INDUSTRY DEFINITION

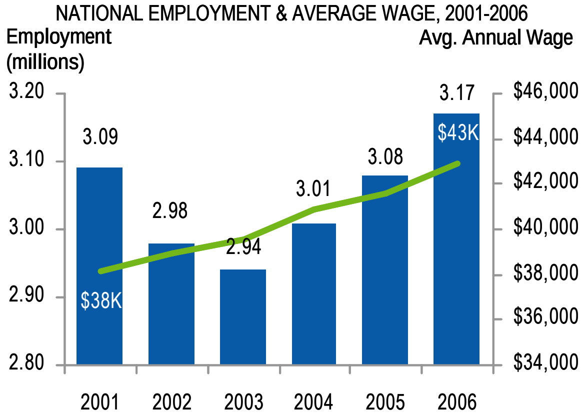
International trade is defined by transporting commodities and finished goods between countries, including both exporting commodities and goods from the U.S. as well as importing commodities and goods from around the world. Logistics is the process of planning, implementing, and controlling the efficient flow of goods and services through the supply chain from producer to consumer. Distribution includes all freight carriers (air, water, trucking, and intermodal) and warehousing. Until recently, most manufacturing firms took responsibility for the warehousing and coordination of their flow materials. Now these services are often outsourced to develop advanced just-in-time delivery systems. The integration of international trade, logistics, and distribution into one continuous and extensive supply chain driven by global free trade has put this industry at the forefront of economic growth.

The maturation of the industry has produced two distinct and complimentary fields. Trade and distribution will continue to be serviced by "low-tech" suppliers, including actual transportation of goods by ship, train, airplane, and truck, though growth rates for international trade will continue to remain high. In the U.S., international trade will increasingly drive investment, with ports across the Gulf of Mexico benefiting greatly from the Panama Canal expansion expected to be complete by 2014. Logistical coordination, on the other hand, is a high value-added service that will drive industry growth in coming years. Technical workers dominate employment in this field. It is composed of advanced just-in-time distribution and logistics networks, goods movement coordination, and the electronic devices involved, often called "track and trace." Federal Express pioneered the service side of distribution, and more established companies have been racing to catch up, including the United States Postal Service and various international shipping lines.

NATIONAL GROWTH TRENDS

INT'L TRADE, LOGISTICS, & DISTRIBUTION

NATIONAL EMPLOYMENT & AVERAGE WAGE, 2001-2006



Source: Bureau of Labor Statistics QCEW

The national economic slowdown in 2001 resulted in fewer goods being shipped throughout the country and produced a sharp decline in demand for distribution services through 2003. Although industry revenues and profits fell considerably during this period, growth returned in 2004 and has continued ever since. Growth has been driven largely by increased imports from overseas, particularly from China and other Asian countries. National distribution and logistics employment declined by 150,000 from 2000 to 2003, but 2004 through 2006 saw an aggressive period of growth in which 230,000 jobs were added. As U.S. retailers continue to increase imports from China and other global manufacturing and commodity centers, the distribution and logistics industry is expected to experience continued growth.

As virtually every product sold in America moves through trade, logistics, and distribution channels, the industry is responsible for transporting a third of the nation's GDP. Increasingly, most goods are warehoused and shipped from their point of production or near the final destination. International trade underpins economic growth globally, and the U.S. increasingly relies on Chinese imports for finished products.

As noted by a May 2007 report from the Port of New Orleans, U.S. imports from North Asia (including China and Japan) grew by more than 108% from 1997 to 2007. Other large industrializing countries, including India and Brazil, offer the Greater New Orleans region opportunities to establish new markets for regional products as well as providing access to the U.S. markets for foreign firms. The movement of these goods, a $300 billion industry, is increasingly coordinated by high-tech means such as global positioning satellites, real-time internet tracking, and just-in-time inventory systems. New opportunities for capturing containerized traffic will depend on large infrastructure investments to match the expanded capacity for trade through the Panama Canal once a third, larger set of locks are completed in 2014. The Panama Canal expansion will open Gulf of Mexico ports to substantial new sources of trade with Asia, as shipping companies look to avoid long delays and labor problems at West Coast ports. In addition, the Panama Canal opens the Greater New Orleans region to greater access to the west coast of South America, including large markets in Chile and Peru, providing the region with the ability to capitalize on its long term goals of becoming the Central America Free Trade Agreement (CAFTA) Gateway.

