

Northwest's Proposed U.S. - China Services Will Provide a Significant Economic Benefit to the Detroit Region

Impact of Additional Visitors

<u>Item</u>	<u>Current</u>	<u>Year 1</u>	<u>Year 2</u>
Annual Frequencies, Each Direction ¹	468	728	832
Incremental Additional Frequencies vs. Current		260	364
Annual Seats, Both Directions ¹	371,696	606,164	690,664
Incremental Additional Seats vs. Current		234,468	318,968
Estimated Average Load Factor ²		75%	75%
Total Pax on Board New Services (Excl. 5th Freedom Beyond NRT)		175,851	239,226
% of Passengers Travelling to or from Region ³		30%	30%
Estimated Passengers Travelling to or from Region		52,755	71,768
% of Passengers Visiting Region from Overseas ³		42%	42%
Estimated Visitors from Overseas Utilizing New Services		22,157	30,142
Estimated Stimulization (New Visitors to Region)		100%	100%
Net New Visitors to Region		22,157	30,142
Average Expenditure per Visitor ^{3, 4}		\$1,397	\$1,425
Total Primary Visitor Expenditures in Region		\$30,960,513	\$42,960,865
Multiplier (for Visitor Expenditures) ⁵		1	1
Induced Expenditures		\$30,960,513	\$42,960,865
Total Visitor Impact on Region (Primary and Induced Expenditures)		\$61,921,027	\$85,921,731

Impact of Passenger Revenues

<u>Item</u>	<u>Current</u>	<u>Year 1</u>	<u>Year 2</u>
Average Revenue per On-Board Passenger (Estimated)		\$1,100	\$1,100
Total Passenger Revenue		\$193,436,100	\$263,148,600
% of Revenue Generated in Region ³		17%	17%
Total Passenger Revenue Generated in Region (Primary Impact)		\$32,884,137	\$44,735,262
Multiplier ⁵		1	1
Induced Expenditures		\$32,884,137	\$44,735,262
Total Impact on Region (Primary and Induced Expenditures)		\$65,768,274	\$89,470,524

Impact of Cargo

<u>Item</u>	<u>Current</u>	<u>Year 1</u>	<u>Year 2</u>
Additional Belly Cargo Capacity, Each Way (lbs.)		8,320,000	11,648,000
Additional Freighter Capacity, Each Way (lbs.) ¹		22,880,000	45,760,000
Total Additional Freight Capacity, Each Way (lbs.)		31,200,000	57,408,000
Estimated Load Factor, Westbound Attributable to Region		35%	35%
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Annual On Board Freight Traffic on New Services, Westbound (lbs.)		23,400,000	43,056,000
Annual On Board Freight Traffic on New Services, Eastbound (lbs.)		23,400,000	43,056,000
Estimated Revenue per Pound		\$1.00	\$1.00
Total Revenue Accrued		\$46,800,000	\$86,112,000
% of Revenue Accruing to Region		35%	35%
Total Revenue Accruing to Region (Primary Impact)		\$16,380,000	\$30,139,200
Multiplier ⁵		1	1
Induced Impact		\$16,380,000	\$30,139,200
Total Impact		\$32,760,000	\$60,278,400

Summary

Impact of Additional Visitors	\$61,921,027	\$85,921,731
Impact of Passenger Revenues	\$65,768,274	\$89,470,524
Impact of Cargo	\$32,760,000	\$60,278,400
Total Regional Impact of New Passenger Services	\$160,449,301	\$235,670,655

Sources:

1/ Application of Northwest Airlines

2/ Estimated from Northwest 1998 Pacific results

3/ Economic Impact Study - Detroit Metropolitan Wayne County Airport

4/ Adjusted to 1999 and 2000 via CPI

5/ Implied Multiplier from Smith, Wilbur, The Economic Impact of Civil Aviation on the U.S. Economy