



The Bottom Line

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Arizona leaders ready to seize Mexico trade opportunities

by Glenn Hamer
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With bags packed and passport in hand, I'm en route to Hermosillo, Sonora and later Mexico City as part of an all-star delegation to Mexico led by Phoenix Mayor Greg Stanton and Tucson Mayor Jonathan Rothschild to talk trade and cross-border business.

Mayor Stanton deserves major kudos for making this trip, especially now that he's nursing a [broken nose](#) from a run-in with a member of the Phoenix Mercury. From the outset of this first term as mayor, he has [made clear](#) that strengthening ties between Phoenix and all of Arizona with Mexico is going to be a top priority.

The packed agenda of the trip is centered on ways we can increase commerce and ultimately jobs in Arizona.

At the state Legislature, there is no greater authority on our state's unique cross-border relationship with Mexico and its effect on our economy than [Rep. Russ Jones](#). Rep. Jones is the president of one of the border region's leading customs brokerages, a position that gives him insight into our state and nation's trade position that few can match. He recently forwarded to me a [slide](#) that caught my attention. The slide, provided by the US Chamber of Commerce as part of its [US-Mexico Leadership Initiative](#), is headlined: *6 million US jobs depend on trade with Mexico*. Drilling down, the slide provides information on each state's trading statistics with Mexico.

According to the research, Arizona's trade with Mexico totals about \$11.9 billion, with us exporting about \$5.74 billion worth of product to the country. Computers and electronics alone provide over \$1.2 billion worth of export activity.

Commerce resulting from tourism is particularly important. Mexicans account for over 70 percent of the 4.7 million international overnight visitors, having contributed [\\$2.69 billion](#) and [23,400 direct jobs](#) to Arizona's economy between 2007 and 2008.

All of this adds up to incredible importance for our overall jobs picture. As noted in the [slide](#), over 111,000 jobs in Arizona rely on trade with Mexico. This number is likely to increase.

It's worth noting that export-oriented jobs tend to pay more than other jobs. An [analysis](#) conducted by the Metropolitan Policy Program at the Brookings Institution found that in metropolitan areas, industries focused on exports pay higher wages than those with a domestic focus. For 94 percent of metropolitan areas, \$1 billion in exports leads to a 1 to 2 percent wage increase. Higher wages in export industries even carry over

ensure that [our tax code is now much friendlier to export-oriented businesses](#).

The importance of our relationship with Mexico isn't lost on Arizona voters. A poll recently commissioned by the Arizona Business Coalition asked the following:

Today, Mexico is Arizona's largest international trading partner making up roughly 33 percent of Arizona's foreign exports, which is a little less than six billion dollars. Should Arizona look to expand trade with Mexico or reduce trade with Mexico?

The results were as follows: 63% expand trade; 18% reduce trade and 8% amount of trade is about right.

Arizona has a strong legacy of leadership that has supported and provided leadership in efforts to increase commerce with Mexico.

My first boss on Capitol Hill, former U.S. Rep. Jim Kolbe, led the effort in the early 1990s to expand trade with Mexico and Canada in the landmark establishment of the [North American Free Trade Agreement](#). It's not hyperbole to say that were it not for Congressman Kolbe, NAFTA may never have been a reality. Gov. Brewer wisely just [appointed him](#) to lead a Transportation and Trade Corridor Alliance. The Alliance will combine the efforts of [ADOT](#), the [Arizona-Mexico Commission](#) and the [Arizona Commerce Authority](#) to expand trade and further economic development within the state.

The Arizona-Mexico Commission is in part [dedicated to increasing our commerce](#) with the Mexican state of Sonora. In fact, at the last AMC plenary session there was a focus on energy with Gov. Brewer and Sonoran Governor Padres Elias discussing future opportunities for Arizona energy firms to sell electricity over the border, the sort of forward-thinking conversations we need to be having with our neighbors to the south.

I look forward to bringing the knowledge gained on this trip to the Arizona Chamber's recently launched Tourism and Trade policy committee, which was established to focus on policies that strengthen Arizona's role as a global leader in tourism and trade. The committee is chaired by Debbie Johnson, president of the [Arizona Lodging and Tourism Association](#) and an incredibly dynamic advocate on behalf of tourism in the state. I am also thrilled that the [Tucson Hispanic Chamber of Commerce](#), led by Lea Márquez-Peterson, will assist in these efforts, creating a dynamic partnership on behalf of Arizona businesses.

There are exciting opportunities ahead, but a few trips to Mexico won't mean that we've cracked the code on Arizona-Mexico trade. Texas has set the standard for capturing cross-border trade dollars, and policymakers in that state are keen to ensure that the trade hubs in El Paso, Laredo and the Rio Grande Valley continue to have the resources necessary to ensure that those communities remain bustling with commerce. The Lone Star state saw [\\$87 billion](#) worth of goods sold south of the border in 2011, so there's plenty of work for Arizona to do. But with our leaders focused on expanding trade opportunities with Mexico, I am confident that we will narrow this gulf and in the process create more jobs in Arizona.

Glenn Hamer is the president and CEO of the Arizona Chamber of Commerce and Industry

The Arizona Chamber of Commerce and Industry is committed to advancing Arizona's competitive position in the global economy by advocating free-market policies that stimulate economic growth and prosperity for all Arizonans. <http://www.azchamber.com/>.