

# 2014 National Economic Impact of the U.S. Coastal Port System: *Executive Summary*

Conducted by Martin Associates

[www.martinassoc.net](http://www.martinassoc.net)

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Alliance of the Ports of Canada, the Caribbean, Latin America and the United States



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## Overview

Over the past 29 years, Martin Associates has conducted more than 500 seaport economic impact studies for the majority of ports throughout the United States. As a service to the American Association of Port Authorities, Martin Associates has prepared this National Economic Impact Study of the U.S. coastal ports. To determine the impact, Martin Associates used a combination of its own 57 individual seaport impact models along with prototype models developed from these 57 seaport-specific models. The seaport models include ports on the West Coast, Atlantic Coast, Gulf Coast and the Great Lakes.

## Economic Impact Analysis

Martin Associates began this study by using 57 individual seaport impact models that Martin Associates developed in the last three years. These port specific models were developed based on detailed interviews with over 12,000 port service providers. Using these models, Martin Associates developed composite prototype models for the U.S. coastal port system. Furthermore, Martin Associates used a combination of 2014

international port cargo statistics supplied by USA Trade On-Line, as well as individual port statistics for 2014, which were supplied by the seaports and terminals handling both international and domestic cargo. These data bases were used to calibrate each of the impact models to estimate the impacts of the U.S. coastal port system.

The resulting economic impact models can be used for updates, as well as to test the sensitivity of the impacts to changes in such factors as marine cargo tonnage levels; labor productivity and work rules; new marine facilities development and expansion; the impacts of harbor and channel deepening; the impact of port shutdowns such as the 2002 West Coast port shutdown and the recent West Coast port slowdowns that occurred during the 2014-2015 contract negotiations; the impact of national policy issues such as the impact of the Jones Act and cargo preference laws; and the impact of trade policy, such as the economic impact on the Marine Transportation System of the Section 201 Steel Import Restriction.

## 2014 National Economic Impacts the U.S. Deepwater Port System- Summary of Results

**23,116,847 jobs** generated by Port activity

- Direct Jobs: 541,946
- Induced Jobs: 822,884
- Indirect Jobs: 372,017
- Importers/Exports direct, induced and indirect: 21,380,000

**\$4.6 trillion** of total economic value - accounts for **26% of U.S. GDP** in 2014

- \$124.5 billion direct revenue received by firms providing direct services to cargo and vessels
- \$99.9 billion of re-spending of personal income and consumption expenditures
- \$4.3 trillion of economic output by importers and exporters

**\$1.1 trillion** total personal income and local consumption

- **\$53,723:** Average salary for direct employees

**\$321.1 billion** of federal, state, and local taxes

- \$41.0 billion generated by port sector revenue
- \$280.1 billion generated by importer and exporter revenue

## 2014 National Economic Impacts the U.S. Deepwater Port System- Summary of Results

There are 1.74 million direct, induced and indirect jobs in the United States that are generated by the deepwater port sector. Of the 1.74 million jobs, **541,946 jobs are directly** generated by the marine cargo and vessel activity. As the result of local and regional purchases by those 541,946 individuals holding the direct jobs, an additional **822,884 induced jobs** are supported in the national economy. **372,017 indirect jobs** are supported by \$29.9 billion of local purchases by businesses supplying services at the marine terminals and by businesses dependent upon the cargo and vessel activity. An additional **21.4 million jobs are with exporters/importers and users** of the nation's coastal seaports.

In 2014, marine cargo activity generated approximately **\$4.6 trillion of total economic activity**, accounting for 26% of the nation's \$17.4 trillion Gross Domestic Product in 2014. Of this \$4.6 trillion, **\$124.5 billion accounts for direct business** revenue that was received by the firms providing services to the cargo and vessels calling at the nation's seaports. From this \$124.5 billion of direct business revenue, the firms use a



portion, \$29.1 billion, to pay the salaries of 541,946 direct job holders. This equates to an average annual income of \$53,723.

In addition to the direct salary paid from the \$124.5 billion of direct business revenue, the firms providing the direct services also make purchases, totaling about \$29.9 billion.

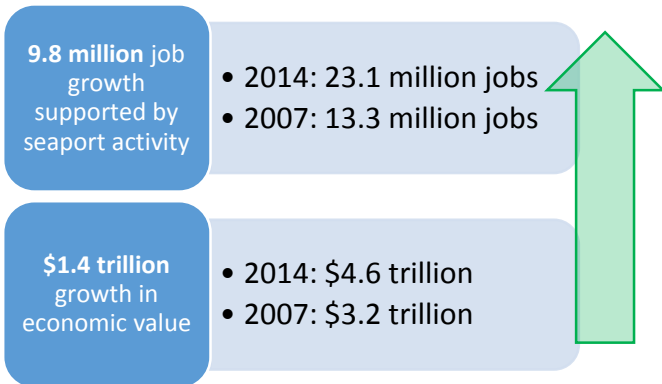


Another component of the \$4.6 trillion economic value is the **re-spending effect that occurs due to consumption purchases by the direct jobs holders**. This is not included in the direct business revenue as it occurs from the portion of the direct income that is used by individuals for purchases of goods and services. In 2014, the **re-spending and local consumption impact is estimated at \$99.9 billion**. The **remaining \$4.3 trillion represents the value of the output to the national economy** that is created due to the cargo moving via the coastal ports. This includes the value added at each stage of producing an export cargo, as well as the value added at each stage of production for the firms using imported raw materials and intermediate products that flow via the marine terminals.

**There were \$321.1 billion of total federal, state, and local taxes** generated by maritime activity at the coastal ports in 2014, including \$41.0 billion of direct, induced and indirect federal, state and local tax revenue, and an

additional \$280.1 billion of federal state and local tax revenue created due to the economic activity of the exporters and importers using the nation's deepwater port system.

### 2007 vs. 2014 National Economic Impact of U.S. Deepwater Port System Comparisons



increased from \$3.2 trillion in 2007 to \$4.6 trillion in 2014. This growth in jobs and economic value of the seaports reflects the fact that the value of international cargo handled at the U.S. seaports increased by \$400 billion since 2007, reaching about \$1.8 trillion in 2014.

Furthermore, it is important to emphasize that the key growth in international cargo was with export cargo, which increased by 60% in value since 2007.

A similar methodology was used by Martin Associates to estimate the national impact of the U.S. coastal ports in 2007. The key difference in methodology is in the number of specific seaport models used as baseline models in each study year.

The number of seaport specific models increased from 44 to 57 models in the 2014 study.

Since 2007, total jobs supported by the cargo moving via the nation's coastal water ports increased from **13.3 million jobs to 23.1 million jobs**, and the total economic value of the nation's coastal ports

A dollar value of export cargo supports significantly more jobs with export manufacturers and producers in the U.S. economy than does a dollar value of imports, thus generating the significant job growth.

It is to be emphasized that this growth in economic impact by the seaports occurred despite the economic recession that severely hampered marine cargo activity during the 2008-2012 time period, and **furthermore, this growth in economic contribution to the nation's economy underscores the need invest in infrastructure and technology to support and foster continued economic contribution.**

