

Baseline Conditions Report Executive Summary

The overall purpose of the Wichita International Trade Study is to serve as a blueprint for how the Wichita area can better position itself to compete in the global market.

To achieve this goal the study will look at how the area can leverage its investment in roadway, rail, and intermodal infrastructure and look for opportunities to use technology in ways that make it easier and more affordable for businesses to participate in international trade. This study will define the most appropriate concept for the Wichita area by understanding existing and forecasted freight flows, technology assets, and specific assets within institutions and organizations. Understanding these elements will allow Wichita to build on its strengths and allow the region to plan for successful strategies to increase international trade and better position itself to compete in a global market.

STUDY OVERVIEW

The flow chart on this page outlines the steps the study team will undertake as part of the feasibility study. The first step in the study will help the team gain an understanding of international trade flows and systems exists in Wichita today and determine how to carry those existing assets forward.

Next, the study team will work with local partners and use the baseline study to create the concept for an international trade processing center (ITPC). Implementing the concept will require an assessment of financial, technical and

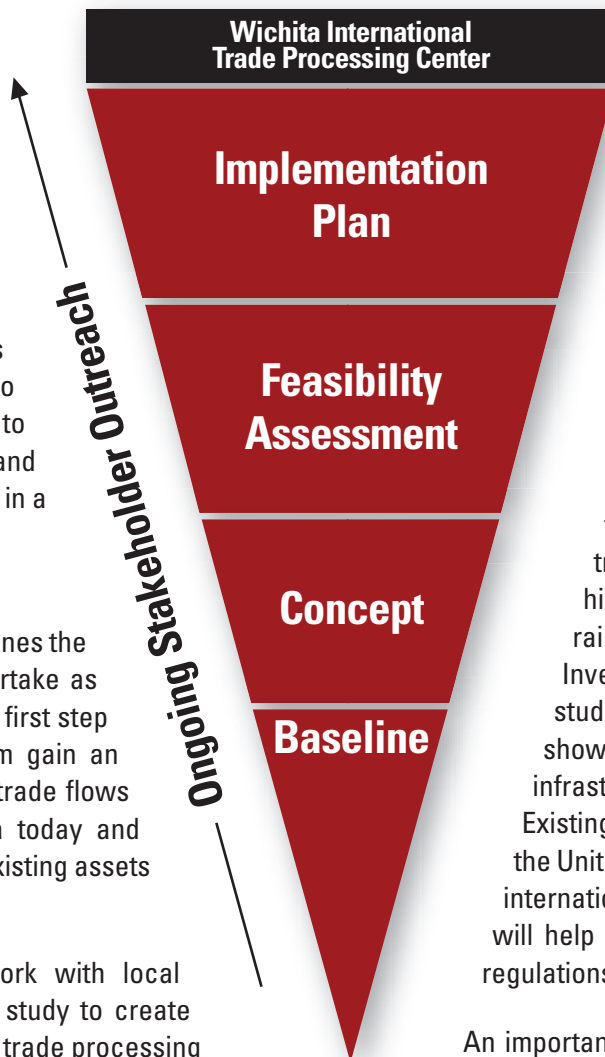
political and business support to determine if it is feasible for Wichita to carry forward.

Once the feasibility is determined, an implementation plan that comprises all of the study components will be created.

BASELINE CONDITIONS: To date, the Baseline Conditions report shows that the Wichita economy is focused on manufacturing and skilled labor industries, which rely heavily on the timely delivery of parts and raw materials, and the broader region has an important agricultural focus. A strong infrastructure and advanced trade processing systems can ensure that timely international transactions occur for these important industries.

In addition, Wichita benefits from its central location in the U.S. and the connectivity provided by its transportation assets like the interstate highway system, Class I and shortline railroads and its status as the "Air Capital". Investments like the K-254 and K-96 corridor studies and the Central Corridor rail project show that the Wichita area already supports infrastructure investments that benefit trade. Existing trade resources, like the local office of the United States Department of Commerce and international programs at nearby universities, will help the Wichita area stay on top of trade regulations and technology systems.

An important finding from the freight flow analysis is that international trade from the Wichita Business Economic Area (BEA) is forecast to continue growing

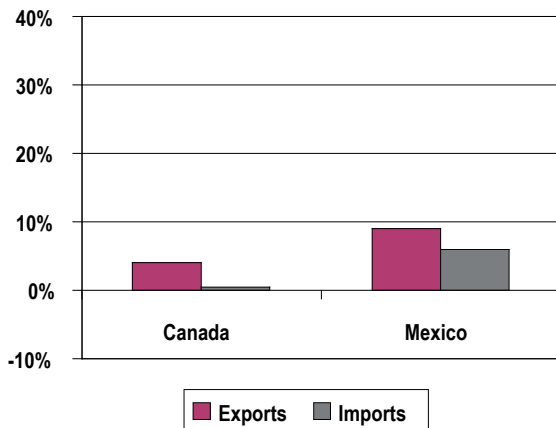


over the period to 2015. The Wichita BEA covers over 50 Kansas counties including Wichita and areas north and west of the city.

The performance will vary across the different trade lanes but the mode of distribution will remain similar to today with rail the main mode for exports to Mexico and imports from Canada, and truck handling the majority of imports from Mexico and exports to Canada.

Forecasted Growth

Compound Annual Growth Rate from 2004 to 2010



For Canada, the annual forecast growth for exports is 3% and imports to be flat to slightly positive. For Mexico, exports to Mexico are forecast to grow at 9% and imports are forecast to grow at 8%.

One of the largest volume commodities shipped from the region is grain. In 2004, 4.6 million short tons were shipped to the coasts from the Wichita area. Imports that arrive to US ports and then are sent by intermodal rail to this region, mainly from Asia, are forecast to grow by 8% over the period to 2015. These commodities include consumer goods like textiles and furniture.

PERCEPTIONS: Among those businesses involved in international trade, more than half surveyed as part of the Baseline Conditions report rated the current system for processing international trade as “OK” or “poor.” Some of their top reasons for not doing more international trade were:

- (1) the lack of trained personnel,
- (2) a perception that the process is too complicated, and
- (3) shipping times taking too long.

The goals of the feasibility study aim to directly address the needs of these companies

EDUCATION AND TRAINING: Among the first opportunities to emerge from the initial Baseline Conditions analysis suggests that education and training are critical to provide a catalyst for more participation in international trade. Specifically, there is a need to:

- Close the gap between companies that are in need of experience or resources and the service providers that do business here may facilitate an increase of imports and exports in the Wichita region.
- Train in the areas of trade procedures, access to available resources and potential international growth opportunities.

In summary, the increased international trade that may result from services offered in Wichita could be used to eventually justify investment in facilities that would be needed to support the increased trade volume. The initial interest in facilities would be primarily for businesses and organizations new to international trade or those companies that see an advantage over their current supply chain strategy.

In the next phase of the Wichita International Trade Study a concept will be created building on the opportunities identified in this baseline report. Additionally, technology components will be assessed to bring greater value to the services provided to users of an international trade processing center.