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Contact: Patrick Barkey, director, UM Bureau of Business and Economic Research, 406-243-5113, patrick.barkey@business.umt.edu; Todd Morgan, BBER director of Forest Products Industry Research, 406-243-5113, todd.morgan@business.umt.edu.

SMURFIT-STONE CLOSURE WILL HAVE LASTING IMPACTS ON MISSOULA'S ECONOMY

MISSOULA –

The closure of the Smurfit-Stone facility in **Frenchtown**, with its 417 full-time jobs and about \$45 million in payroll and benefits, will have significant short-term and long-term impacts on the Missoula-area economy. The University of Montana's Bureau of Business and Economic Research reports that the area's largest industrial employer has significant linkages with forest products, trucking, rail and other important sectors of the local economy.

The BBER estimates that the Frenchtown facility's closure will:

- lead to significant additional job losses in construction, retail trade and health care services;
- put additional stress on local and state governments dealing with declines in tax revenues; and
- will produce a measureable impact on the Missoula-area population.

"The jobs at Smurfit-Stone have a very large footprint across the local economy," BBER Director Patrick Barkey said. "We think that the total job impact from the closure could be as high as 1,500 jobs when all of the linkages are taken into account."

It is estimated that in the short run this closure will lead to slower growth out of the recession for the Missoula economy than was previously forecasted by BBER. The bureau's updated forecast will be released at the 35th Montana Economic Outlook Seminar in January, but researchers anticipate that the 2010 growth figure may be trimmed to zero or even negative.

This depends on the details of the closure, including employee severance packages that have yet to be released. No growth in Missoula's economy in 2010 will mark the third straight year of recession in the local economy.

In the long term, the loss of the Smurfit-Stone jobs will have a disproportionately large impact because these jobs represent higher-than-average wages for Missoula. During 2008 the average job at Smurfit-Stone paid more than \$70,000 in annual wages and salaries. This compares with the typical wage and salary position in Missoula of \$26,000.

The loss of these positions also will account for a permanent reduction in the economic base of Missoula. BBER estimates that the Smurfit-Stone facility represents about 4 percent of Missoula's economic base.

Todd Morgan, BBER's director of Forest Products Industry Research, said the impact of this closure will also ripple throughout the forest products industry and forest landowners.

"The Frenchtown mill has played a unique role as both a user of mill residuals from other wood products facilities in the state and a buyer of smaller-diameter, lower value timber from land management activities," he said.

Montana's forest products industry has seen significant declines in the last several years. Compared to 2005, there are more than 1,000 mill employees out of work and employee incomes in the industry are down by \$12 million.

BBER monitors economic and business conditions in Montana, providing information to individuals, businesses and government agencies across the state. For more information visit <http://www.bber.umt.edu> or call 406-243-5113.

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