

Consultant's Statements on Port Jobs

(Martin Associates–Consultant to the North Carolina State Ports Authority)

Port of Wilmington

In 2006, Martin Associates, an economic consultant to ports authorities throughout North America, provided the North Carolina State Ports Authority an *Economic Impact Study* of the State ports. This estimated the economic impacts generated by vessel activity at the marine terminals at Morehead City and Wilmington. The Ports Authority used this study as the basis of claims of supporting 85,000 jobs–without mentioning that 73,000 of those jobs are not dependent on the ports.

The study included the effects of the private terminals at Wilmington harbor as well as the State Port. Such terminals handled approximately the same annual tonnage as the State Port–about three million tons.

These are some findings:

- The State Port at Wilmington employed 230.
- 2137 other jobs were *directly* dependent on activities at the public terminal at the Port of Wilmington, that is, jobs that would cease in the short term if port activities were discontinued. Those included truck drivers, railroad workers, government employees and the like. This is the list from the report (p. 17).
- Purchases made by firms dependent on the marine activity at the State Port at Wilmington supported 195 *indirect* jobs.
- Purchases of goods and services made by the 2367 direct employees *induced* 3043 jobs in retail stores, schools, and other services.
- Users of the ports at Wilmington and Morehead City (including the private operations in Wilmington harbor) provided 73,388 jobs (p. 16). Martin Associates explains “These jobs are considered related to the port operations ..., but the degree of dependence on the port is difficult to estimate.” The consultant adds that those users can and do use other seaports and that it is the demand for the products that generates the employment and not the use of particular ports(p. 12). Those jobs would not cease if the ports discontinued operations.

PUBLIC WILMINGTON	
RAIL	28
TRUCK	489
TERMINAL EMPLOYEES	61
ILA/DOCKWORKERS	159
TOWING /BARGE	35
PILOTS	15
AGENTS	18
FORWARDERS	61
WAREHOUSING	54
GOVERNMENT&ASSOCIATIONS	156
MARITIME SERVICES	77
SHIPPERS/CONSIGNEES	950
NCSPA	230
BANKING/INSURANCE	34
TOTAL	2,367

Totals may not add due to rounding

The total–direct, indirect, induced, and related to State Ports and private operations–is an estimate of 85,000 jobs “in some way related to port operations”(p. 16). This is the source of the claims by the Ports Authority–which do not mention that 73,000 of those jobs would occur anyway.

Proposed North Carolina International Terminal

In 2008, Martin Associates prepared a similar analysis of *The Projected Economic Impacts of the North Carolina International Terminal*. The State Ports Authority extracted from this even more extravagant job claims, neglecting to mention that 97% of the jobs attributed to the proposed terminal are dependent on commerce, not the proposed port, and would occur anyway.

The 2008 study was based on the forecasts of CH2M Hill, Inc., the consultant to the Ports Authority doing the preliminary engineering for the container terminal. That basis has these flaws:

- CH2M Hill, Inc., forecast container movements of 3,000,000 twenty-foot equivalent units (TEU) for the year 2030 (p. 1). That estimate was highly qualified, and was about 15 times the then rate of movements at Wilmington (200,000 TEU). The estimate has been superseded by much lower estimates.
- Although the CH2M Hill Inc., forecast included very substantial capture of movements from ports in other states moving to inland states by rail, Martin Associates assumed that all movements originated in or were destined for North Carolina.
- The Martin Associates study does not take into account the “base case,” container movements through the Port of Wilmington that would occur without the proposed terminal, and thus does not show the additional effects, if any, of the proposed terminal.

In February 2011 Moffatt & Nichol, another consultant, forecast container movements through the Port of Wilmington in 2030 at about the current level of 250,000 TEU, assuming no significant improvements. For a “fully competitive” facility such as the proposed new terminal, slightly over 1,000,000 TEU were forecast. The Martin Associates report does have an estimate for 916,000 TEU, which is approximately the difference. These are the results for that figure:

- The report does not state the estimate for employees of the proposed terminal. The new APM terminal at Portsmouth, Virginia, the model for the proposed terminal, employs 44.
- The estimate of *direct jobs*, employees of the terminal and the truck drivers, longshoremen, government inspectors and the like is 2057. That is 310 fewer than at Wilmington in 2006.
- Purchases made by firms dependent on the marine activity at the proposed terminal would support 515 *indirect* jobs. Purchases of goods and services made by the 2057 direct employees would *induce* 2697 jobs in retail stores, schools, and other services—346 less than at Wilmington in 2006.
- *Related jobs*, jobs with users of the port, would be 141,000. Martin Associates cautions that such users also use other ports and that “The level of employment with these firms is driven by the demand for the firms’ products, not because the International Terminal is used.”(p. 2)

The total of direct, indirect, induced, and related jobs would be 146,000. But 141,000 of those would occur with or without the proposed terminal. Of the difference, most would simply be transferred from Wilmington, leaving only the jobs related to non-containerized shipments.