

# The Cost to Louisiana of Not Proceeding with the Louisiana International Terminal

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This document presents a short summary of losses that would occur in the state of Louisiana from not building the proposed Louisiana International Terminal. The results are not intuitive due to key trends in the industry and physical constraints at the uptown terminal. The physical constraint is that larger vessels cannot access the uptown terminal during times of the year when the water on the Mississippi high because they cannot pass under a bridge. The industry trend is that many shipping routes are rapidly moving to vessels over 10,000 TEU that cannot reach the uptown terminal during the difficult portion of the year.

For this reason, most Asian customers and many from Europe will move quickly to ship their cargo through other ports if it becomes apparent that the Port of New Orleans will not soon have a facility to service their larger vessels year-round. This creates an unpleasant scenario where the economic losses from not building the Louisiana International Terminal exceed the economic gains from building the facility in terms of operations. Unfortunately, business as usual is not one of the options for the Port of New Orleans in today’s market.

The Port of New Orleans staff will work diligently to maintain as many routes as possible whatever happens. The timing of announcements regarding Louisiana International Terminal construction will affect decisions of shipping companies. While many companies are already in the process of moving to larger vessels, the pace of the move is less certain for others. For this reason, we present two scenarios.

In the first scenario, there is a clear announcement in 2023 that the Louisiana International Terminal will not move forward. As a result, lines that are currently accepting poor service at times due to river conditions or moving to vessels at or above 10,000 TEU will immediately move to competitors such as Houston or Mobile. This generates a dramatic decline in 2024 with no recovery.

Table 1  
Loss from Scenario 1

Year	Output	Earnings	Jobs	Taxes
2024	\$1,647.5	\$386.5	8,342	\$25.4
2025	\$1,726.6	\$405.1	8,742	\$26.7
2026	\$1,809.5	\$424.5	9,162	\$28.0
2027	\$1,898.2	\$445.3	9,611	\$29.3
2028	\$1,989.3	\$466.7	10,072	\$30.7
2029	\$2,086.8	\$489.6	10,566	\$32.2
2030	\$2,186.9	\$513.1	11,073	\$33.8
2031	\$2,261.3	\$530.5	11,449	\$34.9
2032	\$2,338.2	\$548.5	11,838	\$36.1
2033	\$2,431.7	\$570.5	12,312	\$37.6
	\$13,294.1	\$3,118.9		\$314.8

Under scenario 1, the total loss for the state of Louisiana is \$1.6 billion of output in 2024 or \$13.2 billion over 10 years. We project over 8,000 Louisiana workers will lose their jobs in 2024 alone with \$387 million of lost earnings for those workers. The State of Louisiana will lose \$25 million in tax revenue initially in 2025 with the annual loss in taxes rising annually to over \$37 million in 2033.

Table 2 presents losses from the most optimistic scenario which builds in assumptions. In this scenario, the decision to not proceed with the Louisiana International Terminal occurs in a more gradual fashion. As a result, the loss of existing customers at the Uptown Terminal is more gradual. This scenario also builds in the most optimistic possible projections on the upsizing of vessel size by the Port’s current clients. Given these two assumptions, one can realistically assume that this is the most optimist assumption of the operations at the Port of New Orleans if work does not soon begin on the Louisiana International Terminal.

Table 2  
Loss from Scenario

Year	Output	Earnings	Jobs	Taxes
2024	\$266.3	\$62.5	1,348	\$4.1
2025	\$558.2	\$130.9	2,826	\$8.6
2026	\$877.4	\$205.9	4,443	\$13.6
2027	\$1,227.3	\$287.9	6,214	\$19.0
2028	\$1,543.4	\$362.1	7,814	\$23.8
2029	\$1,619.0	\$379.8	8,197	\$25.0
2030	\$1,696.7	\$398.1	8,591	\$26.2
2031	\$1,754.4	\$411.6	8,883	\$27.1
2032	\$1,814.1	\$425.6	9,185	\$28.0
2033	\$1,886.6	\$442.6	9,552	\$29.1
	\$10,314.3	\$2,419.8		\$204.6

Even under a scenario that is almost certainly unrealistically optimistic, over 1,000 workers will immediately lose their jobs in 2024 and this will grow to almost 10,000 by 2033. The total output, earnings, and state tax losses are smaller, but still top \$10 billion in lost Louisiana output over 10 years. Earnings losses reach almost \$2.5 billion and the lost taxes top \$200 million over the full period.