Megaregion Export Overview
Introduction

With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside the United States, future economic growth and jobs increasingly depend on expanding trade and investment opportunities in the global marketplace. City of Phoenix Mayor Greg Stanton stated the “Export-related industries on average employ better-educated and better-paid workers, so the more we can do to help our companies find new markets across the border and overseas, the more we are helping to grow and strengthen our regional economy.”

Why is international trade and investment important? According to a 2014 report on trade and American jobs, trade related jobs grew three and a half times faster than total employment from 2004 to 2013.1 These jobs include large and small companies, on farms, in factories and at global headquarters.

Exporting helps businesses reach new markets and new customers. This can be important when sales decrease. Some businesses like golf are seasonal. Sales can also shrink during recessions. Successful businesses use exporting to overcome these downturns in sales. For example, Daphne’s Headcovers creates and distributes covers for golf clubs. According to CEO Jane Spicer, “Exporting is hugely important because it helps with cash flow and seasonality….All our individual economies ebb and flow, that’s always going to happen. If you are exporting all over the world, you can counteract loss by selling to people in a better economy. Exporting is a great way to maintain a level business.”

According to the U.S. Census, Arizona imported more than $19.6 billion in goods from more than 160 countries in 2016. Exports in 2016 were $22 million. Some of Arizona’s largest import products are the same as the export products. This presents an opportunity to grow exports by leveraging companies involved with imports to the region.

In an effort to increase exporting in the Sun Corridor region, many organizations have come together to amplify business growth. The goal of the Sun Corridor Economic Development for the Global Economy (EDGE) is to help companies in Maricopa, Pinal and Pima counties expand their business potential in the global market. These programs and increased exports can accelerate economic development and job creation. The objective is to build a set of best practices for incoming businesses and to support current businesses by recognizing their individual success and addressing current exporting concerns.

Arizona’s Export Economy

Since 2010, commodities exported from Arizona have increased 40%. For 2016 Arizona had $22 billion in exports keeping it among the top 20 states for total export value. Of the $22 billion in exports, 75.5% were exports to Arizona’s top 10 trading partners.

Top 10 Countries Arizona Exported to in 2016

Source: U.S. Census Bureau, 2016 International Trade Data

B= Billions; M= Millions

Source: U.S. Census Bureau, Economic Indicators Division, USA Trade Online: U.S. Import and Export Merchandise trade statistics.
And with a combined total of over $10 billion in exports for 2016, Mexico and Canada continue to be Arizona's top trading partners. In 2016 there were just over 95,000 U.S. jobs supported by goods exported from Arizona.

### Top 10 Arizona Export Commodities

- **$6.3B** Electric Machinery, Sound and TV Equipment, and Parts
- **$3.4B** Aircraft, Spacecraft, and Parts
- **$2.3B** Nuclear Reactors, Boilers, and Parts
- **$1.8B** Ores, Slag and Ash
- **$1.4B** Optic, Photo, Medical, and Surgical Instruments
- **$616M** Vehicles and Parts
- **$644M** Arms, Ammo, and Parts
- **$322M** Repaired/Altered Articles
- **$717M** Plastics
- **$616M** Mineral Fuel, Oil, and Wax

**Source:** U.S. Census Bureau, 2016 International Trade Data

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**Jobs Supported by Goods Exported from Arizona 2010 to 2016**

- **2010:** 60,000 jobs
- **2011:** 65,000 jobs
- **2012:** 70,000 jobs
- **2013:** 75,000 jobs
- **2014:** 80,000 jobs
- **2015:** 85,000 jobs
- **2016:** 90,000 jobs

**Source:** International Trade Administration, Employment and Trade Data, Preliminary 2016 estimates (released 12/8/17)

**Manufacturing Jobs**

- 80% of jobs are supported by manufactured goods exports

**Export Jobs Growth**

- Jobs supported by Arizona goods exports grew 26% from 2010 to 2016

**Manufacturing Growth**

- Export jobs in manufacturing grew 17% from 2010 to 2016

**Source:** International Trade Administration, Employment and Trade Data, Preliminary 2016 estimates (released 12/8/17)
The Sun Corridor is made up of three Arizona counties: Maricopa, Pinal, and Pima. It is home to the combined metropolitan regions of Phoenix, Casa Grande, and Tucson. Seventy-nine percent of Arizona exports are from the Sun Corridor.

