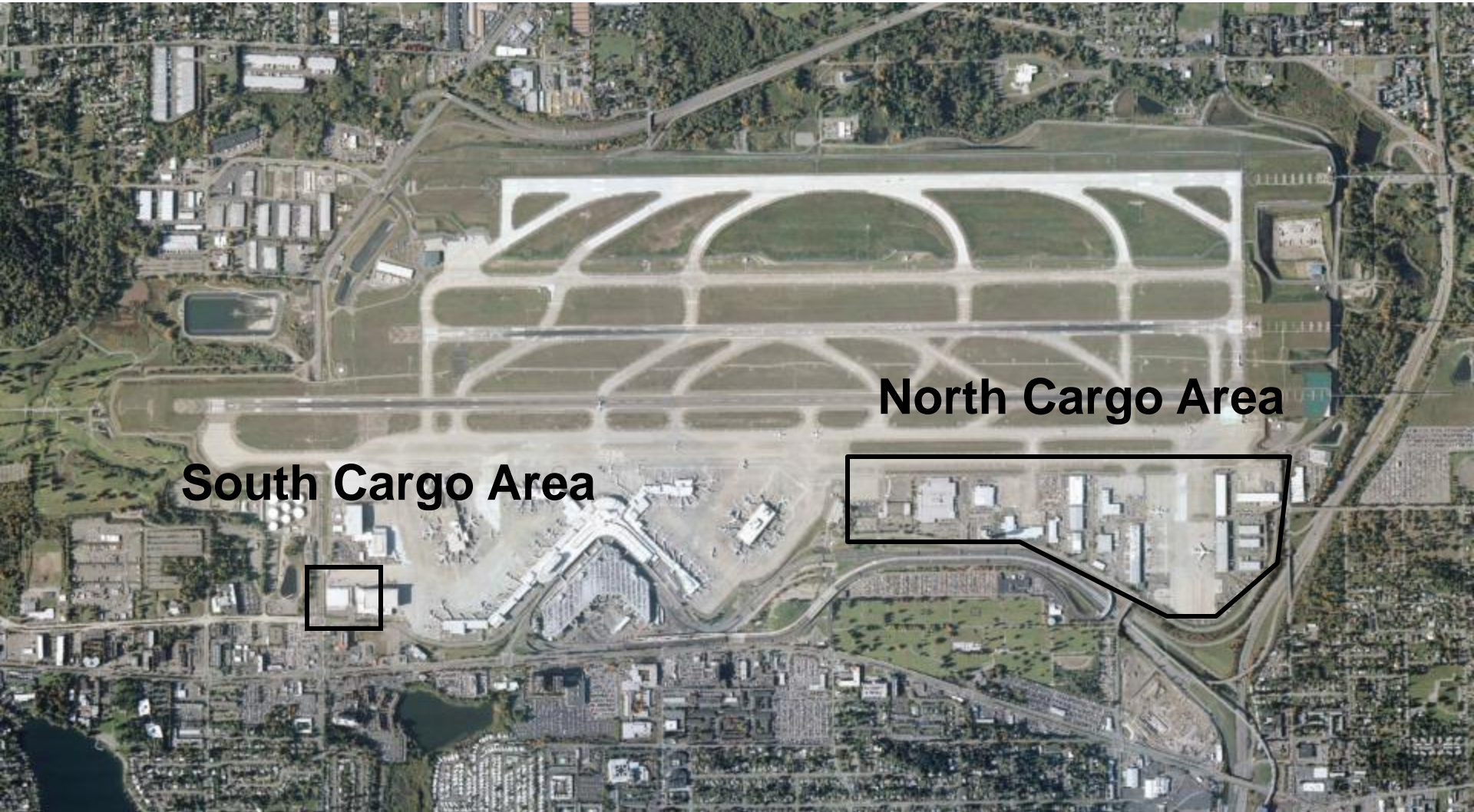


# Air Cargo Market Share





# Air Cargo Facilities at Sea-Tac

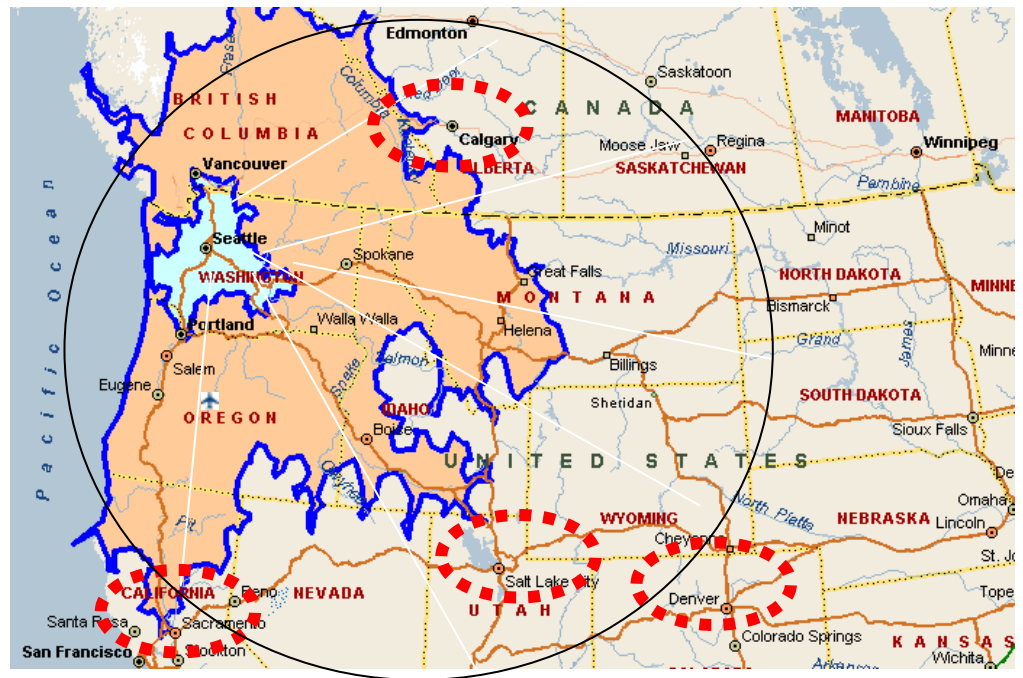


**South Cargo Area**

**North Cargo Area**

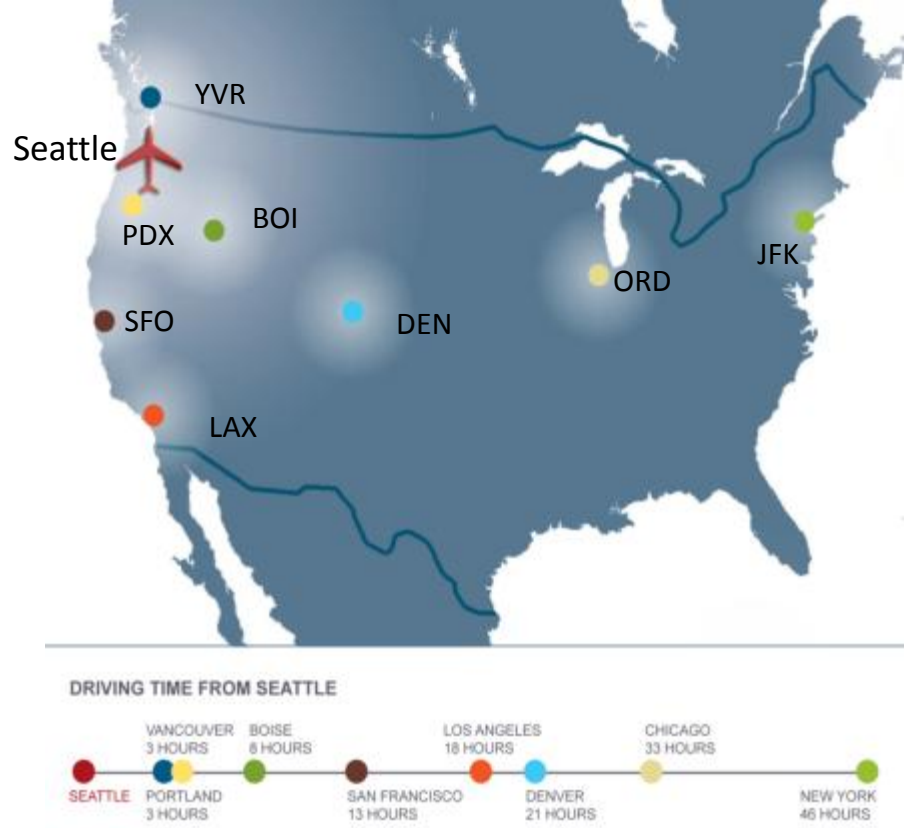
# Top PNW Air Export Commodities

- Electric Machinery, TV & Sound Equipment
- Aircraft & Spacecraft Parts
- Optic, Photo & Medical Instruments
- Machinery & Parts
- Fish & Shellfish
- Fruits & Vegetables
- Footwear
- Plastics
- Plants, Bulbs & Cut Flowers

