

News Release

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IMMEDIATE RELEASE

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LAEDC Study of International Flights at LAX Finds \$82.1B in Economic Output to Southern California Region

*International flights at LAX create several hundred thousand jobs
and contribute more than \$82 billion to the regional economy*

Los Angeles— Overseas international flights at Los Angeles International Airport (LAX) make a substantial contribution to the economy of Southern California, adding \$82.1 billion in total economic output, according to a study by the Los Angeles County Economic Development Corporation (LAEDC), HR&A and SH&E. Additionally, the LAEDC study revealed that the LAX flights created 363,700 direct and indirect jobs with annual wages of \$19.3 billion in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura Counties in 2006.

Over the course of 2006, an average transoceanic flight traveling round-trip from LAX every day added \$623 million in economic output and sustained 3,120 direct and indirect jobs in Southern California with \$156 million in wages. The economic output, jobs, and wages were calculated from the production and transportation of freight exports (carried in the belly of the plane), the transportation of freight imports, the operation of the airport itself, and the purchases made by international visitors on the flights. Freight exports (which are generally high-value items) accounted for over 80% of the annual economic activity generated by international flights at LAX.

Despite these remarkable figures, the total economic impact could have been higher. The LAEDC study reported that LAX lost market share relative to competitor airports, measured as the percentage of all passengers on non-stop transoceanic flights to the United States who arrived at LAX, 2000-2006. If the airport's market share had held steady at its 2000 level, LAX would have had about nine more daily transoceanic flights in 2006. The additional flights would have added up to \$5.6 billion more in economic output, along with up to 28,100 direct and indirect jobs with annual wages of \$1.4 billion.

Still more economic activity is at stake as international carriers plan routes for their new long-range Airbus and Boeing aircraft scheduled for delivery during the next five years. Several of these carriers are seriously considering deploying their new aircraft at other U.S. gateways if they do not see improvements to facilities at LAX. Considerable economic activity is at risk when an airline chooses another international gateway instead of LAX for daily overseas international flight. Market trends suggest LAX could capture 11 new daily transoceanic flights by 2012. The economic gains to Southern California would be (in 2007 dollars) up to \$6.9 billion in additional regional economic output, along with up to 34,300 direct and indirect jobs and \$1.7 billion in total wages.

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“The study shows that LAX is not only the region’s front door for tourists visiting the region, but it’s also the loading dock where local businesses ship their goods to the rest of the world,” said Greg Freeman, vice president of Economic and Policy Consulting for the LAEDC. “More than 80 percent of the economic impact of overseas flights at LAX is generated by firms that take advantage of the international flights to export their goods.”

The economic activity tied to discretionary passenger travel is most at-risk should Southern California have to rely on connecting flights instead direct flights to and from LAX. Tourists may choose more convenient or lower priced alternative destinations and travel firms may offer packages to cities with direct connections. Business travel can also be discretionary, particularly at the point when firms are selecting a site for their overseas operations. A lack of direct overseas flights could make the region less attractive to firms entering the U.S. market.

“This report is a real eye-opener for those concerned with job creation and retention throughout Southern California,” said Bill Allen, president and CEO of the LAEDC. “With manufacturing, international trade, and tourism being the largest employment sectors in Los Angeles County, it is clear that LAX plays a powerful role in the overall economy of the entire region.”

About the LAEDC

The LAEDC, the region’s premier business leadership organization, is a private, non-profit organization established in 1981 under section 501(C) (3). Our mission is to attract, retain, and grow business and jobs for the regions of Los Angeles County. Since 1996, the LAEDC has helped retain or create more than 132,600 jobs, providing \$5.6 billion in direct economic impact from salaries and \$95 million in annual tax revenue benefit to Los Angeles County. For more information, please visit www.laedc.org or call (888) 4-LAEDC-1.

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