

New York City is proud to be the home of the United Nations Headquarters. We share more than a city—we share a vision for a more equitable world.

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Letter from the Commissioner

Dear Colleague:

It is a pleasure and great honor to serve as Commissioner for the New York City Mayor's Office for International Affairs. Mayor Bill de Blasio and I are proud that New York City is home to the largest diplomatic community in the world, including the permanent headquarters of the United Nations (UN). One of the first priorities of my tenure was to partner with New York City Economic Development Corporation (NYCEDC) to analyze the economic impact of hosting the UN, its Agencies and Affiliates, and the Permanent Missions and Observers to the UN, including their diplomatic officials and staff, in New York City.

It is with sincere gratitude to our partners at the UN Headquarters, UN Agencies and Affiliates, and Missions to the UN for their critical participation that the Mayor's Office for International Affairs presents the 2016 United Nations Economic Impact Report. This study is part of a larger initiative of my office, *The New Yorkness of the UN*, which seeks to create new opportunities for learning and partnership between New Yorkers and the UN in an effort to fully integrate the UN Community into the fabric of our multicultural and global city.

The following analysis outlines the economic benefits and costs associated with hosting the UN Community in New York City, and showcases the UN Community's role as a major employer and purchaser of local goods and services. New York City values the economic benefits realized from the UN Community by way of employment and earnings associated with those jobs. We also recognize our own contribution and the financial costs incurred by supporting the UN Community, including costs for security, education, and forgone tax revenue.

The financial boost that hosting the UN brings to our global city—an estimated \$3.69 billion in economic output—is just one of many ways the UN and UN Community contribute to our international city. While the UN plays a critical role in addressing some of the world's most pressing challenges—and has value beyond that which can be quantified through an economic impact analysis—this study is an important reminder of the tangible benefits, including cultural and educational benefits, that hosting the UN brings to New York City.

The presence of the UN Community in New York City is a testament to our status as a global center. New York City has been proud to host the UN for over seventy years, and it is an honor to present this report which illustrates both the value that the UN brings to our city and reaffirms that our great metropolis is the natural home for this important global institution.



executive summary

Benefits and Costs of the UN Community in New York City

The full report on economic benefits and costs, which contains additional information on data sources and methodology, can be accessed by visiting www.edc.nyc/UNImpactReport2016. The data included in this report relate to employment and expenditures made in 2014 unless otherwise noted.

Overall, the UN Community contributed an estimated \$3.69 billion in total output to the New York City economy in 2014 (total output is a measure of sales in the economy, including the value of goods and services used in the production process, labor costs, taxes, and business' return on investment).

Approximately **25,040 full- and part-time jobs** in New York City are attributable to the presence of the UN Community through both direct employment as well as through the number of jobs its presence is estimated to support.

The UN and its Agencies and Affiliates directly employed roughly 10,900 people in New York City, which if considered to be a single entity, would make it the **22nd largest employer in the New York City** metropolitan area.¹

Missions to the UN directly employed an estimated 4,990 people, with earnings of approximately \$276 million in 2014.

Over 76% of the 15,890 staff members directly employed by the UN Community (approximately 12,110 people) lived within the five boroughs and took home household earnings estimated at \$1.25 billion in 2014. These are wages that are assumed to be spent locally, helping to create and sustain additional jobs for all New Yorkers. **An additional 5,390 local jobs** were estimated to be supported by this spending, and these local workers took home cumulative wages upwards of \$208 million.

The UN Community incurs costs associated with property rental, utilities, maintenance of systems and equipment, purchases of supplies and equipment, insurance, telecommunications, and other items necessary for conducting daily operations. Costs of \$654 million were incurred locally and paid to private vendors in 2014, resulting in an estimated 2,550 additional total jobs supported in New York City.

The UN Community **contributed approximately \$56 million in net fiscal benefits** to New York City. An estimated \$110 million in tax revenue was generated by the activity of the UN Community, while direct costs to New York City were estimated to be \$54 million. In addition to these direct costs (expenses largely related to security and education), New York City forgoes an estimated \$99 million in tax revenue from special tax-exempt UN Community-owned buildings, as well as from tax exemption cards that certain diplomatic staff members receive in line with tax exemption privileges for foreign diplomats issued on the basis of international law and treaties.

