

3-17-09

Presentation:

Anchorage

International

Airport as an

Economic Engine

<target><bill></bill><subject>3-17-09 Presentation Anchorage
International Airport as an Economic
Engine</subject><comm>HEDC26</comm></target>

ALASKA STATE LEGISLATURE
ECONOMIC DEVELOPMENT, TRADE & TOURISM COMMITTEE

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Committee Members:

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Representative Nancy Dahlstrom,
Representative Mark Neuman
Representative Kyle Johansen
Representative Mike Doogan
Representative Chris Tuck

State Capitol, Room 120
Juneau, Alaska 99801

House Economic Development, Trade & Tourism Committee Agenda

Tuesday, March 17th, 2009 at 5:15 p.m. in Room 106 (HESS)

+ Alaska Department of Transportation and Public Facilities.

Guest Speaker: Linda Close, Ted Stevens International Airport Marketing Manager.

The Anchorage International Airport is an economic engine for Anchorage and Alaska. Ms. Close will discuss what the Department of Transportation and Public Facilities is doing to increase economic development and trade activity.



Linda Close Marketing Director

Legislative Update March 2009



Presentation Summary:

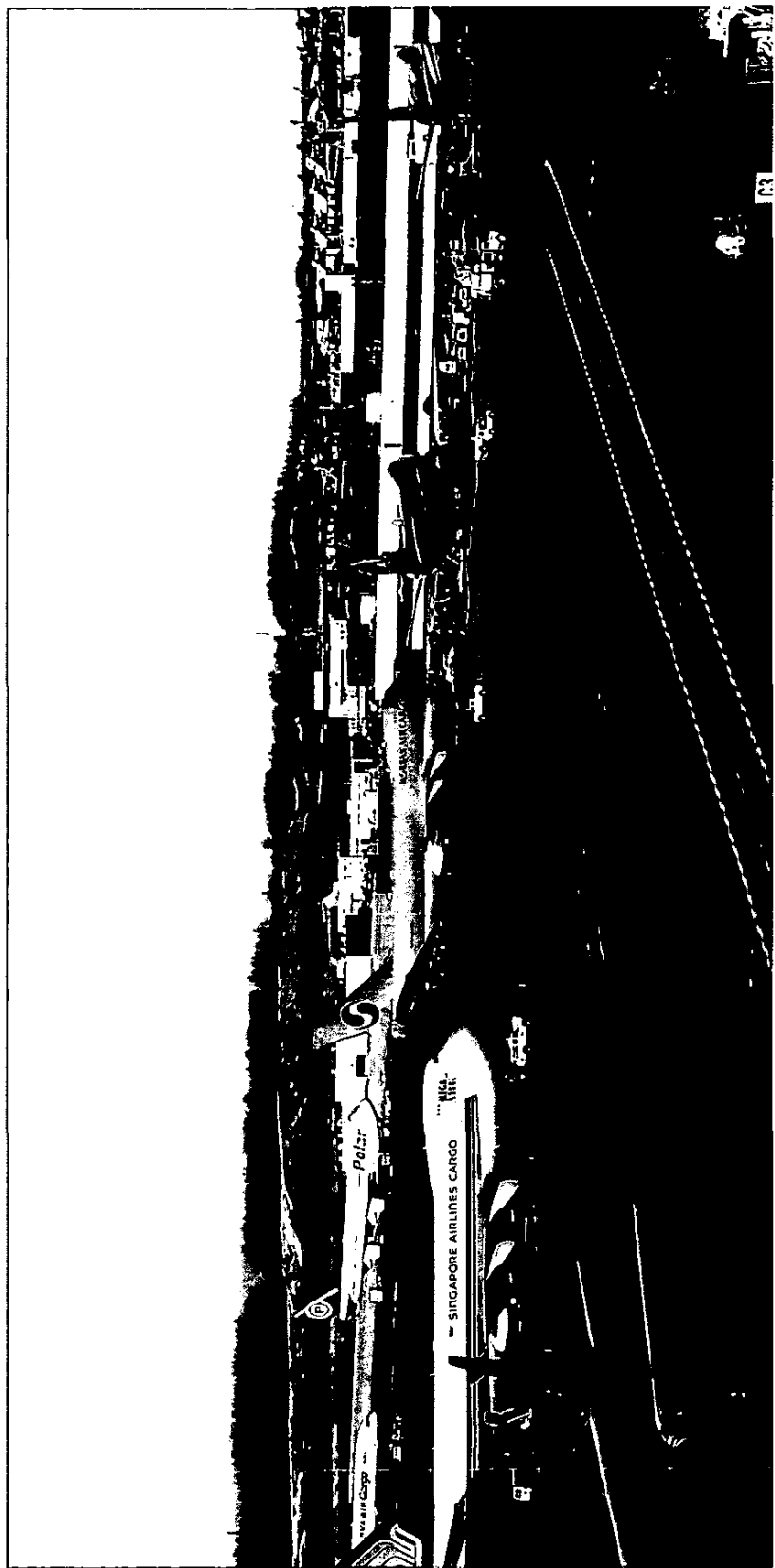
- **Airport Overview**
- **ANC Advantages**
- **Market Opportunities**
- **Outlook**

