

The Impact of the Announced Closing of International Paper

This estimate of the impact of the closing of International Paper's Franklin paper mill was conducted by the Virginia Economic Development Partnership (VEDP) using IMPLAN, a commercially available input-output modeling program. VEDP's creation of IMPLAN models for this analysis followed IMPLAN's standard methodologies. Although VEDP believes this analysis is accurate, input-output models are constrained by their design and source data.

On October 22, 2009 International Paper announced it would close its Franklin paper mill, resulting in the loss of 1,100 jobs. The impact of eliminating these jobs will spread out into the surrounding area. International Paper supports other local companies which supply it with goods and services. The personal expenditures of the 1,100 direct workers support other jobs in the local economy. In addition, the company and its workers provide tax revenues to localities and the state. This analysis does not take into consideration any additional demands that may be placed on local government services as a result of the job losses.

The impact areas are

1. Isle of Wight, Southampton, Surry, and Sussex Counties, and the Cities of Franklin and Suffolk
2. Virginia

Region

International Paper's elimination of 1,100 positions will result in the loss of:

- 2,400 other jobs in the region
- \$19.2 million in state tax revenue
- \$13.5 million in local tax revenue
 - \$11.5 million in property taxes
 - \$2.0 million in sales taxes

Leading sectors for additional job losses include:

- Automotive repair and maintenance
- Logging
- Maintenance and repair of nonresidential buildings
- Medical services
- Real estate
- Restaurants
- Retail trade
- Services to buildings and dwellings
- Trucking services
- Wholesale trade

Virginia

International Paper's elimination of 1,100 positions will result in the loss of:

- 3,100 other jobs in the region (700 more than the region alone)
- \$20.6 million in state tax revenue (\$1.4 million more than the region alone)
- \$14.6 million in local tax revenue (\$1.1 million more than the region alone)
 - \$12.5 million in property taxes (\$1.0 million more than the region alone)
 - \$2.1 million in sales taxes (\$100,000 more than the region alone)

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