

# The Economics of Port expansion: growth and jobs for whom?

The official economic impact assessment of the back of port expansion and its weak justification for displacement and dispossession

Stop the port expansion public meeting  
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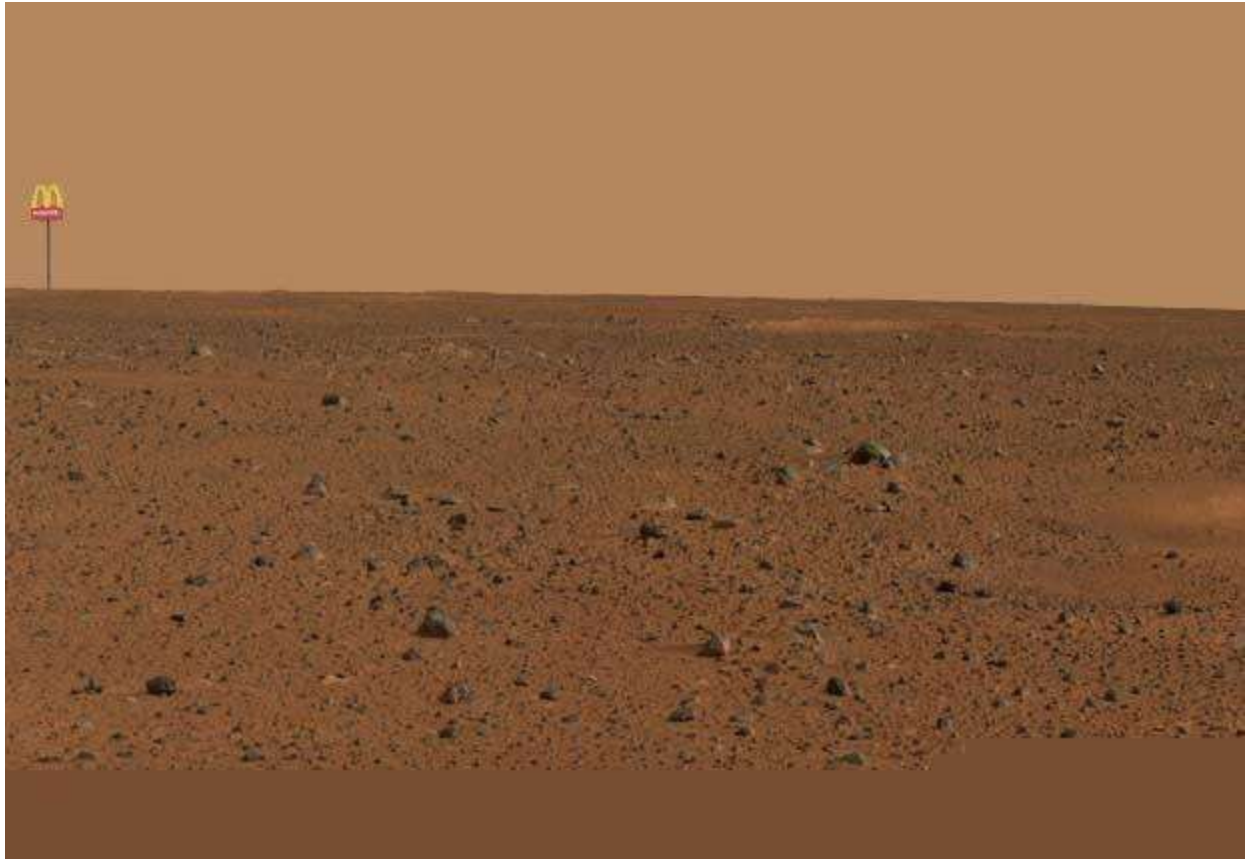
# *Objectives*

- To review the economic case for port expansion
- To suggest that the case for port expansion is critically flawed based on the official evidence to date
- To suggest that the campaign could create alternative evidence

# *Argument*

- The impact assessment produced by Graham Muller Associates Consortium makes an economic case for the port based on the production of employment and economic growth
- It suggests that 'project affected persons' will benefit from these effects and compensation can be planned for
- But their assessment of economic, social and environmental impact is badly done
- In short, **the economic case for port expansion is not proved**
- Project affected persons have **no guaranteed benefit or compensation**

# [ Life in 2030? ]



# [ 1 How do projects like this get to look like a good idea? ]

- The financialised structure of the global economy, and power of private equity and 'Big Oil', make big developments likely because they are in their interests.
- People and the environment are seen as necessarily destroyable. 'There is no alternative to growth and competitiveness'
- Social and environmental impact is managed in impact assessments and then risk instruments – since risk and return are the parameters of the way the price of infrastructural developments are made