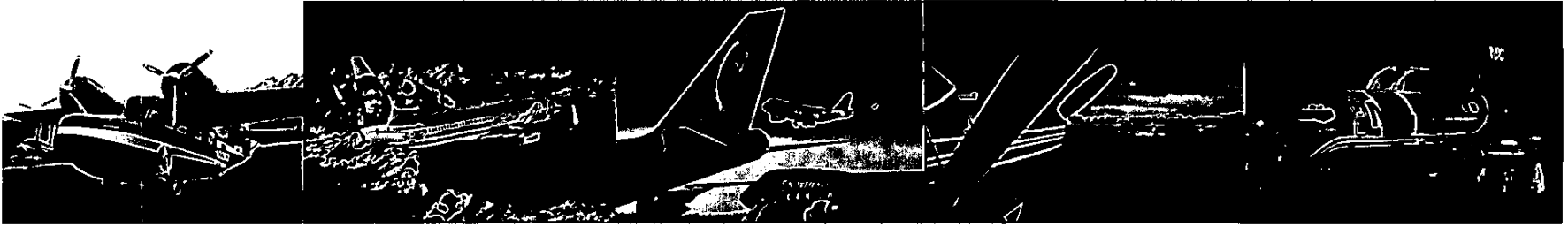


Airport Overview

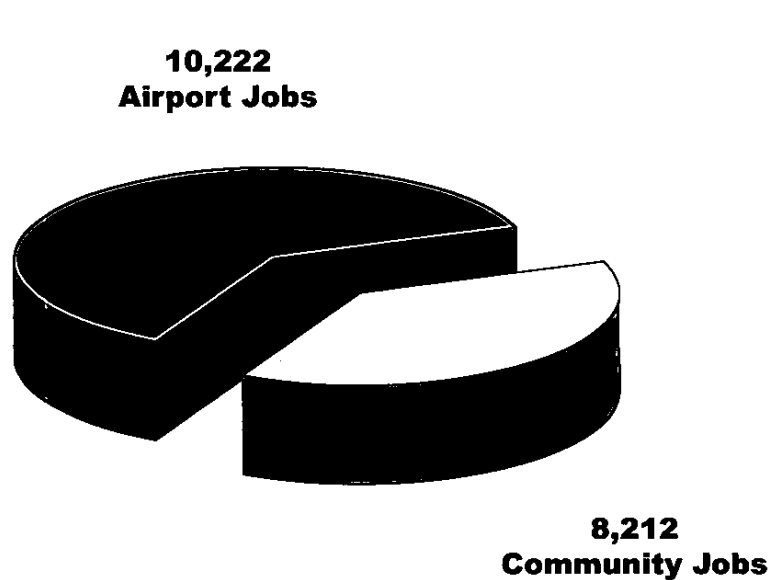


40 wide-body aircraft on the deck at ANC in October 2008





The Airport's Economic Impact.....18,434 Jobs

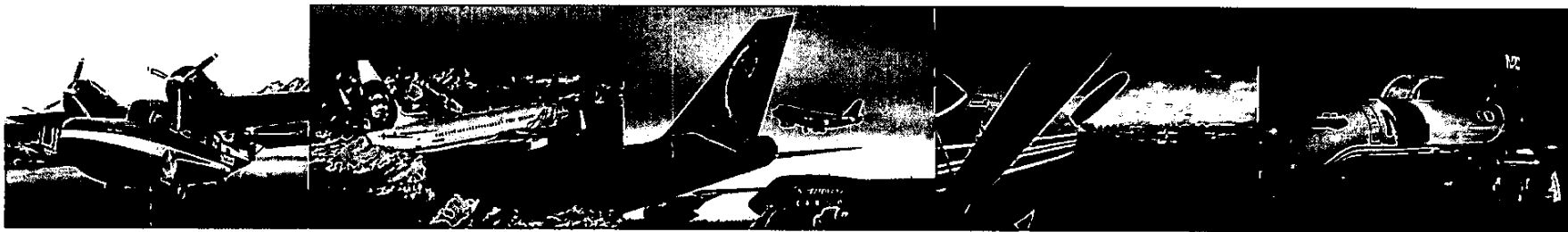


One in eight jobs in Anchorage

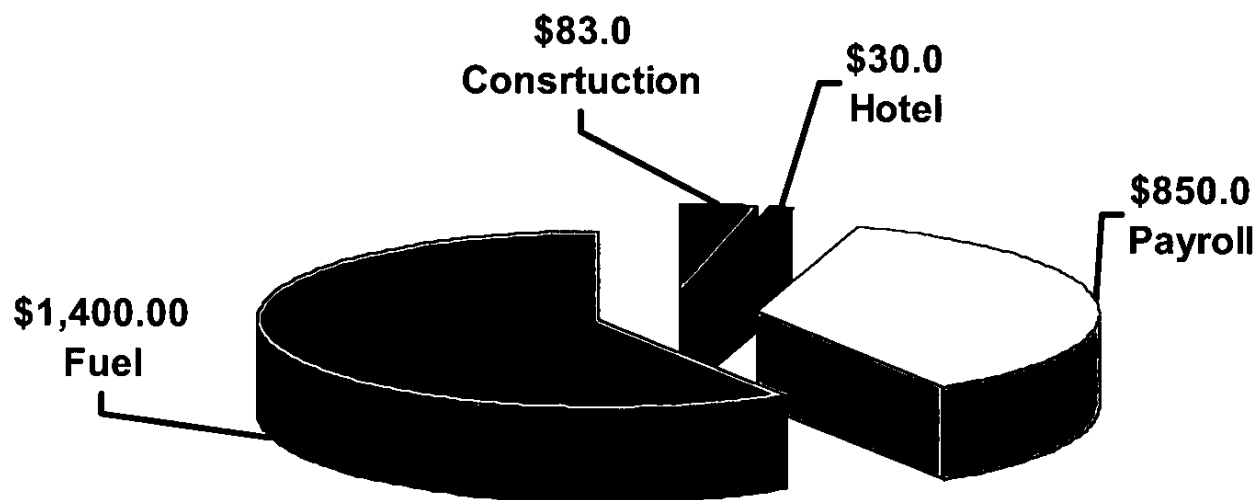
About \$562 million in direct annual payroll

Another \$288 million in annual payroll for community jobs

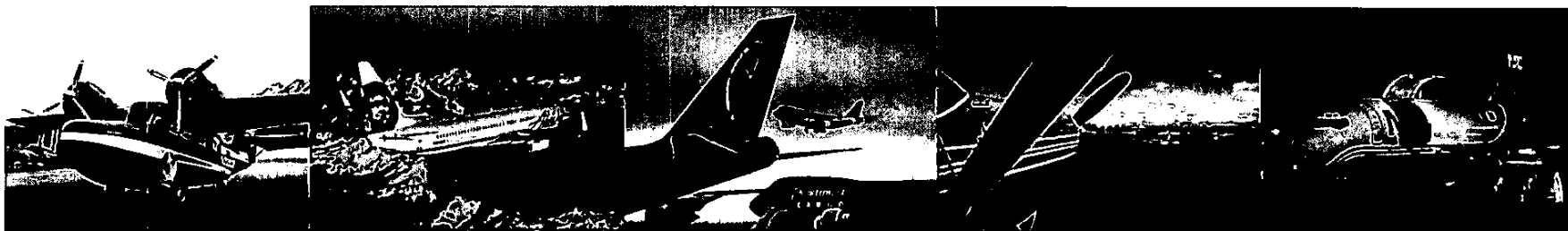
Source: Institute of Social and Economic Research, University of Alaska Anchorage, September 2007.



Airport's Total Annual Economic Impact - \$2.363 Billion



Source: Institute of Social and Economic Research, University of Alaska, Anchorage, September 2007

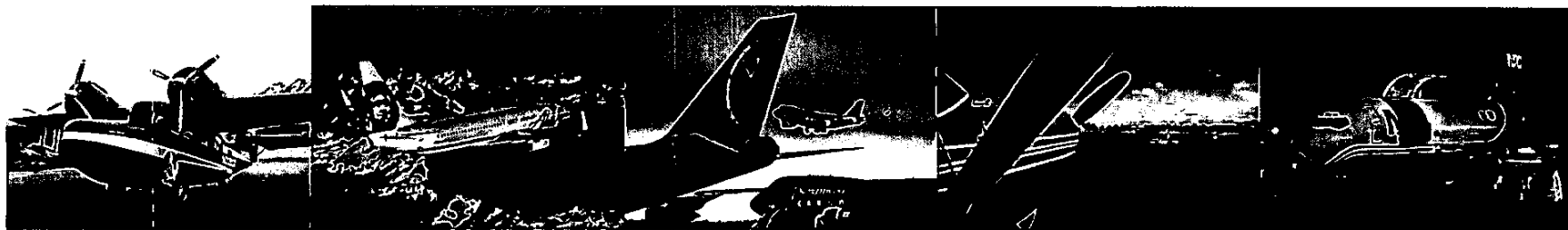


Cargo Carrier Overview

- ACE Air Cargo
- ANA
- Air Atlanta Icelandic
- Air Canada
- Air China
- Alaska Airlines
- Asiana Airlines
- Atlas Air
- Cargo 360
- Cathay Pacific Airways
- China Airlines
- China Cargo
- China Southern
- Empire Airlines
- Eva Airways
- Evergreen International
- Everts Air Cargo
- Federal Express
- Focus Air Cargo
- Japan Airlines
- Kalitta Air
- Korean Air Cargo
- Lynden Air Cargo
- Nippon Cargo Airlines
- Northern Air Cargo
- Northwest Air Cargo
- Polar Air Cargo
- Qantas
- Shanghai Airlines
- Singapore Airlines
- Southern Air
- TradeWinds Airlines
- United Parcel Service
- World Airways
- Yangtze River Express

