

Economic Importance of Trade & the Ports to Southern California Phase I Report: Baseline Economic & Fiscal Impacts

About the Report

The Ports of Long Beach (POLB) and Los Angeles (POLA) (collectively referred to as the San Pedro Port Complex) are the core of the largest trade complex in North America, serving as the gateway to Pacific Rim trade and securing the base of Southern California's primary middle class job growth center. As an economic asset, these facilities underpin a significant share of jobs, incomes, and tax revenues in the region and serve as the conduit for consumer goods and industrial components essential to the broader state and national economies. However, a variety of policy proposals, especially **under a potential Indirect Source Rule (ISR)** could jeopardize this essential economic driver, create national and statewide disruptions in the supply chain, and negatively impact the millions of middle-class blue-collar jobs that make up and rely on the supply chain nationwide.

Global Trade Leader



1st

Largest container port complex in North America



22.9%

Share of U.S. market rate (containerized cargo) in 2022



9th

Largest container port complex in the world

Regional, State, and National Economic Driver

226,000 Regional Jobs

Combining direct, indirect, and induced effects, operations directly related to the ports in 2022 supported an estimated 226,000 jobs.

\$19.93 Billion in Labor Income

In 2022, jobs related to port activities generated \$19.93 billion in labor income (compensation including benefits).

\$27.69 Billion to Regional GDP

The ports contributed more than \$27.69 billion in value added (regional GDP) in 2022.

3.1 Million Jobs Nationally

Including related jobs, one out of every 51 jobs nationwide is supported by the Ports of Long Beach and Los Angeles.

\$48.47 Billion Total Output

The ports contributed more than \$48.47 billion in total economic output in 2022.

\$2.7 billion in state & local taxes

From the Southern California portion, the ports supported \$2.7 billion in state and local tax revenue in 2022.

The Ports of Long Beach and Los Angeles are indispensable assets that deliver extensive economic benefits, fostering job creation, income generation, and overall economic vitality. Their continued success is essential not just for the prosperity of Southern California but for maintaining the United States' position in the global trade network. The ports' activities bolster the wider Trade Cluster, enriching the economic fabric of the region by supporting a vast array of businesses and providing a steady stream of middle-class wage jobs, particularly for those with minimal formal education. This, in turn, has played a critical role in uplifting the socio-economic position of diverse communities within the region. Additionally, the ports' commitment to community investment and environmental initiatives showcases a sustainable approach to economic development, aligning with broader goals of prosperity and well-being.

Factors Undermining Ports' Competitiveness

LIMITED LAND

Constrains capacity to compete with growing trade investments in port and intermodal capacity by the East and Gulf Coast.

ENERGY COSTS

The average estimated commercial electricity rate in the region in 2022 was 72% higher than the average for all states less CA.

MANUFACTURING

As these jobs shift to other states, so do the parts, components, and materials that support it.

CARGO THEFT

Impacts reliability and security, deterring businesses from utilizing the ports.

REGULATORY: COSTS

Particularly concerning environmental policies, pose risks to long-term investments and operational costs compared to lower costs for cargo owners using the East and Gulf Coast ports.

REGULATORY: UNCERTAINTY

Uncertainty in the regulatory environment throughout the supply chain has effects on the costs of operation and has the potential to dampen overall investments in Southern California.

Reduced Market Share Has Far-Reaching Consequences



- 7.5%

Ports loss in market share 2006-2023



+ 13.0%

Market share gain by competing East/Gulf Coast ports 2006-2023



- 4.4 m TEU

Loss in cargo volume due to loss of market share in 2022

The Ports Could Contribute More to the Regional Economy

If the ports had maintained their peak containerized market share with the East Asia economies, cargo volume would have been an additional 23% higher in 2022. This would result in:



46,100

Potential additional jobs



\$3.92 billion

Additional labor income



\$5.59 billion

Economic value added

Phase II Will Focus on Proposed Regulatory Action

This report is part of a continuing series by the Center looking at key components of the California economy and how they are being shaped—for good and bad—by state and local policies. As assessed in previous analyses by Los Angeles Economic Development Corporation (LAEDC), Trade is the largest traded industry cluster in both Los Angeles County (LAEDC 2020) and Southern California (LAEDC 2017). The Ports of Long Beach and Los Angeles (Ports) are at the base of this cluster, but overall activity through this trade complex risks being affected under pending regulations from South Coast Air Quality Management District (SCAQMD) through its indirect source rule for the ports (Ports ISR).

The report is being completed in two parts. Part I provides an overview of the economic contributions made by the Ports and the overall Trade cluster in Southern California, including a review of previous economic studies, details on the Trade workforce, and an updated assessment of the baseline economic and fiscal impacts using more current 2022 data. Part II will then assess the effects of the SCAQMD draft Ports ISR rule once it is released.

[Read the Report >](#)