Despite the industry's recent recovery, international trade, logistics and distribution faces potential long-term hurdles. Infrastructure required to meet the needs of containerized shipping will require significant investments in public and private port facilities, rail capacity, highway improvements, and multi-modal transportation yards to keep pace with the increasing volumes of trade. In addition, traditional domestic high-volume users of logistics and distribution are declining in importance relative to the U.S. economy. Manufacturing, which uses almost a quarter of all transportation services, increased its valued output by a mere 8.8% between 1999 and 2004. During this same period, the national GDP increased by 26.4%. As the U.S. becomes more service-oriented, these structural trends are expected to continue. Sustaining a successful local distribution sector will be highly dependent on the overall health of local manufacturing, the accessibility to nearby markets as a destination for in-bound goods from developing countries, and the vibrancy of local ports.

LOCATION DECISION CRITERIA

The international trade, logistics, and distribution industry depends to a large extent on the transportation infrastructure of any particular location. Containerized port facilities, intermodal transfer yards, excellent highway, rail, and airport access, along with cheap access to industrial land, access to large regional and national markets, and a lack of inventory taxes are essential to international trade, logistics, and distribution firms. The top five decision criteria for this industry include:

- Access to multi-modal transportation: Access to rail, interstates, ports, and airports is essential
- Market access: Must be within a relatively short distance of a large market
- Low inventory taxes: Must not tax inventory heavily
- Available sites: Must provide available greenfield sites with transportation access
- Low utility costs: Must provide low electricity and natural gas prices

Structural Assets

Transportation infrastructure is extremely important to international trade, logistics, and distribution firms. Companies require well-maintained, un-congested roads, and close, if not on-site port and rail access. Containerized port facilities further support this industry, with containerized freight continuing to experience dramatic growth. Overnight carrier hub proximity and airport access are viewed favorably. Affordable land for large distribution centers is another key criterion for distribution center locations, which have increasingly located in rural areas to avoid high costs for land and building construction. As industries increasingly shift to just-in-time manufacturing, more distribution operations, and international trade and logistics companies will be required within close proximity to service regional manufacturing operations and large metropolitan markets.

Costs of Doing Business

Advanced international trade, logistics, and distribution companies invest primarily in warehouses, trucks, equipment, and IT infrastructure. Inventory taxes are avoided at all costs and many distributors look for special incentives such as reduced taxes on fuels. Areas with low taxes, competitive wages, affordable utilities, and available land are ideal. Those large operations require massive land tracts at low prices, and generally make minimal building improvements. Recent expansions have received tax abatements, tax credits, infrastructure improvements, and industrial revenue bonds.

Research & Development

Local research institutions do not significantly affect the location of international trade, logistics, and distribution firms. Although companies utilize inventory tracking and logistics software, the development of these technologies are not location sensitive. Of course, areas with significant investments in educational programs for the international trade, logistics, and distribution industry will gain from their production of a quality workforce.

Economic Conditions

International trade, logistics, and distribution firms continually seek out locations close to their end customers, avoiding ports where unions are prevalent, and continuing to seek out easy access to large regional and national markets. Regional economic growth is important as well. Logistics and distribution companies' revenue comes largely from area firms and regional consumer needs, with the exception of large national distribution centers focused on major ports. International trade companies must be able to serve a large, growing market. In either case, companies desire a growing regional economy that expands their potential client base. Large companies typically locate near mid-size to large metros with a strong containerized port and an airport with U.S. Customs freight facilities.

Workforce

International trade, logistics, and distribution firms need a blue-collar workforce; manufacturing workers have proven to be excellent fits for the industry. Relatively few employees in this industry require a bachelor's degree, though international trade and finance require many more educated employees. Recruitment for this industry should prove to be relatively easy as the highest growth occupations are labor- intensive.