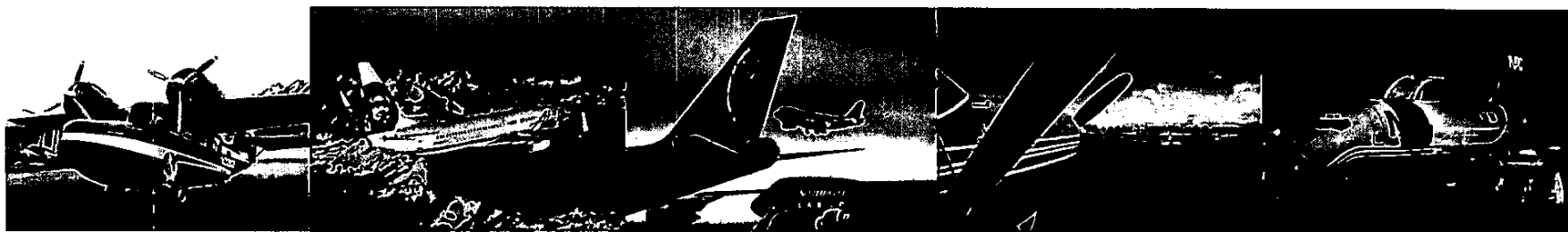
•ABX Air
 •Air Macau
 •Dragon Air
 •Transmile Air

Blue - Current Cargo Carriers
 Red - New Cargo Carrier
 Green - New Cargo carrier no longer serving US market



Cargo Carrier by Home Country

• Japan	3		
• Korea	2	•USA	14
• Taiwan	2		
• China	5		
• Hong Kong	1		
• Singapore	1		
• Australia	1		
• Canada	1		



2007 ACI Cargo Traffic Stats (Metric Tons)

Rank	Airport	Total Cargo	% Change
1	MEMPHIS (MEM)	3 840 491	4.0
2	HONG KONG (HKG)	3 773,964	4.5
3	ANCHORAGE (ANC)	2 825 511	0.6
4	SHANGHAI (PVG)	2 559 310	18.0
5	INCHEON (ICN)	2 555 580	9.4
6	PARIS (CDG)	2 297 896	7.9
7	TOKYO (NRT)	2 254 421	(1.2)
8	FRANKFURT (FRA)	2 127 646	8.4
9	LOUISVILLE (SDF)	2 078 947	4.8
10	MIAMI (MIA)	1 922 985	5.1