The location of the UN Headquarters has brought a cultural and educational resource of immeasurable value to New York City. It is an educational resource for schools and colleges across the United States, offering guided tours and opportunities to learn about international affairs and diplomacy. In 2014, the UN issued 212,421 temporary passes for a variety of cultural events, non-governmental organization seminars, and Model UN Conferences run by participating high schools and universities across the US. Visitors include New York City and non-New York City residents alike.

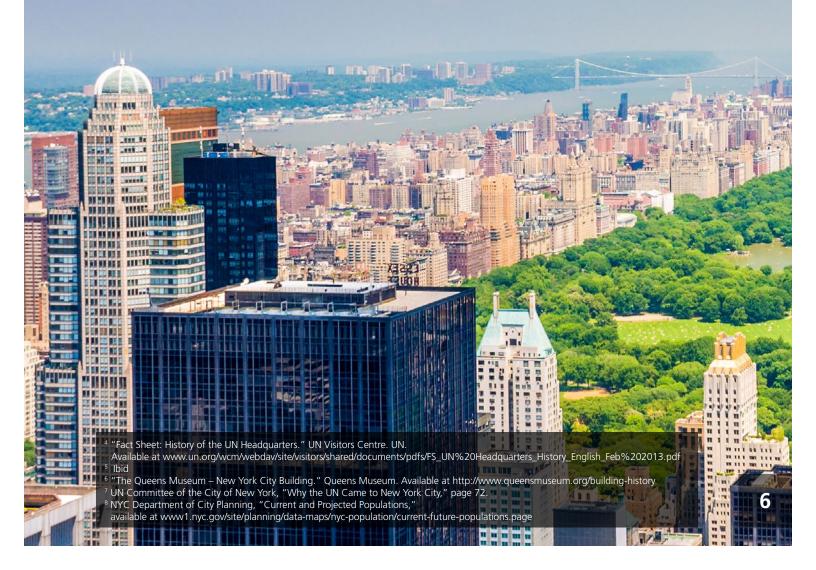


why is the UN in New York City?

The UN began the search for a permanent home after the UN Charter came into effect on October 24, 1945. After UN delegates had decided to locate the headquarters in the eastern United States, cities from Philadelphia to Boston competed to host the new organization.⁴ While various locations in and around New York City served as temporary homes, including the Bronx branch of Hunter College, Flushing Meadows Park in Queens, and Lake Success in Long Island, New York City became the permanent home to the UN Headquarters after last-minute negotiations and a donation from the Rockefeller family in late 1946.⁵

At a historic session of the UN General Assembly in Flushing Meadows, Queens, UN member states voted overwhelmingly for New York City to become the host city for the UN.⁶ Then-Mayor William O'Dwyer later stated, "The City of New York today

enters upon a new epoch as the center of World Government. We, the City of New York, are proud of the honor which has been paid to us. We pledge our hearts to the success of the UN and to the achievement of its magnificent goals." Today, the iconic permanent headquarters of the UN sits in Turtle Bay on the east side of New York City. A diplomatic posting in New York City remains highly regarded by many in the diplomatic corps. New York City offers the UN Community a cosmopolitan metropolis as its home with quick access to international airports and other transportation services, as well as access to other global institutions, museums and cultural attractions, and food establishments offering cuisine from across the world. With a population of 8.6 million residents and growing–approximately 37% of whom are foreignborn–the City remains a natural fit as the permanent home of the global body.8