### Sun Corridor Total Exports by Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Exports (Billions of US Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$11.4</td>
</tr>
<tr>
<td>2011</td>
<td>$13.2</td>
</tr>
<tr>
<td>2012</td>
<td>$13.3</td>
</tr>
<tr>
<td>2013</td>
<td>$14.1</td>
</tr>
<tr>
<td>2014</td>
<td>$15.0</td>
</tr>
<tr>
<td>2015</td>
<td>$16.3</td>
</tr>
<tr>
<td>2016</td>
<td>$15.4</td>
</tr>
</tbody>
</table>

Source: International Trade Administration, 2016 Metro Export Data

### Percent of Arizona exports from the Sun Corridor
- **79%**

### Percent of Sun Corridor exports to Free Trade Agreement markets
- **47%**

### Growth in exports from the Sun Corridor 2010 to 2016
- **35%**

Source: International Trade Administration, 2016 Metro Export Data

### Select Regions for Sun Corridor Exports - 2016

- **1. North America**
  - Mexico and Canada
  - $5.7B

- **2. Asia**
  - $4.9B

- **3. European Union**
  - $3.3B

- **4. South America**
  - $537M

- **5. Africa**
  - $121M

- **6. Central America**
  - $119M

B= Billions; M= Millions

Source: International Trade Administration, 2016 Metro Export Data
The Sun Corridor metropolitan area is ranked 20th in the nation for total exports.

The largest exports from the Sun Corridor are computer and electronic product manufacturing at $4.5 billion.

2016 Total Exports for the Sun Corridor and the Top 10 Metropolitan Areas

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Exports in Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York, NY</td>
<td>1</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>2</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>3</td>
</tr>
<tr>
<td>Los Angeles, CA</td>
<td>4</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>5</td>
</tr>
<tr>
<td>Detroit, MI</td>
<td>6</td>
</tr>
<tr>
<td>Miami, FL</td>
<td>7</td>
</tr>
<tr>
<td>New Orleans, LA</td>
<td>8</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>9</td>
</tr>
<tr>
<td>El Paso, TX</td>
<td>10</td>
</tr>
<tr>
<td>Sun Corridor, AZ</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: International Trade Administration, 2016 Metro Export Data

Top 5 Exports from the Sun Corridor

- **$4.5B**
  - Computer and Electronic Product Manufacturing

- **$2.8B**
  - Transportation Equipment Manufacturing

- **$1.3B**
  - Machinery Manufacturing

- **$888M**
  - Electrical Equipment, Appliance, and Component Manufacturing

- **$476M**
  - Fabricated Metal Product Manufacturing

Sources: U.S. Census Bureau, 2016 International Trade Data
Sun Corridor Exporting Highlights

In 2017, 17 businesses were honored for their successes in exporting. From small to large, from peanut butter to missiles, these businesses reflect the diversity and drive that open the megaregion to international markets. Following are samples of the challenges faced and the successes created by exporters in the Sun Corridor.

• According to Mr. Lee Benson, founder of Able Aerospace, “One of the biggest challenges to exporting is figuring out how you can be the best value alternative in another region in the world.” Able Aerospace addressed the need to increase value and reduce operating costs by developing ETW, a unique business operating system that is now being used in 50 different companies. As a result, Mr. Benson has since spun off a new company to focus on ETW and is helping other exporters keep their operating costs as low as possible.

• ALTIS addresses the need for cultural understanding by embedding staff and providing on-the-ground logistics in China, Europe and the Middle East. This resulted in export sales of more than $1.5 million and more than 50 Olympic gold medals as ALTIS trains high-end athletes from all over the world. Mr. John Godina, founder and CEO of ALTIS, says, “Don’t be intimidated. There are a whole lot of processes when you start crossing international borders. Everybody gets worried about how I am going to do this, how am I going to handle that. Dive in and then find the best help you can, but don’t be afraid of it.”

