



# NoPort News

A newsletter of the North Carolina International Terminal

*All the news that prints to fit.*

September 15, 2009

## ***Economic Impacts***

The North Carolina State Ports Authority has been making extravagant claims about the economic impacts of the proposed North Carolina International Terminal. The cost of the terminal and its infrastructure cannot be recovered by fees, so they need other justification.

But the claims are bogus, deceptive. Unworthy of a component of the State government.

The claims are based on a report prepared by Martin Associates for the Ports Authority and delivered in March 2008. That is not posted on the Ports Authority Web site, but it is on ours. Perusal of its eight pages reveals these problems:

- *Misuse of data.* The Ports Authority says on its Web site that the new terminal will “bring nearly one-half million jobs to the State.” That’s not what the Martin report says. Martin Associates forecasts that 477,000 jobs would be “related” to the terminal, that is, jobs at all levels of the distribution chain of products arriving through the terminal. But Martin Associates explains that the level of employment is driven by the demand for those products, not because the International Terminal is used. Any such jobs would happen whether the goods arrive from Asia through the new terminal or another port.
- *Invalid container movement forecasts.* The Martin Associates report is based on forecasts of container movements provided by another consultant engaged by the Ports Authority. Martin accepts the forecast of 3,000,000 twenty-foot equivalent units (TEU) annually in 2027 without comment, although they are sufficiently knowledgeable in these matters to know that number is ridiculous for a market that now supports less than 200,000 TEU. The Ports Authority has engaged a third consultant for new forecasts, and has received preliminary estimates at a fraction of the original forecasts. But the Ports Authority continues to propagate the earlier, invalid numbers.
- *Geography.* The business plan of the Ports Authority for the International Terminal is based on substantial penetration of markets in other states now served by other ports. Martin Associates, however, has stuffed all of the economic impacts into North Carolina.
- *Base case.* Martin Associates ignores the base case, that is, what would happen without the proposed terminal. The Port of Wilmington has a container terminal with a planned capacity of about 500,000 TEU, accessible by the largest vessels able to transit the Panama Canal. That is sufficient for any reasonable growth in the container market served by a port at the Cape Fear for the foreseeable future. So any jobs and tax revenues attributable to the proposed new terminal would happen without it. The proposed new terminal would have no beneficial economic impact at all, except to those who would profit by its construction.