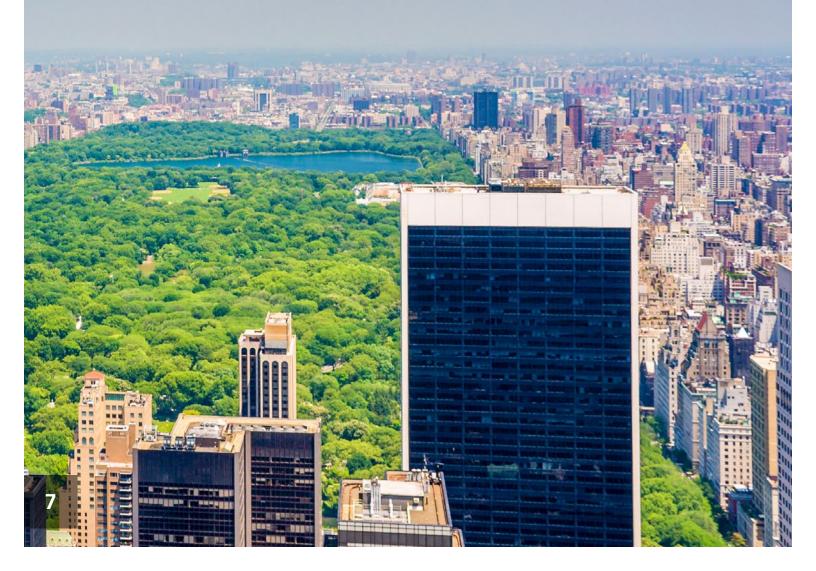


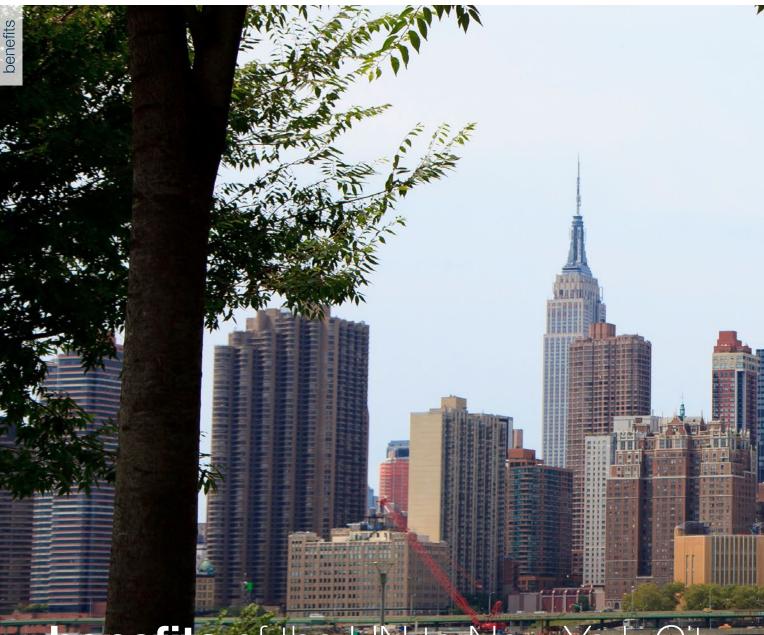


Deputy Mayor Thomas Corcoran welcomes UN delegates in a gathering outside City Hall, October 1946 (UN Photo)



View of the future permanent UN Headquarters looking north towards the Queensboro Bridge, December 1946 (UN Photo)





benefits of the UN to New York City

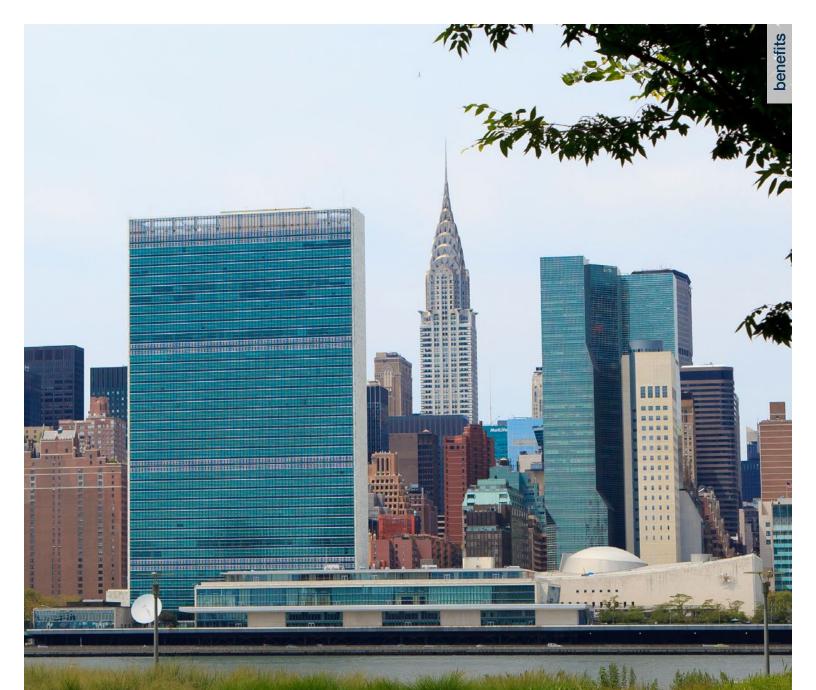
Employment benefits of the UN in New York City:

supports approximately 25,040 full- and part-time jobs. The UN Community directly employed an estimated 15,890 people in New York City in 2014, which includes both US citizens and foreign nationals. Approximately 76% of these employees (12,110 people) lived within the five boroughs in 2014, spending much of their earnings locally and supporting nearby businesses, which in turn supported an additional 5,390 jobs.