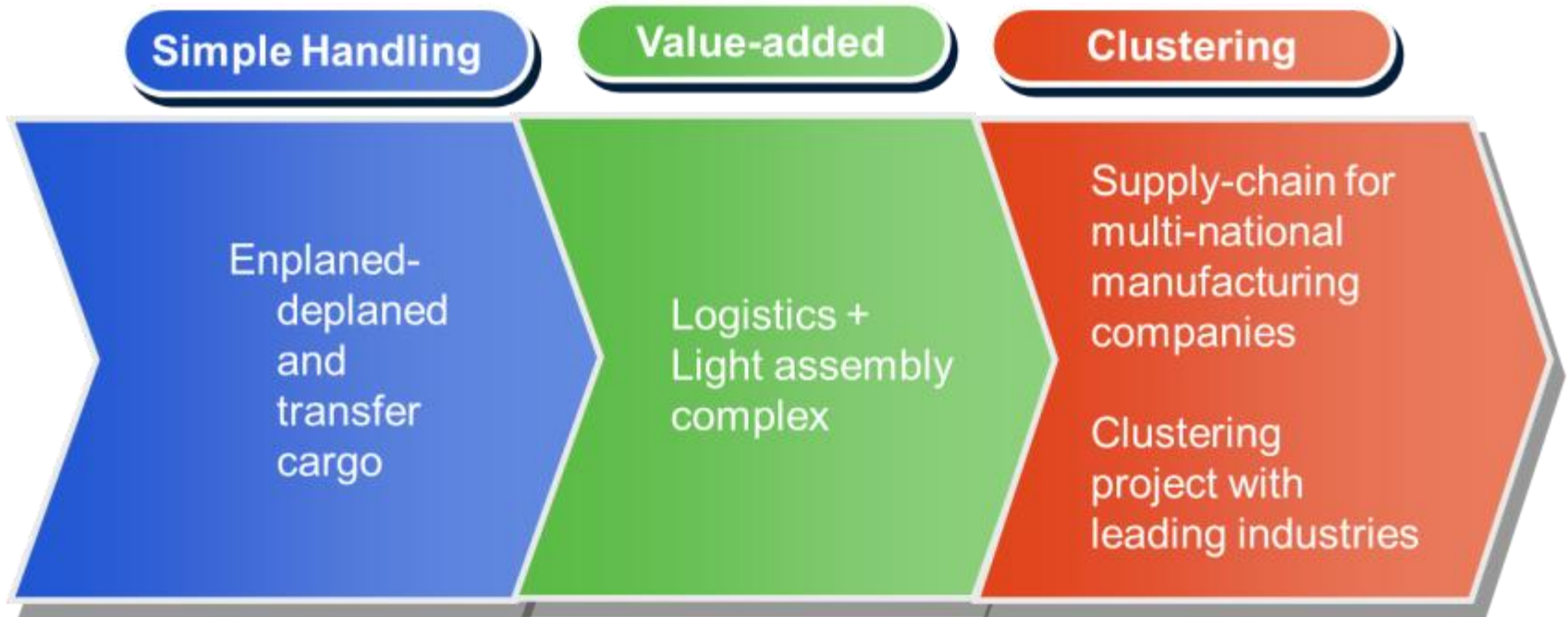




# Positive Attributes: Location & Connectivity

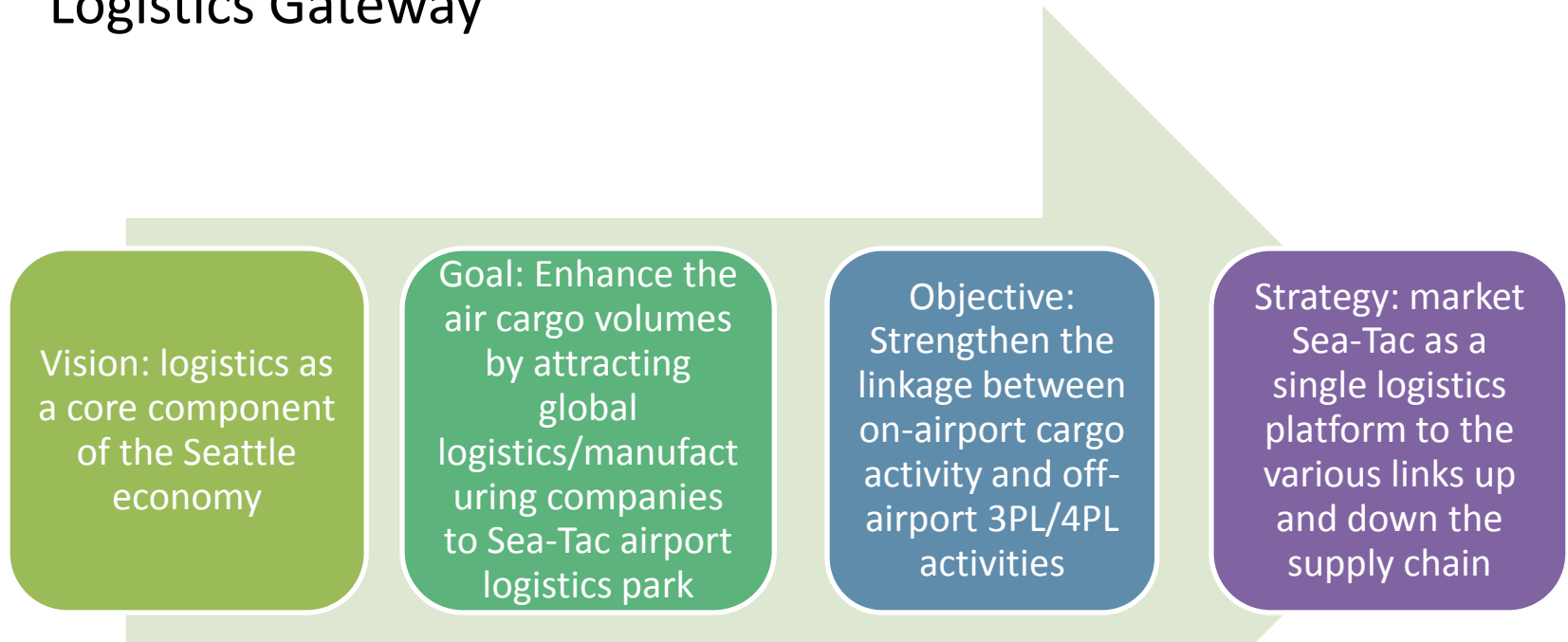


# International Gateway Hubs



# Strategic Roadmap for Sea-Tac

Envision and market Sea-Tac as an International Air Cargo Logistics Gateway



# Air Cargo Logistics Study Findings

- Air cargo service is a core component of the Sea-Tac business model
- Port should strengthen physical and institutional linkages between on-airport cargo operations and off-airport facilities and services provided by private sector 3<sup>rd</sup>-party companies
- Advance strategy by creating “Sea-Tac International Gateway Logistics Center” that would enhance airport cargo operations
- Port-owned properties north of airfield are uniquely situated to accommodate physical movement of cargo to and from airport cargo area
- Properties south of airfield are ideal for attracting 3<sup>rd</sup>-party value-added logistics services