RAILROAD CONNECTIONS

CONNECTIONS TO ALL 6 CLASS I RAILROADS IN NORTH AMERICA:

(NORFOLK SOUTHERN, KANSAS CITY SOUTHERN, CANADIAN NATIONAL, UNION PACIFIC, BURLINGTON NORTHERN SANTA FE, CSX)

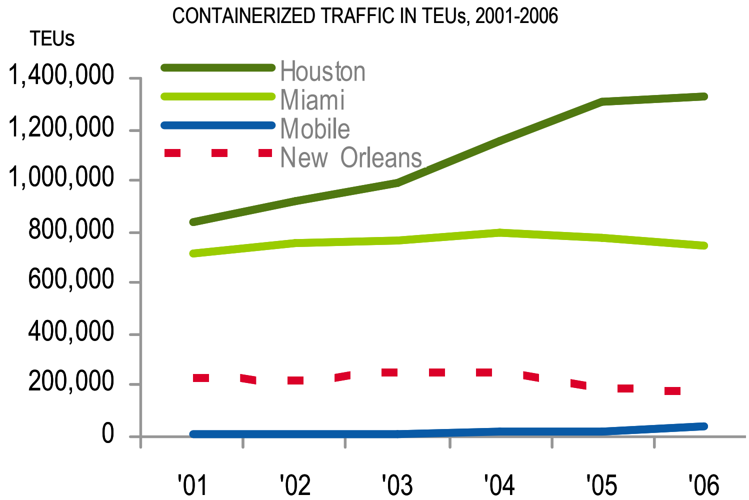
Source: New Orleans Public Belt Railroad

GNO REGIONAL ASSESSMENT

GNO GROWTH TRENDS

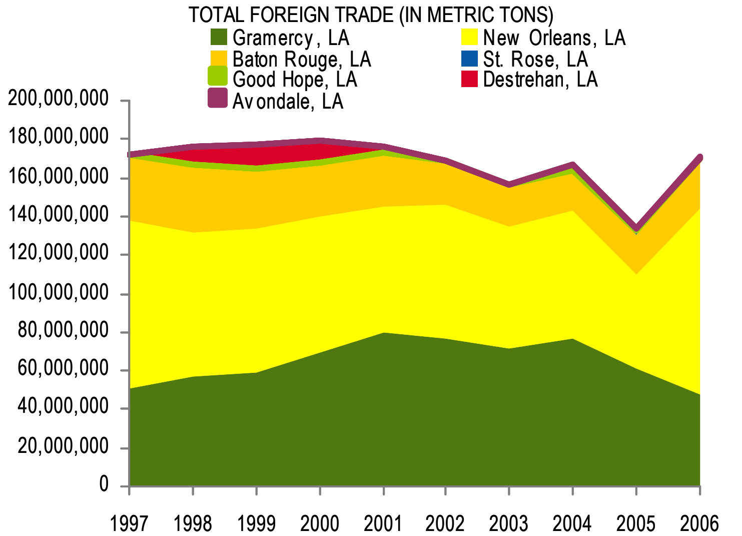
Of any metropolitan area in the United States, Greater New Orleans is arguably one of the most connected to the national port, railroad, and highway infrastructure systems. With access to all Class I railroads operating in North America, and with its strategic location at the mouth of the Mississippi River, New Orleans has traditionally functioned as the primary port for exporting much of the nation's agricultural and mineral bulk commodities, including grain, timber, and coal. In addition, these ports, particularly the Port of South Louisiana, imports much of the nation's oil for refining and petrochemical manufacturing. While these trends continue today, the seven ports of South Louisiana face a new challenge – the continued growth of containerized traffic and the relative decreases in bulk, break bulk, and RO/RO (roll-on, roll-off) cargo for imports and exports.