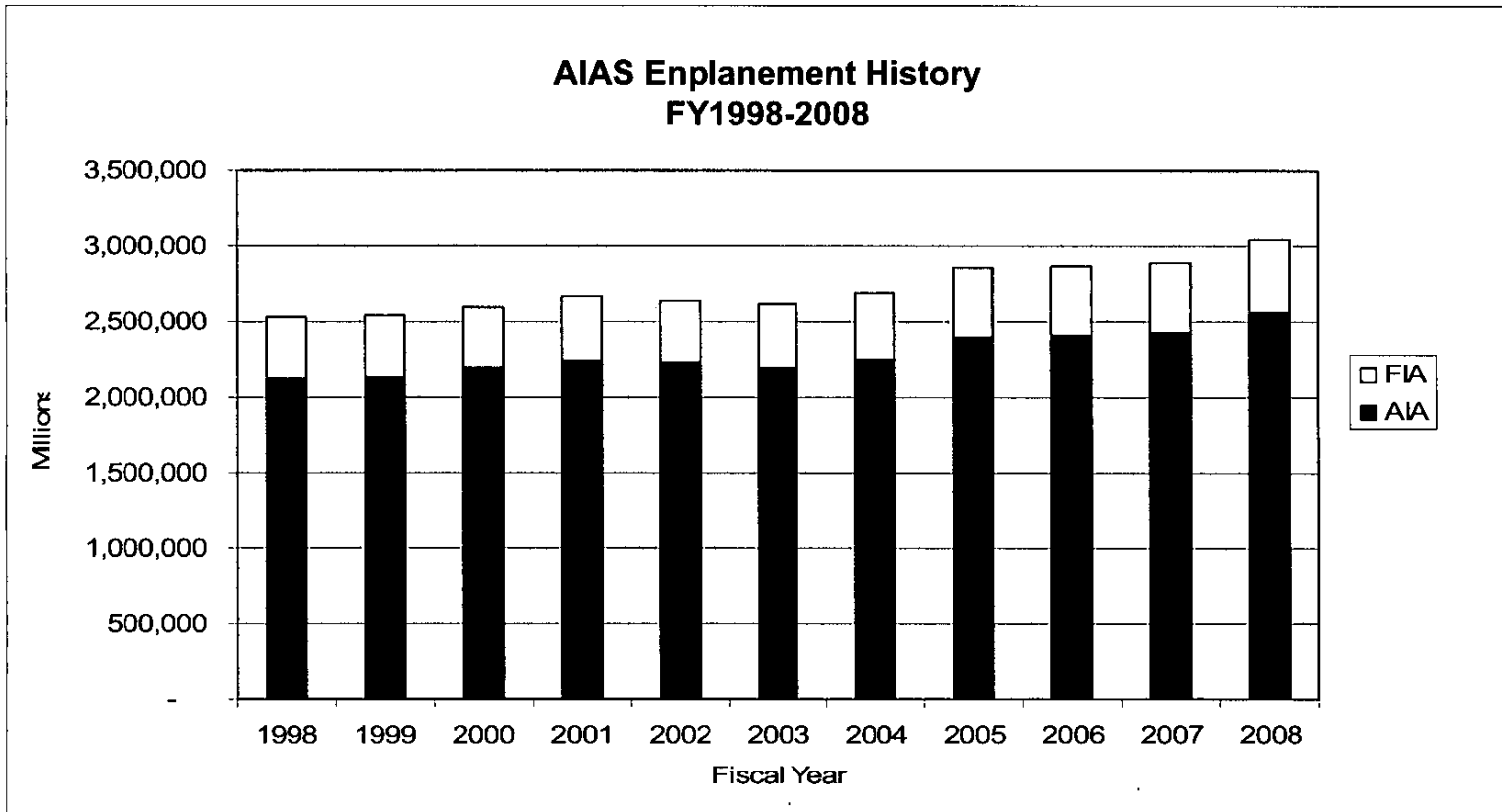
Competitive Rates and Fees

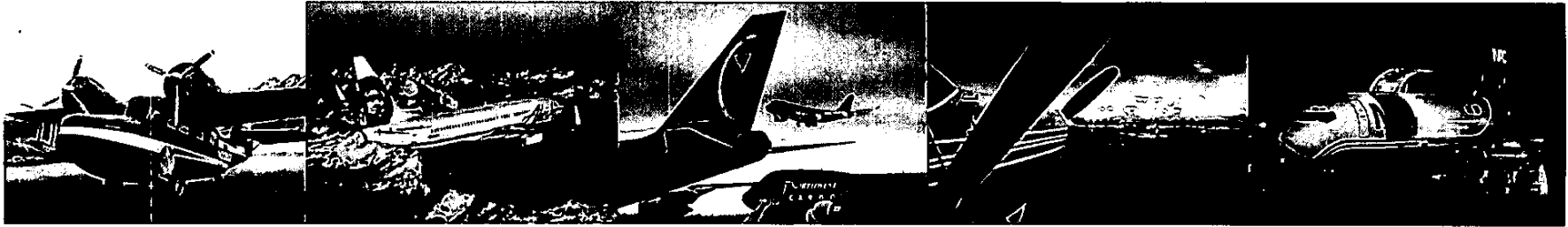
Landing Fee

	<u>Cost for 747-400</u>
Toronto	\$12,799.08
Tokyo	\$7,405.37
Newark	\$4,789.75
New York	\$4,456.55
Dallas	\$3,349.98
Seoul	\$2,982.14
Chicago	\$2,759.24
Seattle	\$1,918.00
Vancouver	\$1,837.08
<u>AIAS</u>	\$1,174.53

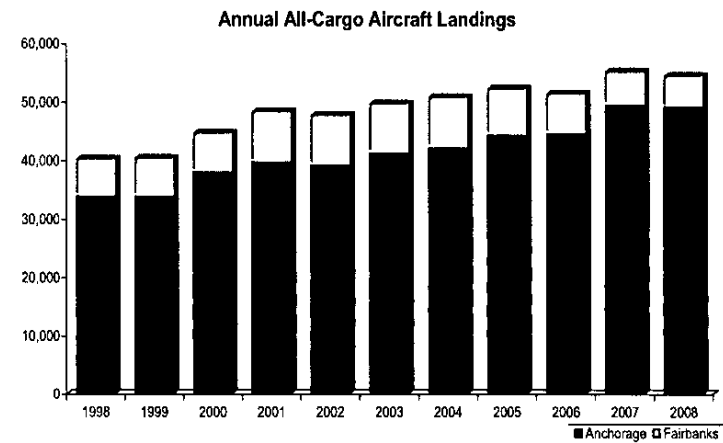
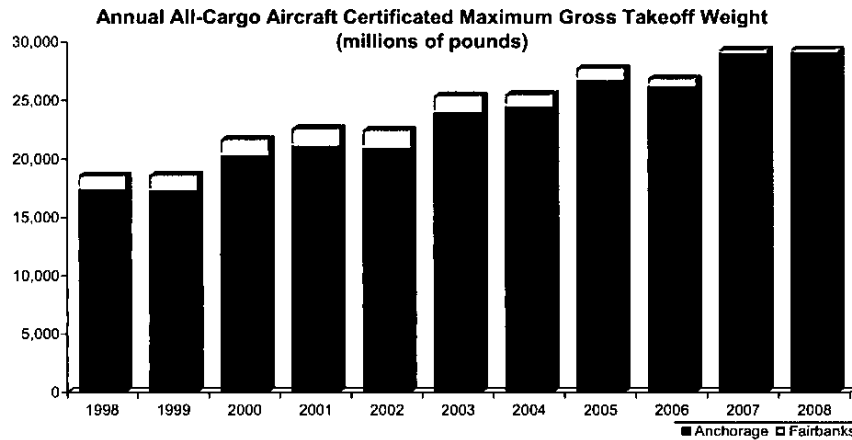