The UN Community further supports employment creation through its annual operating expenditures, including costs associated with property rentals, utilities, purchases of supplies and equipment, and system and equipment maintenance. The costs incurred locally and

paid to private vendors in 2014 totaled \$654 million and supported an estimated additional 2,550 jobs.

In 2014, the UN issued 30,983 accreditations for visitors attending meetings and conferences, including high-ranking government officials and VIPs, as well as delegates representing their countries in UN negotiations. On average, these accredited visitors were in the City for fourteen days and spent money on lodging, food and beverages, shopping, entertainment, and transportation. The average daily expense allowance per visitor was assumed to be \$258. Visitor spending was estimated to support 1,210 jobs. This number may be an underestimate as many of those accredited visitors were generally accompanied by guests not needing



accreditation, but the size of those traveling parties and the length of their stay in the City fluctuated and could not be determined. Also, many employees of non-governmental organizations and international entities travel to New York City during UN convenings to attend events and meetings taking place at locations outside of the UN campus, but may not apply for UN accreditation.

Based on the direct employment attributable to the UN and its Agencies and Affiliates (not including Missions), which accounted for 10,900 jobs, the organizations (in aggregate) would have been the 22nd largest employer in the New York City metropolitan area.

Earnings benefits of the UN in New York City: 12,110 employees residing in the five boroughs and directly employed by the UN Community earned \$1.25 billion in 2014; total earnings paid to workers supported by the UN Community was \$1.98 billion.

The 15,890 individuals whom the UN Community directly employed in New York City in 2014 earned an estimated \$1.64 billion, with the estimated 12,110 of those employees who resided in the five boroughs earning \$1.25 billion of that total figure. In addition, earnings associated with the 5,390 jobs supported by UN Community employees' household spending were estimated to be \$208 million in 2014.

jobs supported by the UN Community both directly and indirectly, and their corresponding earnings

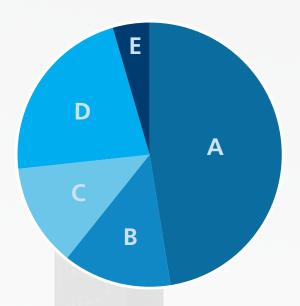
	Direct Employment		Employment Outside the UN Community		Total NYC Employment Supported by the UN Community	
	Jobs	Corresponding Earnings	Jobs	Corresponding Earnings	Jobs	Corresponding Earnings
UN	7,870	\$1,068	3,480	\$134	11,350	\$1,202
Agencies and Affiliates	3,030	\$300	960	\$37	3,990	\$337
Missions	4,990	\$276	950	\$37	5,940	\$313
Operating Expenditures	N/A	N/A	2,550	\$89	2,550	\$89
Visitor Spending	N/A	N/A	1,210	\$39	1,210	\$39
Total	15,890	\$1,645	9,150	\$336	25,040	\$1,981

(Employment reflects full- and part-time jobs. All earnings figures in millions of 2014 dollars.)

The UN Community contributed an estimated \$3.69 billion in total output to the New York City economy in 2014, of which \$2.71 billion is attributed to the earnings paid to staff of the UN Community and the local effects of their household spending. Total output is a measure of sales in the economy, including the value of goods and services used in the production process, labor costs, taxes, and business' return on investment.⁹

⁹ The definition of output is summarized from the US Bureau of Economic Analysis' RIMS II User Handbook

total output into the New York City economy from the UN Community is \$3.69 billion



A – UN: \$1,752

B – Agencies and Affiliates: \$490

C - Missions: \$464

D – Operating Expenditures: \$820

E – Visitor Spending: \$166

Annual output in millions of 2014 dollars

In 1989, the New York City Commission for the UN and Consular Corps (now the Mayor's Office for International Affairs) produced a report titled *The Economic Impact of the Diplomatic Community on the City of New York.* At that time there were 159 Permanent Missions to the UN and eight with observer status. ¹⁰ Today there are 193 Permanent Missions to the UN and two observers, which directly employed an estimated 4,990 staff members in New York City in 2014. Their presence alone was estimated to support 950 additional jobs. Aggregate earnings of approximately \$313 million paid to workers directly employed by Missions and those supported by their household spending contributed an estimated \$464 million in total output to the City in 2014.

