

## **Minneapolis-Saint Paul Air Cargo Study**

### **Public and Media Release**

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Contact: Tammy Lee  
phone: 651.253.7106

(Minneapolis, MN) In September of 1999, the Twin Cities Airports Task Force (TCATF), in cooperation with the Metropolitan Airports Commission, Minnesota Department of Transportation (MnDOT) and members of the air cargo industry, became extremely concerned with the decline in air cargo shipped from the Minneapolis-St. Paul (MSP) airport.

To better understand and prepare to meet the region's future challenges, the group traveled to Washington, D.C. to meet with U.S. Congressman Jim Oberstar, one of the nation's leading transportation industry public policy advocates.

Oberstar was equally concerned that the drain on cargo to other gateways including Chicago, would also lead to a drain on jobs and the local economy. To address the problem, Oberstar secured a federal grant to further research the problem and through TCATC, MAC and MnDOT contracted SITA's Vice President of Logistics Solutions, Hugh Doyle, an internationally respected expert on air cargo.

In presenting his research findings Doyle and his consulting team challenged the cargo industry and public officials to address the fundamental changes taking place in global distribution and the related impacts on all stakeholders -- manufacturers, airlines, carriers, airports -- including the impact on regional economic development and employment.

Doyle encouraged them to explore completely new ways of addressing cargo transport and to view distribution as an integral part of a regional economic system that directly impacts an airport's passenger traffic.

"Boxes in the belly of airplanes create the business passengers flying above the boxes," said Doyle. "A decline in air cargo shipment volumes or an inability to meet time-sensitive shipping requirements, are symptoms of a decline in the state's business economy, which will ultimately lead to a decline in passenger traffic. Global market access, the regional economy and passenger traffic are inseparable."

Doyle added that MSP is not unique in its cargo challenges, but added it is unique in having the strong interest of both the public sector, led by Congressman Jim Oberstar; the private sector, led by former Congressman Tim Penny; the Twin Cities Airports Task Force and members of the air cargo community -- major shippers including ADC Telecommunications, 3M, Medtronic and IBM; regulatory authorities, trucking companies, freight forwarders; and airlines.

In his recommendations, Doyle challenged all groups to adapt a new line of integrated infrastructure ‘systems’ thinking, which includes the creation of a “next generation Midwest Gateway Regional Distribution Center,” an all-cargo airport twin for MSP and an Enterprise Zone. He warned that these initiatives must be treated as all part of a common and integrated strategy.

To enter the next phase of planning, Doyle recommended the following for further review:

- The MAC moves traditional air cargo handling services off the already congested airport property.
- The MAC, Minnesota State Agencies and private sector work together on a plan to create an airport that is the “cargo twin” that complements the passenger business at MSP
- Form a new public/private partnership, spearheaded by a major logistics provider, to create a “next generation Midwest Gateway Regional Distribution Center” that is located between MSP and the designated cargo airport. This would synthesize the many fragmented operational processes common to airlines, forwarders, truckers and handlers and provide highly reliable generic services to the industry in a fully secure and electronic environment. This may also, in time, provide additional freight capacity.
- Designate the cargo airport as an enterprise development zone that incorporates the best elements of initiatives by the Hong Kong and Memphis airports to attract high quality investment and employment, which will leverage effective access to global markets arising from the new regional distribution infrastructure.

In order to realize this new strategy, Doyle suggested that the next phase of the project include a modeling of the proposed distribution and enterprise infrastructure.

The project should also include a ‘proof of concept’ computer-based simulation exercise encompassing the scenario outlined above, with particular emphasis on paperless trading and the systematic use of information and data for providing a highly ‘value-add’ capability and secure distribution environment.

Doyle believes that a template of potential national importance -- particularly as regards to the emerging security needs -- could be derived from this phase.

“MSP cannot buy its way out of this problem by building fancy new buildings on the airport property,” Doyle said. “The airport, state, and business community must work together on a radical new model to promote the role and potential of air cargo transport. To accomplish this, state and federal officials must make this a top priority and understand that this project would provide real economic stimulus for the region.”

Congressman Jim Oberstar, the study's chief sponsor said, "Minnesota cannot afford to stand by and watch as air cargo and efficient global access for our products decline into oblivion. The decline in cargo will result in a decline in jobs, a relocation of our Fortune 500 companies, and drain on the state's economy."

Oberstar added, "Now is the time to start planning for our future and begin the process of assessing whether Minnesota can lead the nation as America's first designated cargo airport that is fed by a Midwest Gateway Regional Distribution Center."

Through the creation of a Midwest gateway for cargo shipments, the public and private sectors would both benefit from decreased congestion at MSP as well as the tax benefits of a free enterprise zone that could attract other major businesses, shippers, freight forwarders and consolidators.

Further, the RDC would provide a coordinated but revolutionary approach for meeting the emerging security challenges of the cargo industry, following the aviation tragedies and heightened concerns related to September 11.

Tim Penny, former U.S. Congressman and Chair of the Minnesota Freight Advisory Committee, added, "I was very impressed with the quality of the study, but this is just the first step in the process. Moving forward, we need the combined efforts of state and federal officials, working in concert with the business and shipping community, to create long-term value and economic stimulus for Minnesota and the entire region."

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