Solid Operating Trends: Passenger

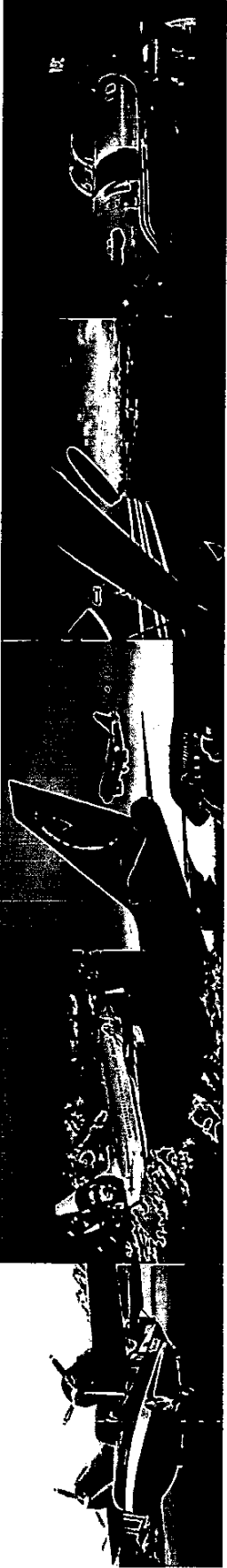




Solid Operating Trends: Cargo



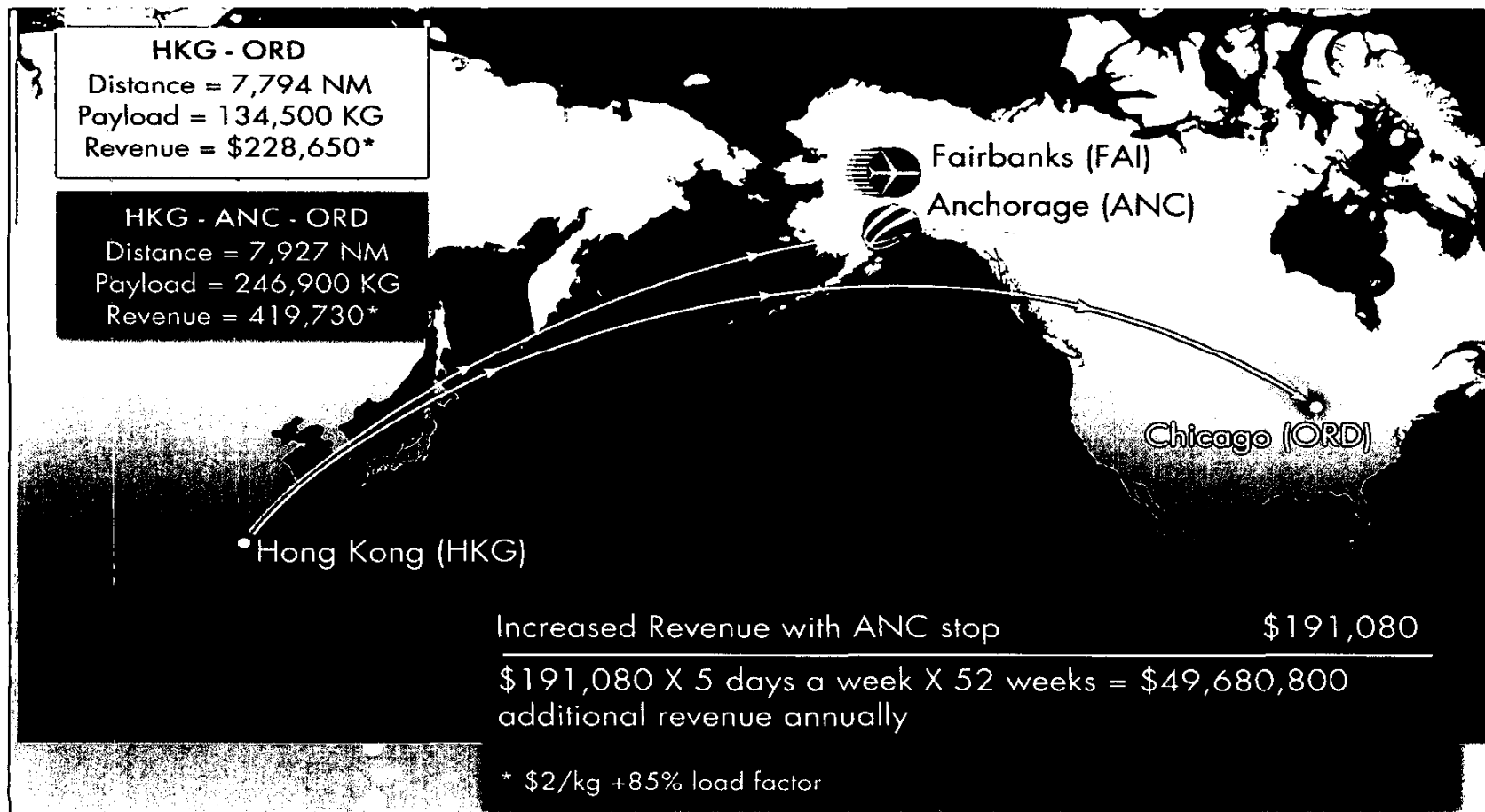
Compound Annual Growth Rate		
	All-Cargo Take-off Weight	All-Cargo Aircraft Landings
1998-2008	4.26%	2.80%
2006-2008	4.48%	6.04%



ANC Advantages



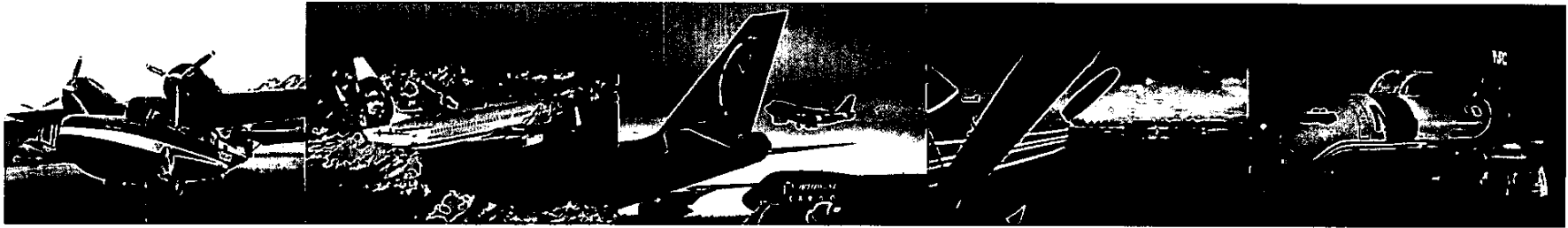
The Alaska Advantage: Strategic Location - Payload v. Range





Regulatory Advantages

- ✈ Progressive Clearance
- ✈ International-to-International (ITI)
- ✈ Cargo Transfer