## 1.1 Taking a look at the documents...

- A huge amount of data was generated.
- Big problems in terms of what the data tells us about development impact,
- Also, there are no commitments in place to mitigate for even the 'challenges' identified
- However, science of this planning process and impact assessment is of poor quality

# [ 1.2 Economic case ]

- Need growth? What about value of pre-existing economy?
- Where is the case that of all the things that are possible in Durban, this is the best one? (comparative analysis)
- Where is the evidence that the regional demand for container ports is really rising? (port volume dropping)
- Where is the evidence that Durban will get this business given other large port expansions up the coast and in Mozambique?
- The status quo economic impact analysis does not compare to an analysis of the future of the actual project affected persons? What economic growth can they generate from the transit camp?
- Economic values, profits, assets. And employment will belong to someone else.
- The projected employment creation effects do not offset jobs lost by community destruction

# 1.3 Mitigation of economic losses?

22 May 2012, Head of Housing to ECOD Housing Committee

A report is to be submitted to the Housing Committee that suggests settlements for relocation to Cornubia in terms of a prioritization process. The 12 settlements requested for relocation will be included in that report.

b. As the report currently stands there is a need of approximately 30 000 units identified for relocation to Cornubia. If the 764 structures (excluding the possibility of the "backyard shacks" in formal sites that are in the process of been quantified for Clairwood) the demand on Cornubia is further increased. The Cornubia development allows for the construction of approximately 12000 fully subsidized housing structures. Therefore there is an oversubscription of almost 18 000 units.

# 1.4 Environment – racecourse as offset?

- CHAPTER 8 Composite Summary & Strategic Issues Final Draft March 2009 *A Local Area Plan and Land Use Management Scheme for the Back of Port Interface Zone*
- “Strategic Issues for Back of Port project
- A significant area will be displaced, compensation may require remaining areas of coastal grassland such as the racecourse in addition to significant areas outside the area. The loss of habitat associated with port development may not be replaceable in the location. It may be necessary to conserve other areas within the Municipal Area.”



# [ 1.5 Jobs? ]

- **ECONOMIC DYNAMICS**
- Development, in the long term, of an area for concentrated logistics activity in the SDB would greatly benefit the port and create opportunities within the broader logistics and distribution industries
- The reconsidering of the SDB's role allows planners to intelligently prioritise certain activities and provide the correct levels and types of services and infrastructure moving forward into the future

# 1.6 But for the current affected persons

- **“ECONOMIC DYNAMICS**
- The opportunity cost for logistics development in the BoP area is the displacement of other non port-related activities that will need to be accommodated elsewhere in the metropolitan area if such activities are not to be lost to the municipality
- Resolving the competing alternative roles for the SDB and finding alternative locations within the metropolitan area for those that cannot be accommodated within the study area is challenging (and strictly speaking falls outside of the scope of this project) and yet is a vital success factor for the future performance of the economy of the eThekweni Municipality”

## 2 Overall,

“ the ‘trickle-down’ rationale ...and assumptions of a pro-poor ‘equitable distribution of the fruits of [private sector] growth’ is bedevilled with major tensions given the complex interplay between economic growth and the well-being of ‘the poor’ in developing countries”

(ACP-EU Cotonou Partnership Agreement [2000] 2006: 6). !

Photo Victor Brott/Swedfund cover, Rosencrantz & Co (2010)., *Swedfund's Investments through Funds: Capital for Locally Owned Economic Growth and Development.*



## 2.1 Achilles heel: financial risk increased by protest and litigation

- 'environmental risk' is defined through disturbance to financial returns
- attributes to environmental movements a powerful ability to disrupt, as issues of disruption, appropriations and lawsuits figure heavily in 'sustainability related risks' and are 'priced in'.
- Also, recent cases have expanded concern with reputational risk eg Greenpeace and shell and arctic drilling where Lloyd reinsurers pulled out
- Reputational risk caused by social protest can also encourage institutional investors to pull out

# [ 3 Conclusion ]

- Environmental and social impact assessments begin when decisions on who, how and where investments will be made, are already determined.
- The private equity funds and commercial bank intermediaries are largely 'black boxes' into which the public cannot see, and decisions made within the capital supply institutions are not clearly influenced by the data provided by development or environmental impact evaluation systems.