CONTAINER TRAFFIC BY REGIONAL PORTS



Source: U.S. Maritime Administration

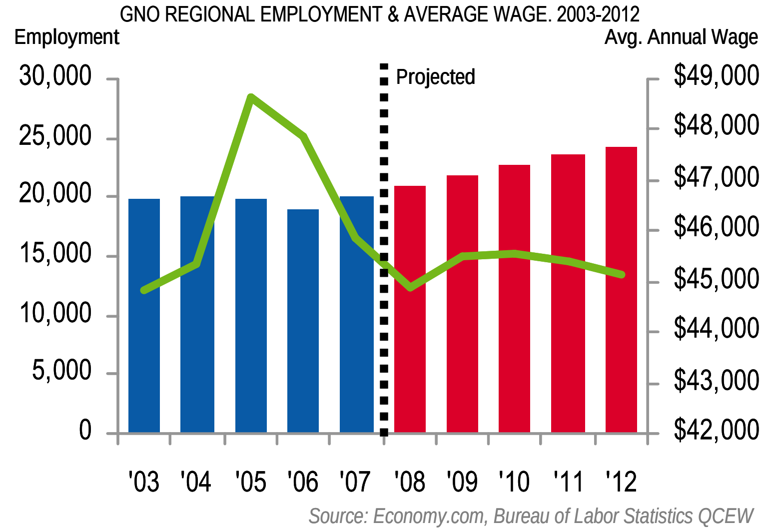
FOREIGN TRADE, 1997-2006



Source: U.S. Maritime Administration; U.S. Census Bureau, Foreign Trade Division

The ports in the Greater New Orleans region face continuing struggles to capture some portion of the market for containerized cargo traffic against competitors along the Gulf and Atlantic coasts. While Houston's total containerized traffic has growth more than 105% since 1997, Miami's more than 19%, and Mobile's an astonishing 237%, New Orleans-area ports actually recorded a 26% decrease in containerized traffic, although some of this can b e attributed to the effects of Hurricane Katrina. New opportunities for capturing containerized traffic will depend on large infrastructure investments to match the expanded capacity for trade through the Panama Canal once a third, larger set of locks are completed in 2014. This will open Gulf of Mexico ports to substantial new sources of trade with Asia, as shipping companies look to avoid long delays and labor problems at West Coast ports. Houston and Mobile have already prepared for this increase in trade with new container ports expected to handle container traffic growth for the foreseeable future, and Houston is undertaking additional steps to relieve regional rail capacity bottlenecks to further increase its ability to handle freight traffic.

INT'L TRADE, LOGISTICS, & DISTRIBUTION



Source: Economy.com, Bureau of Labor Statistics QCEW

The ports of the Lower Mississippi also continue to run a trade surplus with the rest of the world, unlike virtually every other port in the United States. Because of the value of chemicals produced in the region and grain commodities grown across the United States and shipped down the Mississippi, the ports of the Lower Mississippi continue to serve an enormous trade area, not just an immediate regional trade area of Louisiana and the Gulf Coast. For this reason, there are many opportunities for transforming these trade, logistics, and distribution assets into a larger driver of the regional economy through additional value-added goods manufacturing and logistics services.

Wages in the international trade, logistics, and distribution industry in the Greater New Orleans region spiked during 2005 and 2006 following Hurricane Katrina, though data from Economy.com indicates that wages are expected to return to more normal levels from 2007 through 2012. Employment dropped somewhat during 2005 and 2006, though has returned and is expected to continue to grow, adding nearly 4,000 new jobs over the next five years.

COMPETITIVE COSTS AND CONDITIONS ANALYSIS

AngelouEconomics evaluated the potential for economic development in the international trade, logistics, and distribution industry based on a site-selection based model of costs and conditions comparisons. Greater New Orleans shows excellent potential within this area, with a large market within 600 miles, low property and refundable inventory taxes, and average wages, electricity costs, and land costs. With the primary competition in this industry coming from the surrounding ports of Houston and Mobile, the Greater New Orleans area is not at a disadvantage from a cost perspective – indeed, its tax rates and operating costs are comparable or lower than many of its competitors. Ports in the Greater New Orleans region must continue to invest in publicly-owned transportation infrastructure to keep up with the competition. Container traffic will continue to grow more rapidly than bulk and break bulk cargo, and regions that do not invest to accommodate such traffic will surely fall behind.

