



Executive Summary
The Martin Economic Study on Imported Steel and Port Jobs
October 25, 2001

In 2000, 36.4 million net tons of iron and steel mill products were imported into the United States. Five port regions in the United States handled 70% of the iron and steel imports. These port ranges are:

- Port of New Orleans Customs District
- Port of Houston Customs District
- Port of Los Angeles Customs District including the Port of Long Beach
- Philadelphia Customs District including the ports of Philadelphia, Camden (NJ), and Wilmington (DE).
- U.S. Great Lakes Port Region including the U.S. customs districts of Chicago, Detroit, Cleveland, Milwaukee and Duluth.

The imported iron and steel products handled at the individual ports in these five port regions created the following economic impacts to the U.S. economy in the year 2000:

- ***More than 27,000 direct, induced and indirect jobs for U.S. residents were created by the handling of the imported iron and steel products at the five port regions of entry.*** Of these 27,148 total jobs, 11,676 jobs are classified as direct jobs. As the result of local purchases for goods and services by these direct job-holders, another 8,239 induced jobs were created. Because the firms providing the maritime services also make local purchases for goods and services, 7,233 indirect jobs were also generated.
- ***\$1.2 billion of direct, induced and indirect wages and salaries were created as the result of the import of the iron and steel products at the five port regions.*** Of the \$1.2 billion, those 11,676 directly employed received \$465.7 million of wages and salaries, for an average salary of about \$39,900. As the result of the re-spending of the direct income, another \$528.4 million of induced wages and consumption expenditures were created. The 7,233 indirect jobholders received \$181.5 million of indirect wages and salaries.
- ***\$1.1 billion of direct business revenue was created by the import of the 23 million tons of imported iron and steel products at ports in the five port regions.*** This revenue was created as the result of providing port services and truck, rail and barge distribution services. This revenue

does not include the local purchases supporting the indirect jobs nor the value of the iron and steel imports.

- **Local, state and federal governments received \$403.4 million of tax revenue.** Of the total, \$285 million was received by the federal government as the result of the 23 million tons of imported iron and steel products via the five port regions under study.

It is to be noted that the five port regions under study handled 70% of the total steel imported into the United States in 2000. Since these port regions handle the majority of the steel imports, it is possible to use these impacts to estimate the economic impact of the total amount of iron and steel products imported in the United States in the year 2000. Assuming that the remaining 30% of the steel imported is handled and distributed in a similar manner as the 70% under study, the total economic impact of the 36.4 million net tons of iron and steel products imported into the United States in 2000 is estimated at:

- **38,800 direct, induced and indirect jobs**
- **\$1.7 billion of direct, induced and indirect wages and salaries**
- **\$1.6 billion of direct business revenue to those providing the port and inland transportation services to move the imported iron and steel products**
- **\$576.3 million of federal, state and local tax revenues, of which \$407 million is federal tax revenue.**

As demonstrated, the import of iron and steel products provides a substantial contribution to the economies in which the importing ports are located, as well as to the national economy. Reductions in the import levels of iron and steel products will have a direct adverse impact on these local economies, as well as to the national economy. Based on the 38,800 direct, induced and indirect jobs supported by the 36.4 million tons of iron and steel products imported through our nation's marine transportation system, it can be concluded that for every 1 million tons of steel diverted from the nation's port system, nearly 1,100 jobs will be lost in the U.S. economy.

*Summary of Economic Impacts of Imported Iron and Steel Products
In the Five Key Port Regions
2000*

	DELAWARE RIVER	HOUSTON	NEW ORLEANS	GREAT LAKES	LOS ANGELES	TOTAL
JOBS						
Direct	1,916	3,208	3,663	858	2,031	11,676
Induced	1,270	2,394	2,459	581	1,535	8,239
Indirect	<u>1,224</u>	<u>1,854</u>	<u>2,496</u>	<u>522</u>	<u>1,137</u>	<u>7,233</u>
Total Jobs	4,410	7,456	8,618	1,961	4,703	27,148
PERSONAL INCOME (MILLIONS)						
Direct	\$76.5	\$132.5	\$120.6	\$33.7	\$102.4	\$465.7
Induced/consumption	\$76.3	\$163.9	\$141.9	\$39.5	\$106.8	\$528.4
Indirect	<u>\$22.0</u>	<u>\$48.5</u>	<u>\$65.3</u>	<u>\$16.0</u>	<u>\$29.7</u>	<u>\$181.5</u>
Total Personal Income	\$174.8	\$344.9	\$327.8	\$89.3	\$238.9	\$1,175.7
BUSINESS REVENUE (MILLIONS)						
	\$303.3	\$228.8	\$312.0	\$116.7	\$140.3	\$1,101.1
TAXES (MILLIONS)						
State and Local	\$21.3	\$31.0	\$33.8	\$8.9	\$23.4	\$118.4
Federal	<u>\$48.7</u>	<u>\$81.4</u>	<u>\$77.4</u>	<u>\$21.1</u>	<u>\$56.4</u>	<u>\$285.0</u>
Total Taxes	\$70.0	\$112.4	\$111.2	\$30.0	\$79.8	\$403.4