Cargo Transfer Authority

1996 - USDOT awarded Cargo Transfer Flexibility

On-line transfers, change of gauge

Commingling of foreign and domestic cargo

Foreign-domestic, foreign-foreign transfers

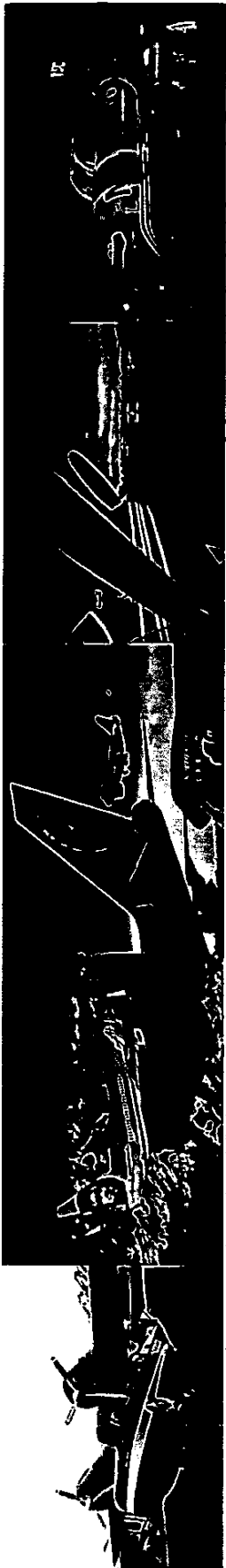
2003 - Expansion of Cargo Transfer

December 12, 2003 expanded current

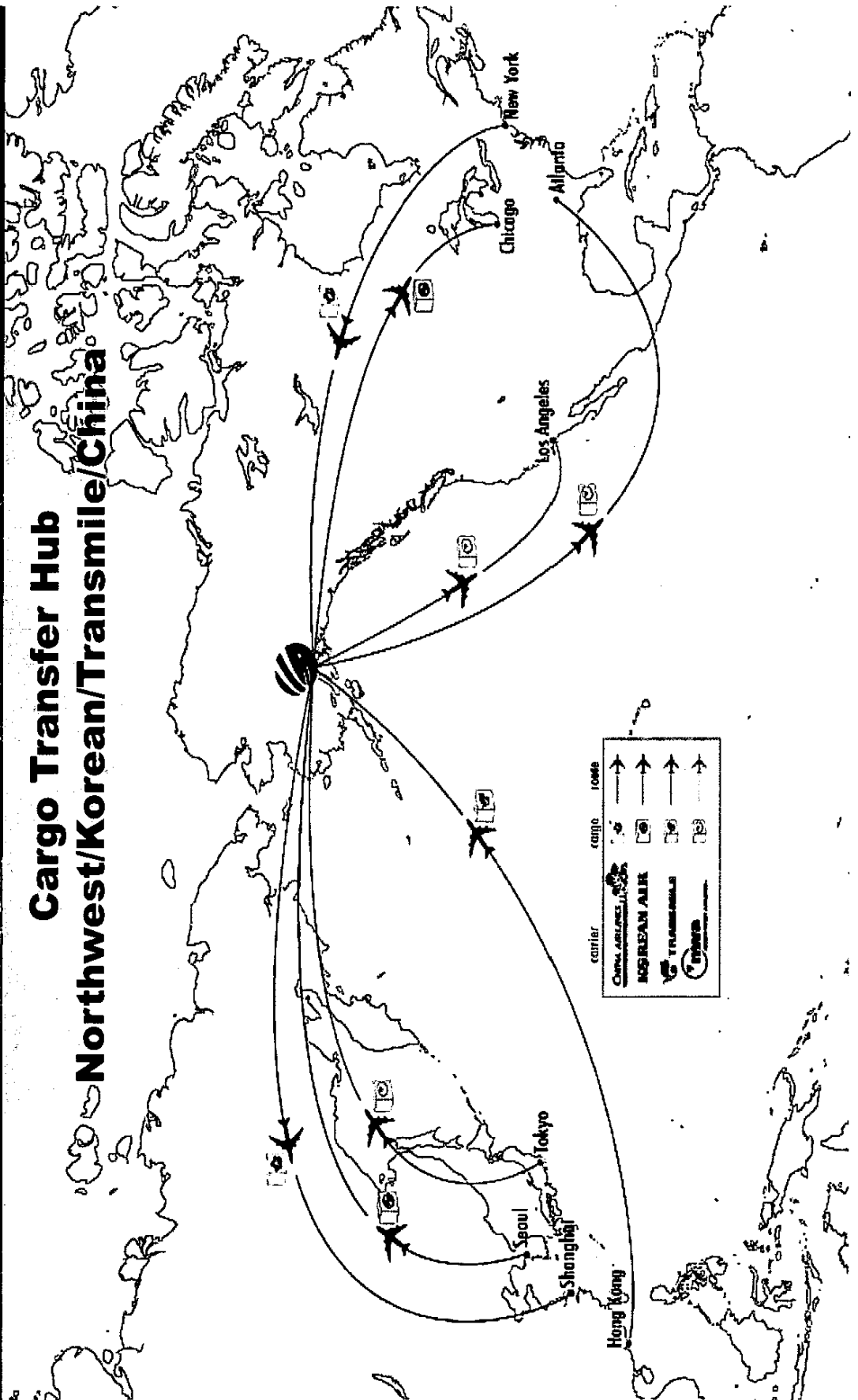
cargo transfer authority for foreign carriers

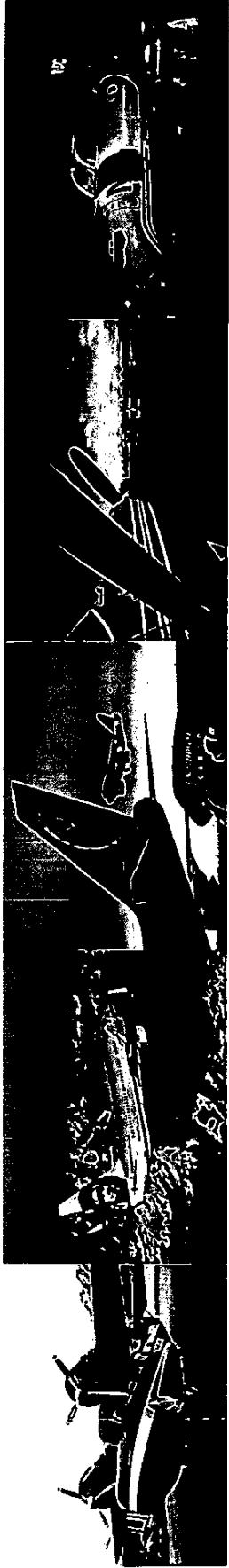
that have a revenue relationship with U.S.

carrier



Cargo Transfer Hub Northwest/Korean/Transmile/China





Market Opportunities



Market Opportunities

Singapore - Open Skies

-- Singapore Airlines via China

Viet Nam - Open Skies

-- Taiwan, China, Korea, Japan, FedEx, UPS

India - Bermuda I Agreement

-- Taiwan, China, Korea, Japan, FedEx, UPS

China - Unique agreement

5 - Chinese cargo carriers designated

-- Air China, China Southern, China Cargo, Shanghai,
Yangtze River Express

5 - US cargo carriers designated

-- FedEx, Northwest, UPS, Polar, Evergreen



China Market Overview

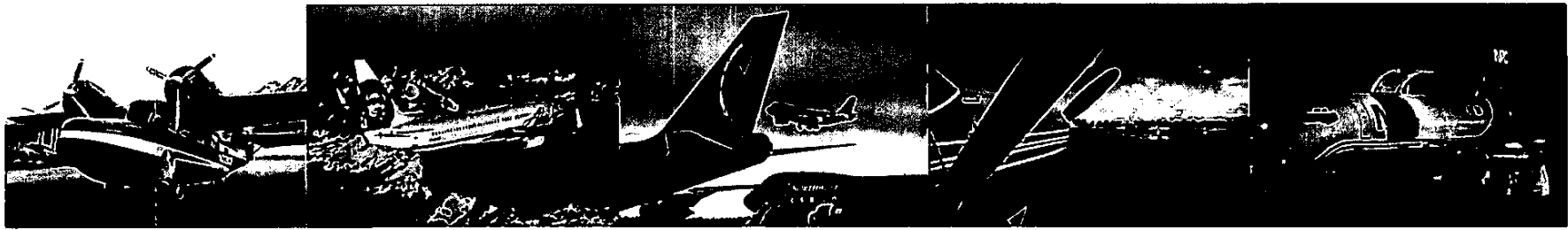
2000 - 15 landings per week

2006 - 198 landings per week

2007 - 260 landings per week

Nearly 35% of total international cargo traffic at ANC derived from China market

Total China-US air cargo market in 2007 - 36.7% of Asia-North America air cargo market



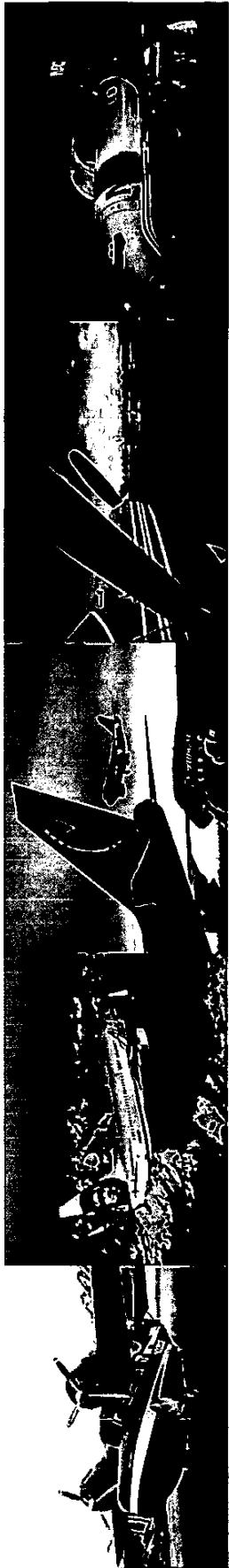
Economic Impact of International Cargo at Anchorage