The impact of Hurricane Katrina caused additional problems for commodity importers. Coffee importation, for example, swiftly moved to Houston in the wake of Katrina, with Houston becoming the world's largest coffee exchange port in the world in April 2006. The closure of the Mississippi River Gulf Outlet (MR-GO) Canal required the rebuilding of the New Orleans Cold Storage facilities, though this will likely help the region grow its

COMPETITIVE COSTS ANALYSIS- INT'L TRADE, LOGISTICS, & DISTRIBUTION								
Criteria	Houston, TX		Miami, FL		Jacksonville, FL		GNO, LA	
Electricity (Provider)[1]	Reliant Energy		Florida P&L		Jacksonville Elec.		Regional Average[1]	
Commercial (per kWh)	$0.1148		$0.0828		$0.0676		$0.0929	
Industrial (per kWh)	$0.0744		$0.0676		$0.0501		$0.0798	
Average Annual Wage (5 year growth)[2]	16.8%		18.0%		7.5%		2.3%	
2007	$57,529		$50,624		$39,542		$45,836	
2006	$54,745		$48,738		$38,114		$47,876	
2005	$53,914		$46,805		$38,108		$48,661	
2004	$52,893		$44,548		$37,239		$45,324	
2003	$49,244		$42,909		$36,796		$44,818	
Real estate prices[3]	Low	High	Low	High	Low	High	Low	High
Office park (per acre)	$131,000	$436,000	$1,000,000	$1,800,000	$150,000	$500,000	$174,000	$871,000
Industrial park (per acre)	$109,000	$218,000	$750,000	$1,100,000	$120,000	$180,000	$131,000	$610,000
Land (non-park) (per acre)	$175,000	$2,178,000	$1,000,000	$1,500,000	$80,000	$120,000	$44,000	$348,000
Taxes[4,5,6]								
State income tax rate[4]	NONE		5.5%		5.5%		4.0% - 8.0%	
Sales tax rate	8.25%		7.00%		9.5%		Up to 9.5%	
Average real and personal property tax rate[5]	18.87 mills		14.49 mills		10.38 mills		4.26 mills	
Real and personal property tax rate range[6]	8.20 - 29.27 mills		9.94 - 20.00 mills		4.08 - 16.14 mills		0.99 - 9.72 mills	
Air Quality Non-Attainment Status[7]	8-hr ozone		NONE		NONE		NONE	
Airport connections[8]	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Nonstop destinations	118	73	46	72	33	0	37	0
Population w/in 1000 km (600 mi)	45,792,517		30,023,913		67,590,089		76,424,368	
Inventory taxes	NONE		NONE		NONE		YES (Full credit avail.)	

(1) Source: Energy Information Agency, 2007
(2) Source: Economy.com, 2007
(3) Source: NAI/CIP, 2007
(4) Source: Federation of Tax Administrators, 2006
(5) Source: AngelouEconomics, 2006
(6) Source: AngelouEconomics, 2006
(7) Source: U.S. EPA, 2007
(8) Source: AngelouEconomics, 2007

food imports from Central and South America in the long run. Continued struggles with insurance repayments for rebuilding facilities at the Port of New Orleans add to the challenge in regaining lost traffic.

Additionally, lack of direct water service to Asia continues to be a major problem for the Greater New Orleans area. While ships make calls at Tampa, Mobile, and Houston for 32 day service to China via the Panama Canal, no shipping lines make direct calls to China from New Orleans regional ports. The addition of a 4-million square foot Wal-Mart Distribution Center along the Houston Ship Channel was partly due to this service, as well as attractive incentives from state and local government. Although airport flights continue to return to the Greater New Orleans region, 2007 cargo shipments to Louis Armstrong International Airport dropped by more than 8% from 2006 year-to-date statistics. While the Greater New Orleans region continues to investigate ways to stimulate air trade with Latin America, its primary competitors Miami and Houston have each grown cargo traffic 5% annually according to Airports Council International – North America.

WORKFORCE ASSESSMENT

The ability of the New Orleans region to provide an adequate workforce at reasonable wages continues to be a concern across the region. While wages across the Greater New Orleans region spiked in 2005 and 2006 in response to labor shortages, wages remain significantly below national averages.