fiscal revenue

UN Community Contributed Approximately \$110 Million in Fiscal Revenue to New York City in 2014

The UN is a tax-exempt organization and does not pay local business income taxes, property taxes, or sales and use tax. The same is true for UN Agencies and Missions. Also, certain staff members of the UN and the Missions are issued personal sales tax exemption cards for local purchases. In 2014, this card was issued to approximately 2,000 high-ranking diplomats. However, it was estimated that staff members who reside in the five boroughs and who were not entitled to sales tax exemption cards generated approximately \$62 million in revenue in

the form of sales and use tax on personal purchases, property-related taxes, and other miscellaneous taxes. New York City resident staff members who are US nationals also pay local personal income tax (included in that total).

Approximately \$49 million in taxes was estimated to have been generated through the local spending of the UN Community's household earnings, operating expenditures paid to local businesses, and visitor spending.



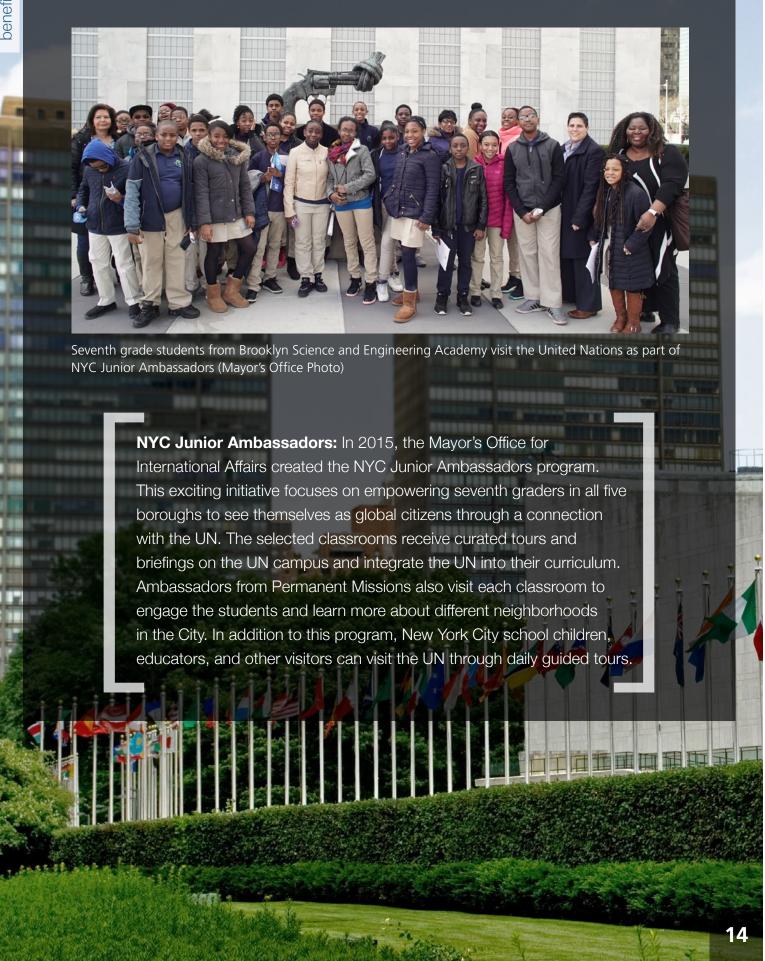
New York City fiscal revenue associated with the UN Community



- Visitor Spending
 - Operating Expenditures
 - UN Community Staff's Household Earnings
 - Missions
- Agencies and Affiliates
- UN