- **Cargo accounts for nearly two-thirds of airport revenues**
- **9 International carriers account for 54.76% of cargo revenue**

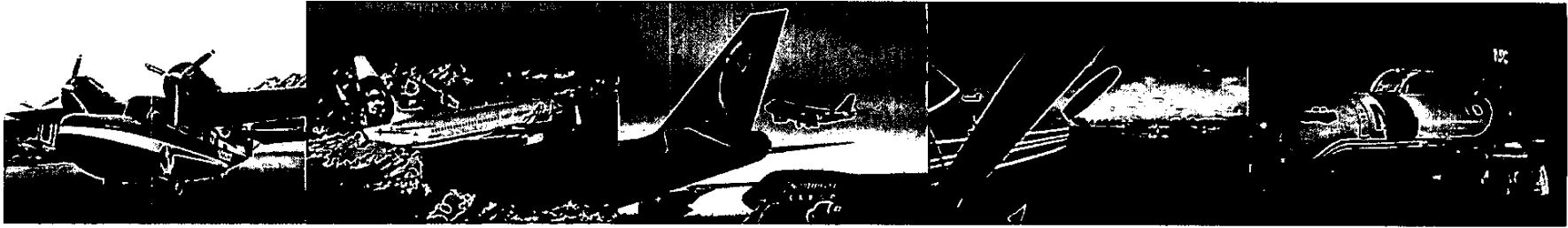
FY 2008 Cargo Market Share

By Take-Off Share		
Airline	Total lbs. (000's)	Market Share
Federal Express	3,203,331	11.70%
United Parcel Service	3,155,728	11.53%
Cathay Pacific Airlines	2,602,562	9.51%
China Airlines	2,556,930	9.34%
Korean Airlines	2,361,720	8.63%
Eva Airways Corporation	1,938,868	7.08%
Northwest Airlines, Inc.	1,636,800	5.98%
Japan Airlines International	1,382,469	5.05%
Southern Air, Inc.	1,102,520	4.03%
Asiana Airlines	911,760	3.33%
Singapore Airline Cargo	841,192	3.07%
Nippon Cargo Airlines	660,366	2.41%
Air China	512,164	1.87%
Kalitta Air	498,126	1.82%
China Eastern/Cargo Airlines	454,429	1.66%
All Others (23 Airlines)	3,714,816	12.99%
Total	27,533,781	100.00%

By Revenues		
Carrier	Revenues	Market Share
Federal Express	\$7,943,319	11.10%
United Parcel Service	7,728,110	10.80%
Cathay Pacific Airlines	7,720,284	10.79%
China Airlines	7,563,925	10.57%
Korean Airlines	6,550,629	9.15%
Eva Airways Corporation	5,735,710	8.01%
Northwest Airlines, Inc.	5,460,525	7.63%
Japan Airlines International	3,785,451	5.29%
Asiana Airlines	2,338,233	3.27%
Singapore Airline Cargo	2,033,132	2.84%
Nippon Cargo Airlines	2,025,426	2.83%
Southern Air, Inc.	1,944,774	2.72%
Air China	1,437,394	2.01%
Kalitta Air	1,239,042	1.73%
Northern Air Cargo, Inc.	1,023,806	1.43%
All Others (23 Airlines)	7,045,916	9.84%
Total	\$71,575,676	100.00%