• Daphne’s Headcovers addressed the challenges of navigating foreign markets. When exporting to a new country, Daphne’s Headcovers invented new golf headcovers based on animals that were popular in the area. They had to work with Customs in each country to create a product code since most often one didn’t exist. As a result, Daphne’s Headcovers now exports to more than 75 countries. Exporting has been crucial to Daphne’s Headcovers’ success. Ms. Jane Spicer, founder and CEO, says, “All of our individual economies ebb and flow. That’s always going to happen. If you’ve got businesses all over the world...it’s a great way to maintain a level business by covering all the different countries and exporting to wherever you can.”
• Jeffrey and Denise Malkoon, a brother and sister team in their early 20’s, faced the challenge of starting a company with no investments and little business experience. Working with their family, they developed a good product, enrolled in programs through the Arizona Commerce Authority and City of Phoenix, sold their peanut butter at thousands of Farmer’s Markets, and reached out to new markets through social media. The result is Peanut Butter Americano has grossed more than $500,000 in sales and donated more than $10,000 in cash and in-kind contributions to relief organizations. Mr. Jeffrey Malkoon shares, “My advice is to reach out to the City of Phoenix, reach out to the Arizona Commerce Authority, the AZ Step Program, and ExporTech. These amazing resources bridge the gap of institutional knowledge to help reach the global economy.”

• Raytheon addressed the need for maintaining financial stability in the midst of political upheaval in other countries. They developed a six-track technology and innovation strategy to reinvent themselves as they adapted to dynamic conditions in international markets. A focus on nimble product development and upgraded information technology systems resulted in Raytheon’s total economic impact on Arizona as $1.9 billion in labor income, $2.1 billion in Gross State Product, and 23,281 in direct, indirect and induced jobs in 2015.

• According to Angela Piñon, Import/Export Compliance Officer for Universal Avionics, complying with complex and evolving regulations is the single greatest tactical challenge they face in exporting, because “the learning curve is extremely steep, the penalties can be staggering, and every employee in the company can potentially have an impact.” The company rises to the challenge by investing deeply in its human capital; hiring experienced employees, providing relevant training; working with expert consultants, and by investing in automation of export compliance activities in key areas.
**Freight in the Sun Corridor**

The Arizona Sun Corridor ranks in the top ten among the largest U.S. metropolitan consumer markets. Approximately 85 percent of the state’s population resides within the corridor and it is projected to grow to approximately 12 million by 2050.

The Sun Corridor’s prime location makes it a key national market along the east-west trade route between California and Texas and international market along the north-south CANAMEX trade route. The Sun Corridor’s current Mexican- and west-bound traffic offers a base of $80 billion in annual product value, making the Sun Corridor well positioned as a gateway for importing and exporting with Mexico and trade via Gulf Coast ports.

**Air and Rail Cargo Assets**

The Sun Corridor has five airports of varying size capable of handling cargo, including belly cargo and all-cargo freighters. These airports have the runway length for wide body freight aircraft to fly non-stop to Asia, Mexico, and Europe.

In addition to the excellent flying weather, several of the primary airports have available land for development and direct access to major interstates and rail, are located in close proximity to large anchor markets, and provide competitive economic development incentives.

