



Indiana seeks to become player in cargo flights

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The state nicknamed the "Crossroads of America" wants to become a preferred landing spot for cargo planes, but industry leaders say Indiana could have a tough time attracting flights from neighboring states because many airports are competing for the same business and freight companies are resistant to change.

The effort to attract flights from Chicago's busy O'Hare International Airport is the latest salvo in Indiana's effort to use tax cuts to draw business from Illinois, which has been raising taxes because of its state budget crisis.

State Sen. Tom Wyss, R-Fort Wayne, introduced a bill in the Indiana General Assembly that would have provided a 50 percent tax credit to companies investing in transportation or logistics operations.

The bill was stripped of most of its funding in the Senate because of budget concerns, but Wyss said he hopes some month will be restored in the House after Democrats end a month-long boycott.

Bart Giesler, executive director of the Aviation Association of Indiana, said Indiana is an ideal spot for a freight hub.

"Chicago is just a bottleneck, whether it's at the airport or all the congestion on the roads," Giesler said. "We think if you land in Indiana you can bypass all that and lower the distribution costs."

Most of Indiana's airports are operating well below capacity. For example, Fort Wayne International Airport is at about 30 percent capacity, executive director Tory Richardson said.

Business advocates are working with companies on devising ways to increase the use of Indiana airports and those airports are working to get the word out that they have room for growth.

"We're looking at how do we change this trend of these flights going through Chicago and get this stuff going to Indy, or to Gary or to South Bend?" said David Holt, vice president of operations and business development for Conexus Indiana, a not-for-profit organization that works to boost the state's manufacturing and logistics industries.

Aviation experts say the effort will be a challenge because freight forwarders, the middlemen who act as travel agents for the nation's cargo shipments, are entrenched in large airports such as O'Hare and because airports throughout the country are trying to do the same thing.

"These are relatively underused facilities that are waiting for the handsome prince to come along and start flying into their towns," said Brandon Fried, executive director of the Airforwarders Association.

Indiana does have some factors on its side, said Ned Laird, a Seattle-based aviation consultant. O'Hare is one of the most expensive airports to use, especially for cargo flights, because of high landing fees and the cost of ground handling. He said it probably costs 10 percent to 15 percent less to land at an Indiana airport and truck it to Chicago.

But he points out challenges as well. Laird and Jeffrey Price, an associate professor of aviation at Metropolitan State College of Denver, say improvements in trucking are cutting into the air cargo industry.

"It's generally cheaper to throw it on a truck because of the cost of air travel," Price said.

Another challenge, Fried said, is that freight forwarders prefer to work out of big airports like O'Hare because most international and domestic airlines fly out of those locations.

Conexus hopes some Indiana businesses can persuade freight forwarders to work out of state airports. It is surveying businesses to see how much cargo they ship and where it goes. Holt said the idea is to find companies that might be sending goods through Chicago but could save time and money by shipping through an Indiana airport.

Fried said unless Conexus can find enough businesses to fill a cargo plane on a regular basis, he doesn't think the plan will fly. He said freight forwarders would rather rent space on commercial airlines.

"Freight forwarders are asset averse. We don't like buying airplanes. We don't like owning equipment. We'd rather rent it," Fried said. "We'll let American make the investment in the airplanes and then we'll buy the available space in the belly of those planes to fly our cargo."

He said the only way tax incentives might help is if the state could entice a shipping company like United Parcel Service to move a hub to an Indiana airport.

Indianapolis International Airport already is the second-largest hub worldwide for Federal Express, with an average of 73 flights a day. The company, which employs 4,800 people in Indianapolis, says the airport is a good location because more than 70 percent of major U.S. business markets are within a day's drive of the airport.

Holt, though, remains hopeful, saying the cargo flights could be a boon to economic development.

"We're going to be increasing the trucking business," Holt said. "We're going to be increasing employment at the airports both for the private companies at the airport and the people who work at the airports. It's going to be an economic generator."