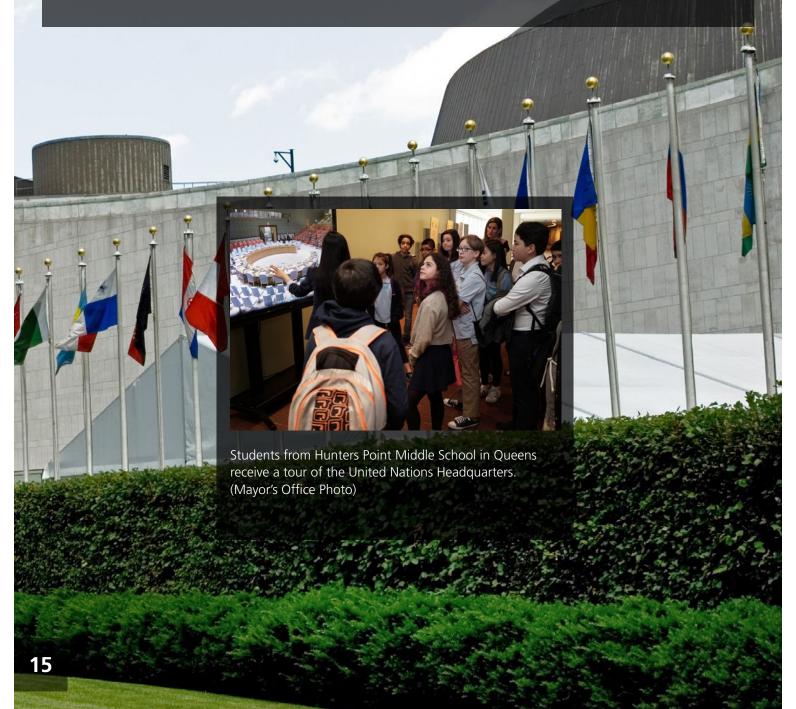




more than quantifiable benefits

The UN Headquarters has brought a cultural and educational resource of immeasurable value to the City. It is an educational resource for schools and colleges across New York City and the United States, offering tours and opportunities to learn about international affairs and diplomacy. The UN issued 212,421 temporary passes in 2014 (valid for one to four days) for a variety of cultural events, non-governmental organization seminars, and Model UN Conferences. These visitors included New York City and non-New York City residents alike.

The presence of the UN in New York City, along with the UN Agencies and Affiliates and Missions that make-up the UN Community, adds to New York City's status as a global center and provides unique opportunities for the sharing of information and best practice between New York City, foreign governments, and their representatives.



costs to New York City as the host city to the UN Headquarters

New York City incurs costs associated with hosting the permanent headquarters of the UN, including costs for security and education costs for staff members enrolling their children in public schools

direct costs

Direct costs to New York City accounted for approximately \$54 million in 2014

Security: In federal fiscal year 2014 (October 1, 2013, through September 30, 2014) New York City requested reimbursement of \$31 million from the US Department of State through the Protection of Foreign Missions and Officials program. This program provides federal funding for events involving high-level foreign dignitaries. Since one of the largest meetings of officials and world leaders happens during the opening of the UN General Assembly (which takes place in September at the end of the US fiscal year), reimbursement rates fluctuate from year to year. In 2014, about 73% of the funding requested was reimbursed by the federal

government, leaving New York City responsible for \$8 million. On average, annual security costs to New York City over the fifteen-year period from 2000 to 2014 equaled \$6 million (adjusted to 2014 dollars). While most of the funds go towards covering expenses related to the annual meeting of the UN General Assembly, these types of expenses cover all foreign dignitary visits needing extra security in the City. New York City also incurs costs associated with routine police work for the UN Community and UN campus, but estimates for personnel costs for routine security are not available.

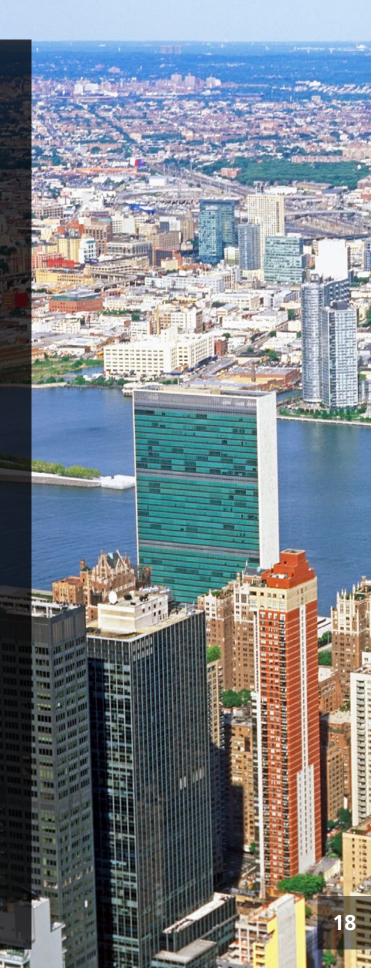


² Morris Kaplan, "U.N. Breaks Ground for its Capital; O'Dwyer Welcomes 'Plan for Peace,'" The New York Times, September 15, 1948

