International Trade Strategy

City Council Policy Meeting

March 3, 2020
Long-Term Global Strategy
North American Trade

In the 25 years of NAFTA (1994), Arizona’s exports increased 300%

Arizona’s Exports to Mexico
(In millions of dollars)
International Trade Facts

- 92% of Arizona’s top 25 export markets saw an increase in 2018 over prior year
- Arizona exports to Mexico/Canada in 2018 were 44% of total; down from 49% in 2017
- Only 1% of US companies export
  - 97% are SME’s
  - 58% export to a single market
- Global e-commerce for 2020 predicted to be $3.9 billion
International Trade Facts

- USMCA was authorized in January 2020
- EXIM Bank was reauthorized for 7 years
- US has 20 other free trade agreements, many with growing markets

Mexico: 7.7%
China: 11%
Canada: 2.4%
BIGGEST EXPORT TRADING PARTNERS
Legacy Investment by Sector in US

- Advanced Manufacturing: 39.3%
- Professional Services: 26.8%
- Life Sciences: 23.3%
- Information & Communications Tech: 5.2%
- Automotive: 4.2%
- Aerospace: 0.7%
- Agribusiness: 0.5%
- Logistics & Supply Chain: 0.05%
New Industry Sectors
Transformation from physical to digital

- Smart Mobility
- Smart City
- Cyber Security / Blockchain
- Industry 4.0
- Human Augmentation (AR/VR)
- Sustainability
- New Pharma
- Space
Foreign Direct Investment
Employment by Foreign Owned Establishments

- Seattle
- San Jose
- San Diego
- Salt Lake City
- Portland
- Phoenix
- Los Angeles
- Houston
- Denver
- Dallas

U.S. – 5.5% (7.1 million jobs)

Phoenix is HOT
International Opportunities
International Flights

London
Hermosillo – 2nd flight

Frankfurt

Frankfurt
Thunderbird School of Global Management
Global Circular Economy / Sustainability
So where do we go next?
Goals – Growth and Diversification of International Market by 2030

✓ Drive new and expanding industries, new investments and new jobs to Phoenix
  • Legacy Sectors 70%
  • New Industry Sectors 30%

✓ Ensure investments are a sustainable mix
  • Mergers & Acquisitions
  • Expanding companies
  • Net new to market
Leveraging Strategic Partners

MPExA
METRO PHOENIX EXPORT ALLIANCE

CONSULAR CORPS
OF ARIZONA

C.A.B.C.

GREATER PHOENIX
EXPORT PLAN
METRO EXPORT INITIATIVE

PHOENIX
Sister Cities
Discovery Changes Everything.

Greater Phoenix
Economic Council

SELECT USA

ARIZONA
COMMERCE AUTHORITY

MARICOPA
ASSOCIATION of
GOVERNMENTS
Driving Metrics

- Showcase Phoenix as a preferred place to do business for international companies driving FOE to from 4.0% to 6.0%
- Canada/Mexico export increase to 60% by 2030
- Guide a 5% export participation by SME’s by 2030
- Enable export competence / compliance
- Enable export career path / export certifications
Enabling Resources

- Two new dedicated economic development team members
- Business Retention & Expansion – to connect with existing international companies
- Business Attraction – Global outreach to identify international companies looking for US expansion
Enabling Resources

- Dedicated “soft landing” space to drive FDI locates
- Deployment of Innovation Hubs as a public/private/academic partnership
- Develop an export incubator / accelerator program
- Inbound and outbound trade delegations with our businesses
Enabling Resources

- Signature annual FDI event in Phoenix
- Trilateral trade workshop with Phoenix Sister Cities
- Global Smart Cities initiatives
- Enhance awareness of the market by attracting key leaders to observe Phoenix assets
- Destination Medicine / Healthcare Tourism
Enabling Resources

- Partnerships with state universities on delegations and target marketing
- Proactive data/analytics campaign to target international companies
- Creation of detailed marketing materials to target international markets
Enabling Resources

- Maintain City of Phoenix offices in Mexico City and Hermosillo with direct report to CED
  - Consider future expansions in key cities

- Targeted business to business trade delegations to Mexico and Canada semi-annually
Recommendation

- Request City Council authorization to implement a long-term Global Initiative Strategy including additional staffing and financial resources needed

- Authorization to establish partnerships and to leverage contracts with our state universities relating to global market outreach, research, trade opportunities and to determine growth markets