While the University of New Orleans produces business graduates focused in logistics and distribution, many of the jobs most highly in demand require on the job training or technical and vocational degrees. According to Economy.com data (see chart on page 19), the Greater New Orleans region has not experienced significant job loss in the international trade, logistics, and distribution industry, as jobs lost due to Hurricane Katrina were swiftly regained as trade returned to New Orleans.

GNO, Inc. must focus on maintaining the supply of skilled workers for this vital industry. Key positions with regional shortages include logisticians, transportation inspectors, and marine engineers, all among the most highly-educated occupations in the industry. On the whole, however, the Greater New Orleans region provides

Key Occupations in the International Trade, Logistics, & Distribution Industry

Occupation	Employment		Average Wage			Occupational Information	
Title	New Orleans MSA*	10-year U.S. Growth Projection	US	New Orleans MSA*	Wage Differential	% with Bachelor's Degree+	Education
Ship engineers	550	12.7%	$59,340	$58,080	-2.2%	15%	Postsecondary vocational award
Sailors and marine oilers	3,000	5.2%	$32,710	$31,440	-4.0%	9%	Short-term on-the-job training
Captains, mates, and pilots of water vessels	2,310	4.8%	$57,060	$60,210	5.2%	19%	Work experience in a related occupation
Reservation & transportation ticket agents and travel clerks	300	2.4%	$30,120	$29,250	-3.0%	23%	Short-term on-the-job training
Transportation workers, all other	130	13.9%	$32,350	$30,770	-5.1%	5%	Short-term on-the-job training
Aircraft mechanics and service technicians	540	13.4%	$49,300	$43,530	-13.3%	11%	Postsecondary vocational award
Truck drivers, heavy and tractor-trailer	4,680	12.9%	$36,320	$32,570	-11.5%	5%	Moderate-term on-the-job training
Commercial pilots	140	16.8%	$66,720	$65,980	-1.1%	78%	Postsecondary vocational award
Transportation inspectors	70	11.4%	$55,370	$34,870	-58.8%	20%	Work experience in a related occupation
Avionics technicians	**	9.1%	$47,380	$45,250	-4.7%	14%	Postsecondary vocational award
Baggage porters and bellhops	370	14.0%	$21,580	$19,090	-13.0%	15%	Short-term on-the-job training
Dispatchers, except police, fire, and ambulance	1,140	5.7%	$34,450	$33,770	-2.0%	11%	Moderate-term on-the-job training
Electronics installers and repairers, transportation equipment	**	6.6%	$43,650	$37,610	-16.1%	8%	Postsecondary vocational award
Transportation, storage, and distribution managers	390	12.7%	$78,560	$63,490	-23.7%	24%	Work experience in a related occupation
Supervisors of material-moving machine and vehicle operators	820	15.3%	$50,990	$47,900	-6.5%	15%	Work experience in a related occupation
Bus and truck mechanics and diesel engine specialists	560	14.4%	$38,440	$37,250	-3.2%	3%	Postsecondary vocational award
Industrial truck and tractor operators	1,690	7.9%	$29,090	$25,910	-12.3%	3%	Short-term on-the-job training
Supervisors of helpers, laborers, and material movers, hand	580	8.1%	$41,940	$38,350	-9.4%	15%	Work experience in a related occupation
Motorboat operators	50	4.4%	$34,810	$37,070	6.1%	19%	Moderate-term on-the-job training
Laborers and freight, stock, and material movers, hand	10,680	10.2%	$23,050	$21,570	-6.9%	5%	Short-term on-the-job training
Crane and tower operators	570	8.2%	$41,450	$35,340	-17.3%	1%	Long-term on-the-job training
Truck drivers, light or delivery services	3,900	15.7%	$27,520	$24,910	-10.5%	5%	Short-term on-the-job training
Motor vehicle operators, all other	80	25.7%	$26,550	$18,310	-45.0%	12%	Short-term on-the-job training
Shipping, receiving, and traffic clerks	2,110	3.7%	$27,480	$25,290	-8.7%	7%	Short-term on-the-job training
Marine engineers and naval architects	100	8.5%	$75,400	$62,010	-21.6%	60%	Bachelor's degree
Packers and packagers, hand	760	10.1%	$19,340	$17,230	-12.2%	4%	Short-term on-the-job training
Logisticians	80	13.2%	$65,640	$69,260	5.2%	52%	Bachelor's degree
Bridge and lock tenders	110	7.2%	$35,930	$27,810	-29.2%	9%	Short-term on-the-job training
Production, planning, and expediting clerks	840	7.7%	$40,000	$40,370	0.9%	29%	Short-term on-the-job training
Sales representatives, services, all other	1,030	18.7%	$56,420	$42,840	-31.7%	48%	Moderate-term on-the-job training
Riggers	320	13.9%	$39,670	$28,740	-38.0%	1%	Short-term on-the-job training
Supervisors of mechanics, installers, and repairers	1,890	12.4%	$56,110	$50,110	-12.0%	12%	Work experience in a related occupation
Cleaners of vehicles and equipment	1,010	8.3%	$20,130	$17,910	-12.4%	3%	Short-term on-the-job training
Conveyor operators and tenders	170	7.7%	$27,970	$22,560	-24.0%	0%	Short-term on-the-job training
Helpers--installation, maintenance, and repair workers	940	16.4%	$24,210	$21,180	-14.3%	5%	Short-term on-the-job training