direct costs to New York City continued

Education: Specific information regarding the number of children of staff directly employed by the UN, Agencies and Affiliates, and Missions attending New York City public schools was not available for this analysis. Instead, data on the number of staff residing in the City, along with US Census Bureau data and information from the New York City Department of Education, were used to estimate both the number of potential students enrolled in the New York City public school system and the related costs associated with providing education to the families of the UN Community. The cost of providing an assumed 4,090 UN-affiliated children with a New York City public school education was estimated to be \$80 million per year (inflated to 2014 dollars), of which \$45 million is paid for by City funds. This figure, however, represents a probable overestimation as some staff employed by the UN and its Agencies and Affiliates are eligible for education grants from the UN, and many may choose to send their children to private schools instead of public schools, likely at a higher rate than the general population.

Mayor's Office for International Affairs: The Mayor's Office is the primary liaison to the diplomatic and consular community in New York City. The office responds to requests from foreign governments, the UN, and the US Department of State. It advises City agencies on diplomatic and consular matters and provides guidance to the diplomatic and consular community on City-related issues. The office also administers the City of New York/US Department of State Diplomatic and Consular Parking Program. In 2014, it employed thirteen staff members with an annual payroll of approximately \$1 million. The assumption is that if the UN Headquarters were not located in New York City, the office as structured would be different. However, as 114 Consulates-General (established by foreign governments to protect the interests of their countries and safeguard the interests of their nationals abroad) would continue to have their presence in New York City, the office would continue to play a critical role as the interface between the City and the international community. The Mayor's Office for International Affairs would also continue to arrange meetings with New York City officials for visiting delegations of foreign government officials, regardless of the UN presence.







Mayor Bill Mayor Bill de Blasio Speaks at UN Climate Summit at the UN General Assembly, September 2014. (Mayoral Photography Office/Rob Bennett)

UN General Assembly: Every September, New York City welcomes world leaders as part of the UN General Assembly. In September 2014, in addition to the UN General Assembly, the UN hosted Climate Summit 2014 to galvanize and catalyze action on climate change. In 2015, the seventieth anniversary of the UN, the City welcomed the largest convening of world leaders, including His Holiness Pope Francis, for the UN General Assembly and the historic adoption of the Sustainable Development Goals.

Direct Costs to New York City = \$54 Million (annual impacts in millions of 2014 dollars)

Security \$8
Education \$45

Mayor's Office for International Affairs \$1

Total \$54

Even after taking into account the direct costs incurred by the City of New York and deducting them from the estimated fiscal revenue generated of \$110 million, the UN Community contributed approximately \$56 million dollars in net fiscal benefits to New York City.

forgone tax revenue

New York City forwent an estimated \$99 million in tax revenue in 2014 due to the UN Community's tax-exempt status

An estimated \$693 million in taxable assessed property was occupied by the UN Community, of which \$673 million was exempt from real property taxes in fiscal year 2015 (July 1, 2014, through June 30, 2015). These buildings include the UN Headquarters main campus and space owned and leased by the UN Community. Estimates show that \$72 million in property tax would have been generated for the City if not for the tax-exempt status. The exemption of the UN from direct taxes on its assets, property, and income is codified in the Convention on the Privileges and Immunities of the UN of 1946. Premises of Missions are also exempt from taxes based on international treaties.

Approximately 75% of employees in the UN Community are not US nationals and are not required to pay personal income tax in the US. These employees include diplomats from foreign countries posted in New York City, as well as international civil servants employed by the UN and UN Agencies. Diplomats representing the US abroad are not required to pay income tax to the country where they are posted. ¹⁵ However, if non-US nationals did pay personal income taxes in the US, this would create an estimated additional \$26 million for the City.

Estimates show that approximately \$1 million in sales and use tax was unrealized in 2014 from exemptions afforded to 2,000 diplomats holding sales tax exemption cards.