Outlook



ANC Strengths

**Strategic Location for
Cargo Activity**

**Competitive airports with
low rates and fees**

Carrier relationships

Close alternate airport

Parts exchange program

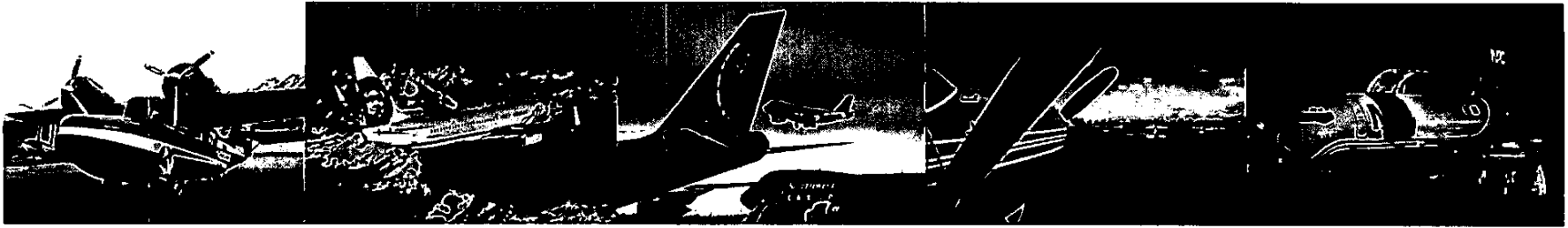
ANC Opportunities

**Existing all-cargo carrier
operations**

Cargo Transfer Authority

Increased use of freighters

**Growing base of Chinese
carriers**



ANC Threats

Other airport communities have a manufacturing base

Weather concerns with deicing costs

Other airport competition

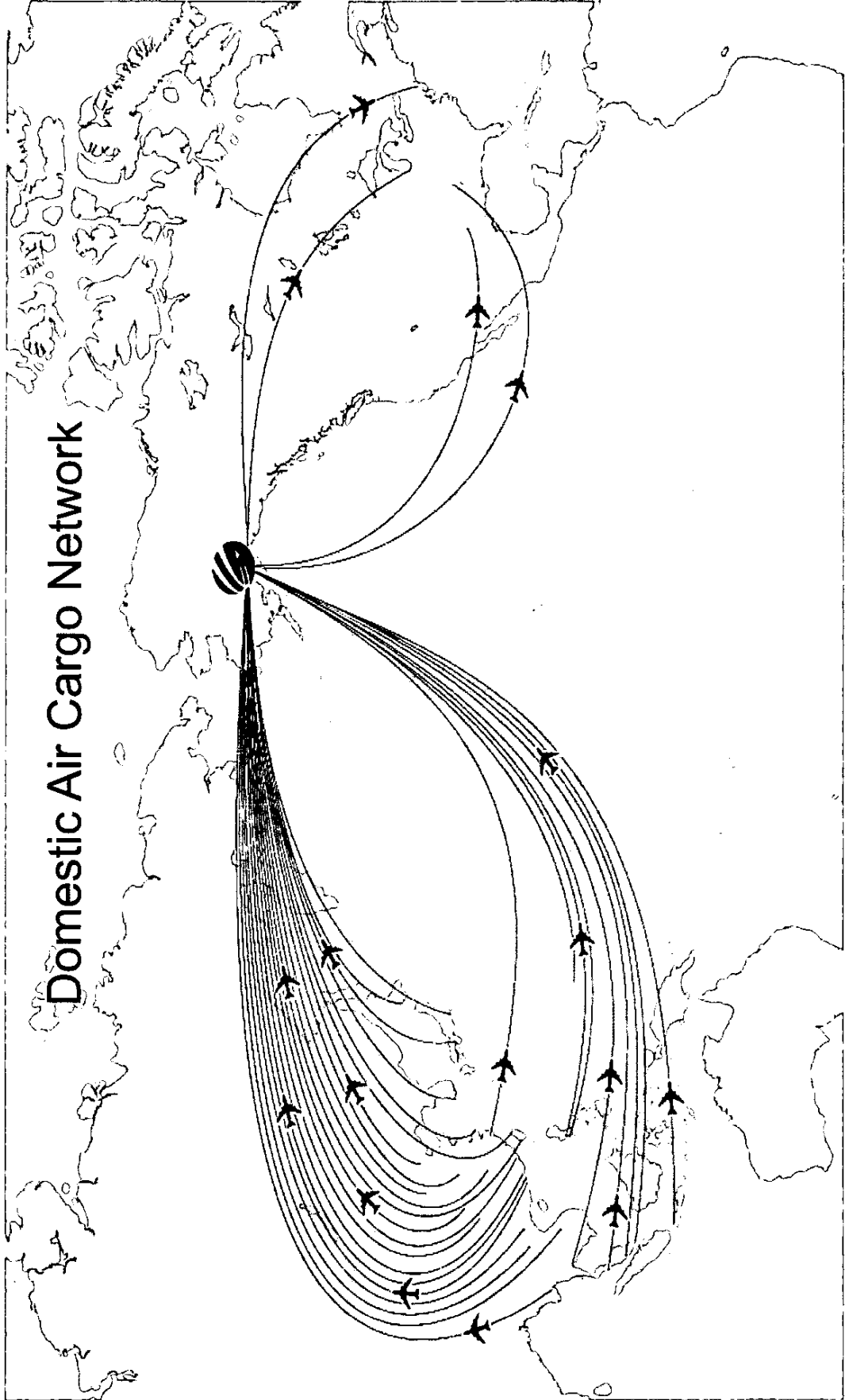
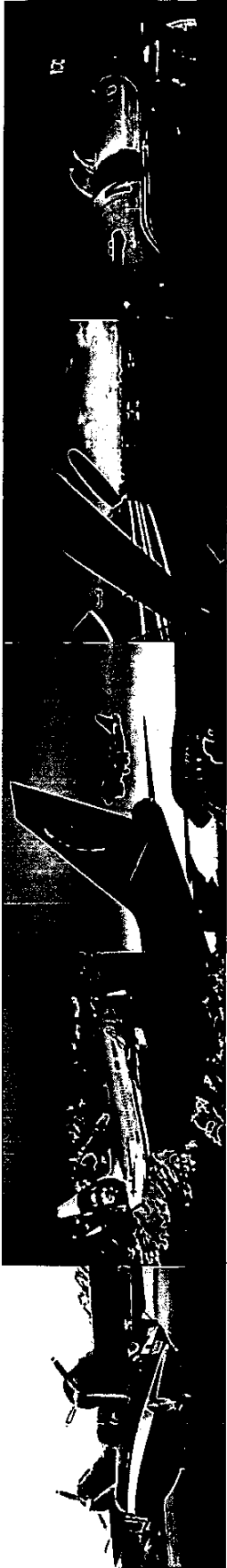
ANC Weaknesses

Global Recession/Aviation Decline

Overflight of ANC

No local manufacturing base and limited air exports

Domestic Air Cargo network limits warehouse & distribution opportunities



Domestic Air Cargo Network



Recap of 2008 Activity

TOTAL LANDINGS

•101,863: Decreased .05%

CARGO LANDINGS

•46,965: Decreased 5.4%

PASSENGER GROWTH

5,380,811 passengers: Increased 4.4%

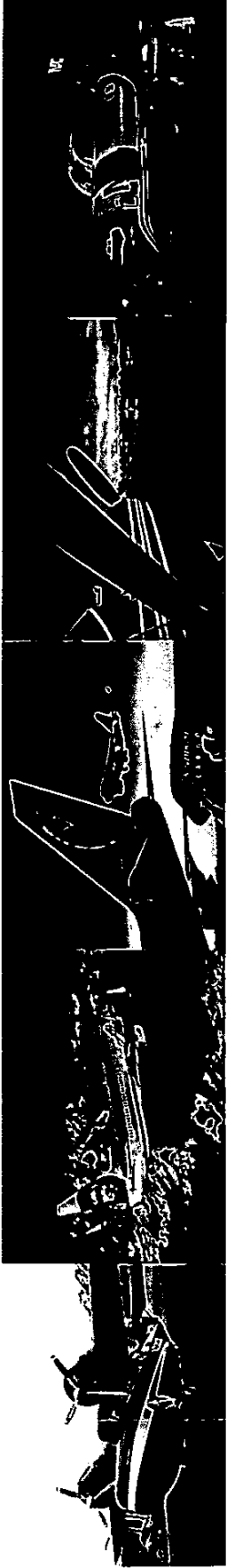
FUEL

865 million gallons: Decreased 6.6%



Good News

- **NCA** - JFK Station
- **Cathay Pacific** - New freighters, new stations
- **Evergreen / Kalitta** – New China designation
- **UPS** - New China frequencies



Thank You!

Questions?

Margaret Dowling

From: Renee Limoge
Sent: Monday, March 16, 2009 12:06 PM
Subject: MA - EDT&T TO HOLD HEARING ON AVIATION IN AK
Attachments: MA - Ramra EDTT2 Meeting.doc



**FOR IMMEDIATE RELEASE
ADVISORY**

MEDIA

EDT&T TO HOLD HEARING ON AVIATION IN AK
Dep. Comm. for Aviation and Airport Marketing Director to present

Monday March 16, 2009, Juneau, Alaska The House Economic Development Trade & Tourism Committee (EDT&T), is set to hear a presentation on aviation in Alaska from the Marketing Director at Ted Stevens International Airport and the Deputy Commissioner for Aviation with the State of Alaska. The public is encouraged to attend the hearing.

"As part of EDT&T's continued efforts to work with the State to stimulate Alaska's economy, we are going to hear from Linda Close about economic development and trade activity at the Anchorage International Airport," Representative Jay Ramras, R- Fairbanks, said. "The Anchorage International Airport is a significant economic engine in Anchorage and for all of Alaska. We hope to hear what we can do to enhance international tourism and trade, and perhaps how to develop new trade routes to emerging markets."

Presenting at the meeting will be Ms. Close, Marketing Director for the Ted Stevens International Airport, and Christine Klein, AK Department of Transportation and Public Facilities Deputy Commissioner for Aviation.

WHO: House Economic Development Trade & Tourism Committee

WHAT: Presentation by Linda Close: Marketing Director, Ted Stevens International Airport
Also attending: Christine Klein - Deputy Commissioner for Aviation, State of Alaska

WHEN: Tuesday, March 17, 2009 - 5:15 p.m.

WHERE: Room 106, Capitol Building

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To contact Rep. Ramras, please call 1-907-465-3004