*Source: BLS Occupational & Employment Statistics; *New Orleans-Metairie-Kenner MSA only* a reasonable availability of workers to the trade, logistics, and distribution industry, with wages near or in many cases below national averages. These all indicate that companies seeking to locate in the region would have significant operational cost competitiveness due to lower than average wages and an available workforce.

SUPPLY CHAIN ANALYSIS

To further refine the focus of economic development efforts, AngelouEconomics undertook a supply chain analysis using IMPLAN. This data reveals the source and amount of purchases among many different industries. By identifying the areas where the international trade, logistics, and distribution area purchased goods and services from outside the regional economy, we can help to identify niche sectors to target for recruitment, retention, and expansion efforts. The chart below shows the flows of trade both within the region and from outside of the Greater New Orleans region.
Niche sectors to target for expansion appear as imports from outside the region, but still within the industry. In this case, air freight and rail transportation services were both identified as niches for expansion. Key purchases from within the region include:

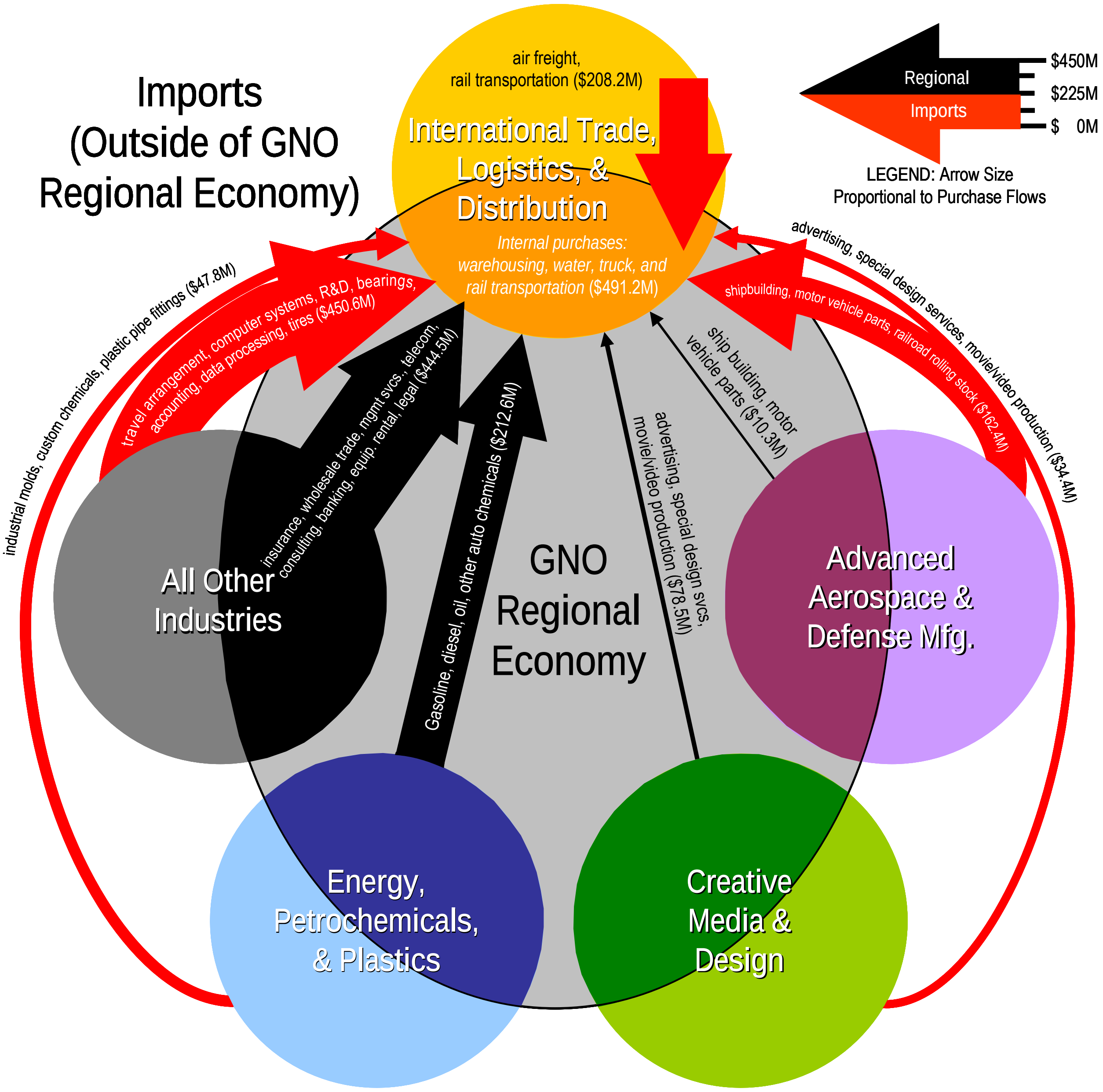
- gasoline, diesel, and oil from the energy, petrochemicals, and plastics industry ($212.6 mil.)
- advertising and special design services from the creative media and design industry ($78.5 million)
- ship building services from the advanced aerospace and defense manufacturing industry ($10.3 million)
- insurance, management services, consulting, banking, and legal services from all other sectors of the regional economy ($444.5 million).