<table>
<thead>
<tr>
<th>AIRPORT</th>
<th>LONGEST RUNWAY LENGTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sky Harbor</td>
<td>11,490</td>
</tr>
<tr>
<td>Tucson International</td>
<td>10,996</td>
</tr>
<tr>
<td>Phoenix-Mesa Gateway</td>
<td>10,401</td>
</tr>
<tr>
<td>Phoenix-Goodyear</td>
<td>8,500</td>
</tr>
<tr>
<td>Pinal Airpark</td>
<td>6,849</td>
</tr>
</tbody>
</table>

The Sun Corridor is served by two major (Class I) freight railroads, the Union Pacific and the Burlington Northern Santa Fe railroad. The BNSF and UP have major east-west corridors traversing the state, but also have lines connecting to the Phoenix metro area. Union Pacific’s mainline passes through Pinal County and the City of Tucson, serving their markets, and providing a connection with the Ferromex rail corridor that serves all of western Mexico.
Whether a company delivers its product via truck, train, or air, the Sun Corridor has a world class transportation network that will provide shippers and carriers with efficient and reliable transportation options.

**Interstate Access**

The Sun Corridor’s prime location and access to five Interstates provides companies with next day service by truck to the west coast, intermountain west and direct access to Mexican deep sea ports.

<table>
<thead>
<tr>
<th>CITY</th>
<th>POLA/POLB*</th>
<th>PORT OF HOUSTON</th>
<th>PORT OF OAKLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phoenix-Mesa</td>
<td>380</td>
<td>1,185</td>
<td>730</td>
</tr>
<tr>
<td>Casa Grande</td>
<td>430</td>
<td>1,140</td>
<td>780</td>
</tr>
<tr>
<td>Tucson</td>
<td>300</td>
<td>1,070</td>
<td>850</td>
</tr>
</tbody>
</table>

* Port of Los Angeles / Port of Long Beach

The Mariposa Port of Entry (Nogales, AZ) is a key link in the CANAMEX corridor connecting Arizona to Mexico. The port of entry consists of:

- 12 passenger car lanes
- 24/7 operations
- Dedicated bus lane
- 8 commercial vehicle lanes
- 56 inspection docks

The Arizona Sun Corridor is located in a significant east-west trade corridor between Southern California and Texas and is located in close proximity to Mexico and the North-South flow of goods. This presents a significant opportunity to manufacturers and suppliers that locate in the Sun Corridor due to the ability to secure lower rates for exporting their goods from this region to the west coast.
The CANAMEX Corridor has grown to become the cornerstone for the seamless and efficient transportation of goods, services, people and information between Canada, Mexico and the United States.

As a top 10 market location, the Sun Corridor offers competitive labor, land, and transportation costs to serve international and domestic markets.
Next Steps:

Businesses of any size in any sector are encouraged to join the Sun Corridor EDGE Program. This provides an opportunity for exporters to be recognized for their success in international sales and to have their voice heard about the challenges faced on the road to success.

“Being part of this program gave my business national recognition and credibility,” shared Ray Zuckerman, CEO of ServerLIFT, one the businesses recognized as an expert exporter in the first year of the program. ServerLIFT exports machines to more than 60 countries internationally, as well as to every state in the United States.

Any exporter in Maricopa, Pima and Pinal counties is invited to submit the Sun Corridor EDGE application by 3:00 p.m. February 28, 2018 by emailing the application and related materials to astpeter@azmag.gov.

The application includes three sections.

• **Recognition Program:** This celebrates the companies that are succeeding in global markets. Experts review applications from companies to evaluate their exporting success and place each company in one of the following categories: emerging, proficient, or expert. Large companies with more than 100 employees will be evaluated separately from small to mid-size companies. Participating companies will be featured in a video, press releases and an event. Top scoring companies from each county will be highlighted.

• **Survey and Analysis on Barriers:** Companies complete a quick survey to share the barriers they face in exporting. This gives exporters a voice and gives policymakers the information they need to develop strategies that will remove the barriers.

• **Connection to Resources:** Through our expert partners, companies can connect with the resources and strategies they need to compete in international trade.

An event will be held in April 2018 to celebrate the exporters. Business and elected leaders will join nationally acclaimed experts to share the latest trends in exporting. Steps to propel the Sun Corridor to even higher rates of exporting success will be created and implemented following the event.

For more information on the Sun Corridor EDGE Program, please visit [www.jpacaz.org](http://www.jpacaz.org) or contact Amy St. Peter at astpeter@azmag.gov or by calling 602.452.5049.