# North Airport Properties

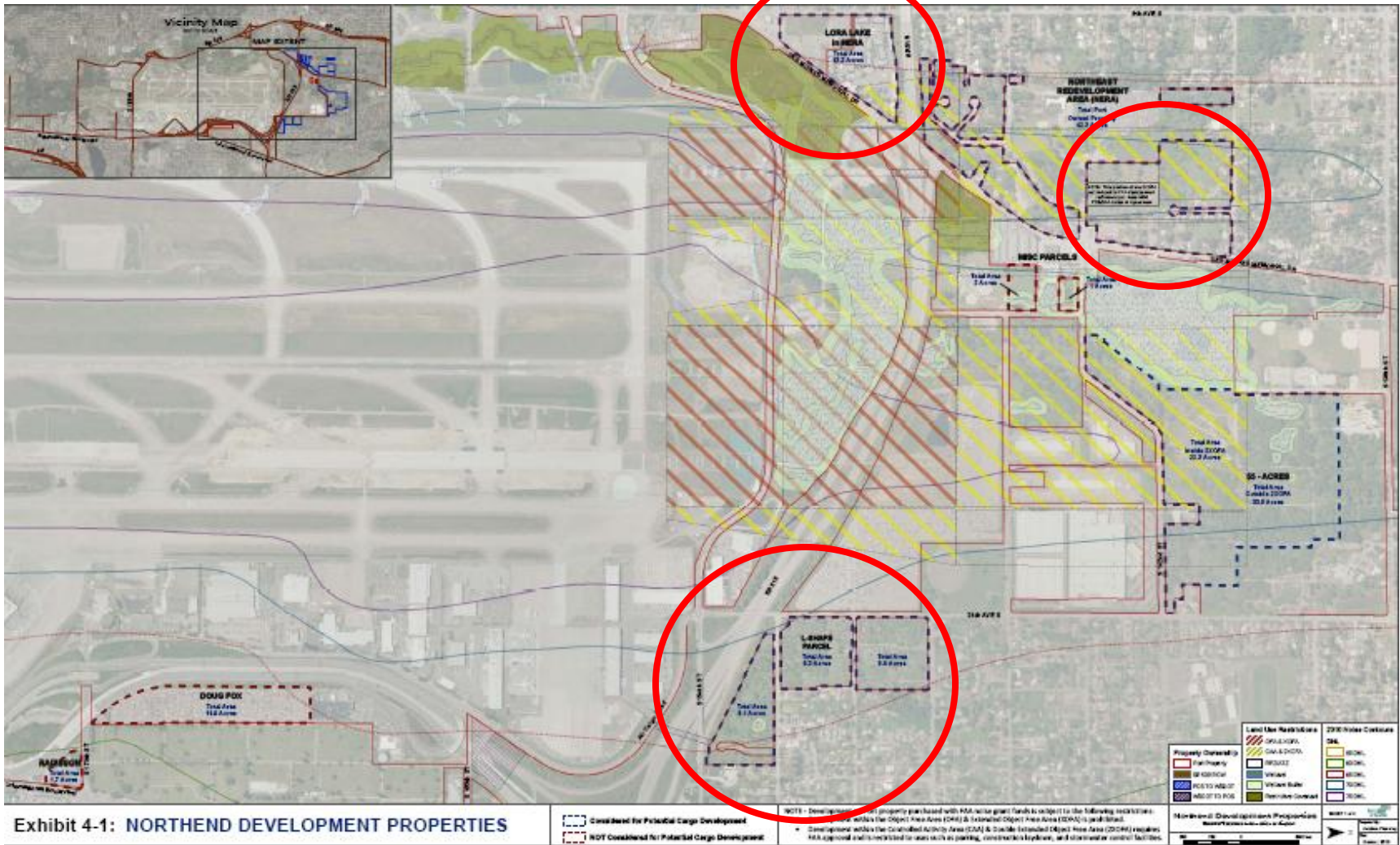


Exhibit 4-1: NORTHEND DEVELOPMENT PROPERTIES

# South Airport Properties

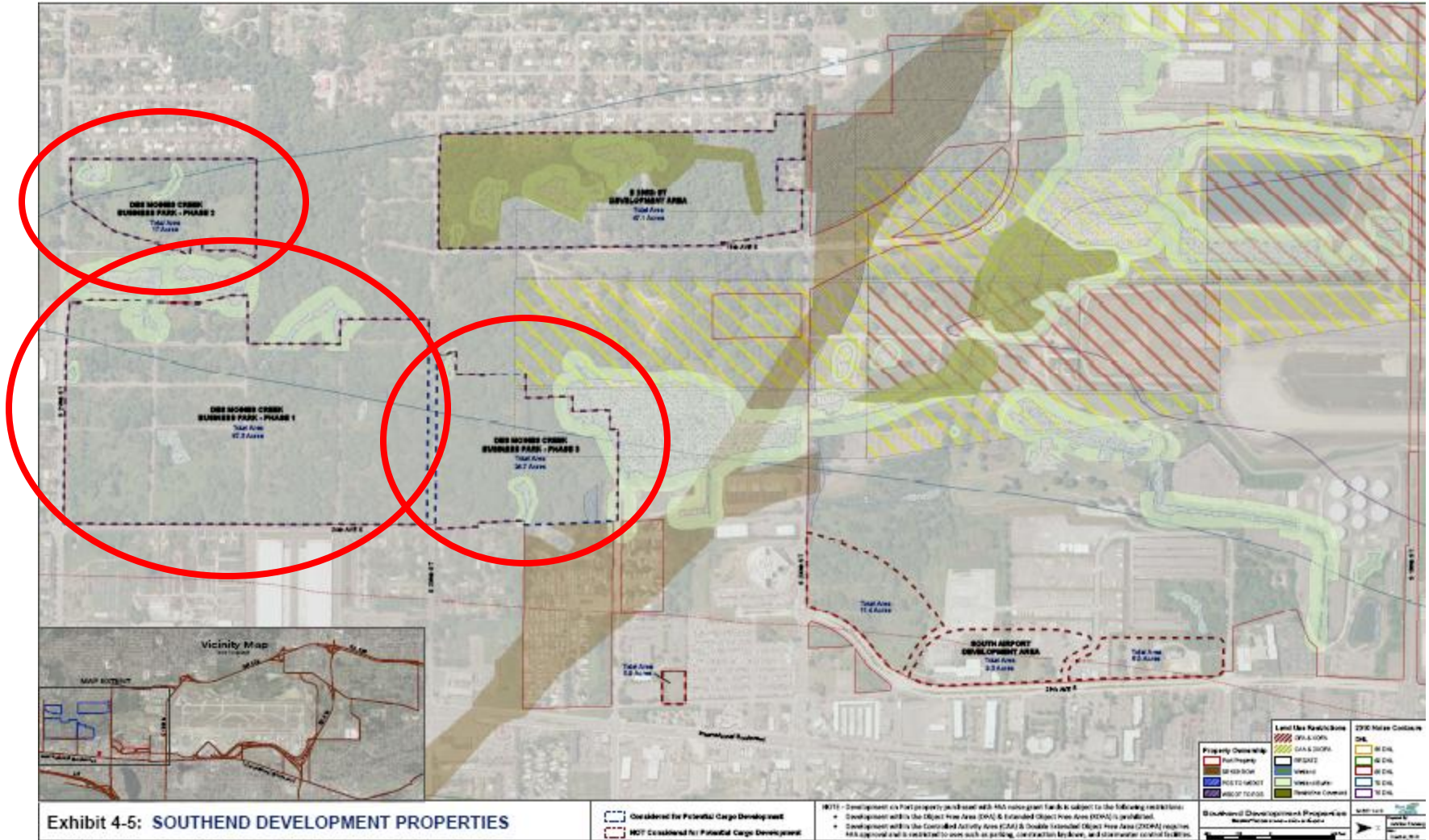


Exhibit 4-5: SOUTHEAST DEVELOPMENT PROPERTIES



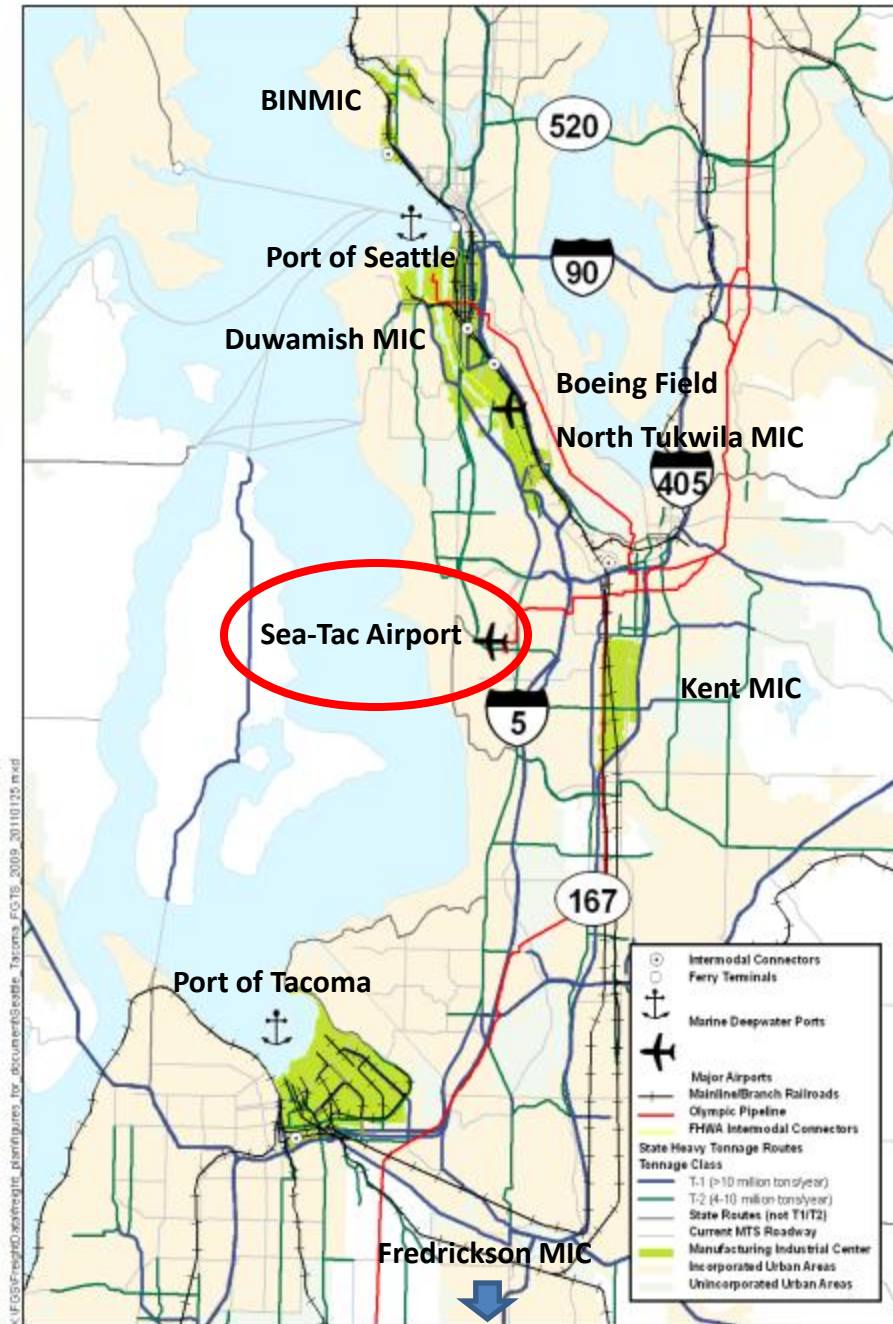
# Airport Based Logistics Center

- Linkage to the Airport
  - Efficient roadway linkage to Airport and industry clusters
  - Technology linkage
  - Connectivity with CPB/TSA/AMS
- Universal branding
  - “Sea-Tac Gateway Logistics Center”
- Common standards
  - design & development
  - property management
  - performance & security



- Freight consolidation
- Value-added logistics
- Foreign Trade Zone designation
- International gateway logistics





# Freight Mobility

- All air cargo moves by truck at some point in the journey
- Airport access from point of origin is key
- Keep freight mobility efficient and cost-effective
- Support statewide system investment to serve cargo

# On-Airport Facilities Investment



- ✓ Customs and Border Protection (CBP) cargo inspection facilities - \$1.3 million
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- Off-gate hardstand **fueling and power improvements**, and expansion
  - ➔ Cargo 6 ramp - \$6 million
  - ➔ Cargo 2 ramp - \$13 million
- **Fuel hydrant system completion** – est. \$25 million

# Future Outlook for Sea-Tac

- Air Cargo currently in a growth mode
- Strong and growing international and express sectors
- With overall aircraft operations down at Sea-Tac, airport has capacity to grow cargo
- Focus on International Air Cargo Logistics Gateway Hub strategy as a jobs creator and export promoter
- Maintain and improve on-airport facilities
- Promote efficient and cost-effective regional freight mobility