In addition, other many services and products were purchased from outside of the region, including:

- transportation arrangement services, computer systems, R&D, bearings, accounting, data processing, and tires ($450.6 million)
- industrial molds, custom chemicals, and pipe fittings from the energy, petrochemicals, and plastics industry ($47.8 million)
- advertising, special design services, movie/video production from the creative media and design industry ($34.4 million)
- shipbuilding, motor vehicle parts, railroad rolling stock from the advanced aerospace and defense manufacturing industry ($162.4 million)

This analysis demonstrates the industry's focus within the Greater New Orleans region on the actual transportation and trading of goods, with much less emphasis on the international trade, logistics, supply chain, distribution, and maintenance and repair areas of this industry. Though high-end services, such as management consulting, legal, banking, and insurance services are all purchased locally, these services are broadly required to support industry across the region, and not specific to the international trade, logistics, and distribution industry. These value-added services should be leveraged to increase the economic output of the port, railroad, and highway infrastructure for the Greater New Orleans area.

INTERNATIONAL TRADE, LOGISTICS, & DISTRIBUTION INDUSTRY – GNO REGIONAL SUPPLY CHAIN MAP



Source: Minnesota Implan Group, AngelouEconomics

NICHE SECTORS

Niche sectors to be pursued within the international trade, logistics, and distribution industry should focus on continuing to strengthen the value-added portions of this industry. Logistics and supply chain firms, along with regional distribution centers should be targeted for expansion and retention efforts within this industry.

Value-Added Manufacturing