- Convention on the Privileges and Immunities of the United Nations. February 13, 1946. United Nations Treaty Series (U.N.T.S.; contains treaties from 1946-1947), available at http://www.un.org/en/ethics/pdf/convention.pdf
- 1961 Vienna Convention on Diplomatic Relations. April 18, 1961. United Nations Treaty Series, vol. 500, p. 95, available at http://legal.un.org/ilc/texts/instruments/english/conventions/9_1_1961.pdf
 US Department of State, "Diplomatic Tax Exemptions," available at http://www.state.gov/ofm/tax/

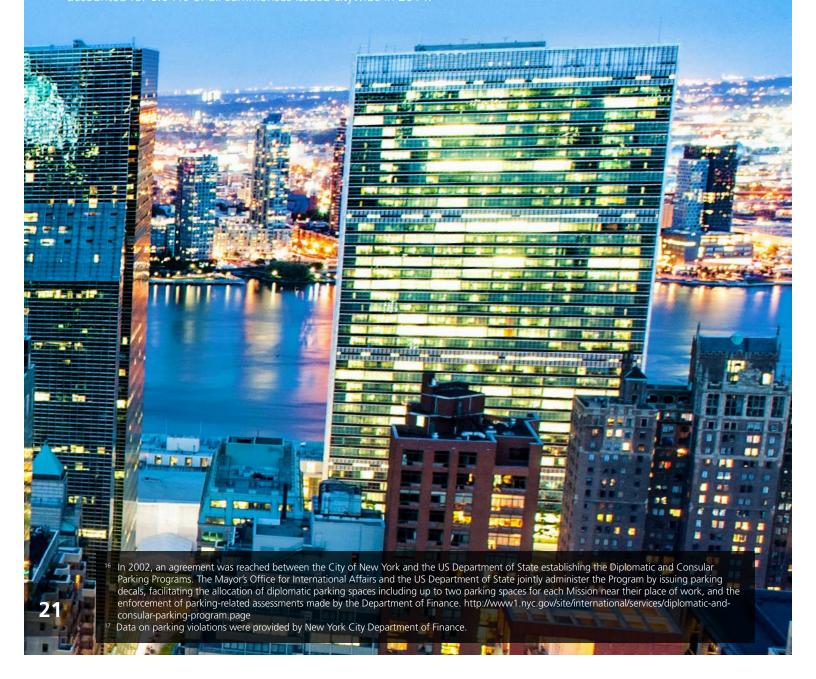
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other considerations to New York City

Traffic congestion due to increased security and street closures associated with the opening of the UN General Assembly and other high-level events taking place at the UN impact New Yorkers each and every year. Data on marginal costs of increased traffic congestion, or possible increased commute times for New York City workers, were not calculated for this study.

The tract of land on which the UN is stationed is assumed to be very valuable, taking up 16 acres of prime real estate with waterfront access. No assumptions have been made in this analysis as to how or if the land could alternatively be utilized.

At the end of fiscal year 2014, the City collected \$231,527 in parking fines from vehicles possessing diplomatic plates or decals, while outstanding parking tickets at the end of the fiscal year equaled \$49,266. All registrants of vehicles possessing diplomatic plates are, however, expected to pay their fines. The number of summonses issued to cars possessing parking decals in accordance with the diplomatic parking program¹⁶ or vehicles with diplomatic plates accounted for 0.04% of all summonses issued citywide in 2014.



the UN and NYC: a look forward

The UN Community brings positive economic benefits to New York City. The estimated \$3.69 billion in total output that the UN Community contributes to New York City's economy helps sustain local jobs and support local businesses. While there are costs associated with hosting the largest diplomatic community in the world, the presence of the UN Community brings benefits of both quantifiable and non-quantifiable value. The opening of the UN General Assembly is said to be "comparable to a major international convention or sporting event, a diplomatic Olympics, on a scale that most cities' visitors' bureaus would be happy to attract even once, much more every year." 18 Beyond the economic impact in dollar terms, the UN Headquarters is a cultural attraction and a draw for political leaders from around the world.

Over seventy years ago, New York City competed with cities from London to San Francisco to be selected as the official headquarters of humanity's greatest postwar hope. In the words of John D. Rockefeller Jr. in 1946, "New York is a center where people from all lands have always been welcomed and where they have shared common aspirations and achievements. It is my belief that this City affords an environment uniquely fitted to the task of the UN and that the people of New York would like to have the UN here permanently." ¹⁹ The City of New York continues to agree.



The UN: Beyond Brick and Mortar

The value of the UN stretches beyond the New York City borders and the economic impact it makes locally. The UN works around the world to promote international peace and security, to further sustainable development, and to protect human rights. Some of the world's most pressing challenges, from combatting the adverse impacts of climate change to eradicating poverty, are being addressed each and every day by the UN Community.



Mayor Bill de Blasio sits with Secretary-General Ban Ki-moon while he signs up for his NYC municipal IDNYC card at a pop-up registration site hosted on the UN campus. (Mayoral Photography Office)



