

## **Updated Assessment of Relevant Market and Industry Trends to Address GAO March 2010 (GAO-10-420) Report Recommendation**

### **Scope of Work Summary**

The overall GAO March 2010 Report conclusion regarding the Delaware River Main Channel Deepening Project was that the 2002-2004 Corps' Comprehensive Reanalysis and Supplement Reports corrected errors identified by the prior GAO report and was responsive overall to GAO's 2002 recommendations. As a follow-up, GAO recommended that "the Corps should conduct and provide an Updated Assessment of relevant market and industry trends that identify the extent to which data and assumptions have changed, and quantify the effects of these changes on each benefit category and on net benefits". The Assistant Secretary of the Army (Civil Works) concurred with the GAO recommendation in a March 25, 2010 response to the GAO draft report.

The GAO March 2010 report was heavily focused on the uncertainties being caused by the current severe national and global economic downturn. Business cycle fluctuations generally do not result in significant changes to the long term underlying nature of the productive process. Clearly, short-term cargo trends for imports and exports are certainly impacted by the current conditions in the overall economy. However, these trends do not generally reflect long term secular trends in the economy including technological change and the impact of federal policy changes on future economic activity. The 50-year period of analysis to be applied in the Updated Assessment will incorporate the long-term secular trend of the economy on market and industry trends, while also taking into account short-term business cycle fluctuations.

The benefiting modeling/calculation techniques developed for the Comprehensive Reanalysis and Supplement will be applied and incorporate updated data. The Updated Assessment will be organized according to the categories of benefits (by commodity) that have been claimed for the project, including containers, steel slab, slag, crude oil, and petroleum products. Once market trends and industry trends are assessed, they will be related to benefits as previously calculated to determine the impact on overall project benefits.