

**Report of the**  
**EIGHTY-SIXTH ARIZONA TOWN HALL**  
**“ARIZONA AS A BORDER STATE —**  
**COMPETING IN THE GLOBAL ECONOMY”**

**Prescott, Arizona**  
**June 12 – 15, 2005**

Few states enjoy the geopolitical position that Arizona does. The state of Arizona shares its entire southern border with Mexico and also is strategically located between two substantial U. S. economic powers — California and Texas —which positions Arizona to be a key participant in both the growing economy of the Southwest as well as the burgeoning global economy.

Arizona’s potential is clear. The most recent data from 2004 indicate that the state exported \$13.4 billion worth of goods globally. Mexico, as the state’s largest trading partner, imported about \$3.8 billion in goods. Still, Arizona is far from reaching its potential.

The 143 participants in this 86th Arizona Town Hall discussed what Arizona needs to do to develop the business climate, the infrastructure and the positive mindset to become a major participant in this expanding economy. We recognize there are issues in this broad and important subject that can be polarizing, but we need to work harder to identify what is required to solve the challenging political and social issues such as immigration, health care and education that impinge on Arizona’s ability to become more effective in the rapidly growing regional and global economy.

While not every Town Hall participant would totally agree with each of the conclusions and recommendations, the following report does reflect the significant degree of consensus achieved at the 86th Arizona Town Hall regarding Arizona as a border state as it prepares to more successfully compete in the global economy.

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### A SOUTHWEST BORDER STATE IN THE GLOBAL ECONOMY

#### Arizona's Unique Position in the Southwest and in the Global Economy

Arizona's geo-political location in the Southwest and as a border state with Mexico places it in a unique—and advantageous—economic, social, political and cultural position. Arizona's sunny climate and limited exposure to natural disasters permit year-round agriculture and make it an attractive place to do business. The state's profound natural and cultural resources and natural beauty are magnets for interstate and international tourism and a constant inspiration to everyone who calls Arizona home.

Arizona's location as a Southwest border state makes it socially and culturally diverse, with large and varied Hispanic and Native American populations, as well as a steady mixture of newcomers from other states and countries. Politically, Arizona must balance diverse regions of the state, including urban, rural, tribal and international border communities. Arizona's dynamic blend of backgrounds and talents contributes to the expansion of Arizona's economy from its traditional base in mining, ranching and agriculture to its increasing reliance on real estate development, construction, tourism and technology-based industries.

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Arizona is uniquely situated by its location between Texas and California, its position along the CANAMEX corridor (a multi-state trade corridor comprised of key areas lying in the north/south transportation path from Mexico through the U. S. to Canada), and the availability of multiple ports of entry along its border with Mexico. Arizona has a relatively “new” economy, with a less restrictive regulatory framework than some other states, which many perceive as favorable to economic investment and growth. Our border with Mexico also creates a dynamic, multicultural business environment when compared with much of the rest of the country. Through the Arizona-Mexico Commission and the Comision Sonora-Arizona, as well as many other organizations, we have a history of communicating across the border. These international organizations should be fully utilized to structure a model for further partnering with other Mexican states as well as other Latin American countries.

#### Challenges and Opportunities of Arizona's Economic Relations with Mexico

The economies of Arizona and Mexico are inextricably intertwined. Arizona and Mexico have cooperated in many initiatives to take economic advantage of our shared border, such as promoting the North American Free Trade Agreement (NAFTA), the CANAMEX corridor, maquiladoras and the Sister Cities Program; establishing a “border zone” in which Mexicans and

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Americans can travel freely (and shop); and designating Arizona-Sonora as an economic region. Arizona, through the Arizona-Mexico Commission, should strengthen these foundations by

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updating the “Arizona/Sonora Regional Strategic Plan” and should continue efforts to develop and execute a joint economic development strategy with Mexico, especially with Sonora and the other Mexican states along the CANAMEX trade corridor.

The United States and the State of Arizona both have a role in the economic development of the Sonoran region. Arizona should be encouraged to see itself positively as a border state, to recognize and capitalize on our state’s geographic position between Canada and Mexico, and to embrace the potential to partner with Mexico. In this regard, Arizona should reform its primary and secondary school curricula, as well as form educational “border zones” in which Mexican students may be educated in Arizona and Arizona students in Mexico, expanding on programs such as the Hands Across the Border program, with a view to creating a fully multi-cultural and multi-lingual workforce to support international trade. The Arizona congressional delegation should seek additional foreign aid for Mexico to increase employment opportunities. Arizona needs to take more advantage of existing mechanisms such as the North American Development Bank (NADBank) and the Border Environmental Cooperation Commission (BECC) to support infrastructure projects and to implement border infrastructure best practices. Recognizing the close relation between immigration patterns and economic issues, the congressional delegation also should continue to take the lead in reshaping national immigration policy.

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Private sector investments in the Mexican economy, as well as public and private partnerships, should be encouraged. Arizona’s public and private post-secondary institutions have led the way in promoting the exchange of high-tech “intellectual capital” with their sister universities and colleges in Mexico to the benefit of both the Arizona and Mexican economies. Other significant initiatives must include exploring an exchange of health service workers, working with Mexico to explore the development of Guaymas as a deepwater port for the benefit of the Arizona/Sonora region as well as to create new ports, developing the infrastructure at the ports of entry along the Arizona/Mexico border, and improving existing highway and rail systems along the trade corridor to make us more competitive with other border states for international trade opportunities.

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While encouraging economic symbiosis, however, Arizona must be mindful of, and sensitive to, cultural differences between the United States and Mexico, as well as environmental constraints related to the Sonoran desert.

Finally, while Mexico always will remain Arizona's neighbor and a leading trading partner, Town Hall believes that Arizona also must focus on the broader global economy. Some of Arizona's global trade will be routed through Mexico, but Arizona also must pursue direct links with the rest of the world. We should attempt to be a border state to the world.

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### **Impacts of the Comparative Cost of Foreign and Domestic Labor**

Inexpensive foreign labor can both benefit and harm Arizona, but is a reality in this global economy. Inexpensive foreign labor in other countries allows those countries to provide goods at lower cost—but this may move some jobs out of the state. However, foreign workers employed within the United States are necessary for certain employment that American workers may not be willing, able or available to perform.

### **Preparing Arizona's Workforce to Compete in the Global Economy**

Arizona's workforce needs to be better prepared to compete in the global economy. Arizona's economic success is linked to the strength of our educational system and the level of funding for education in Arizona. Arizona needs to recognize that funding for education is not a questionable luxury but a necessary investment in our economic future.

Although there is a tendency to look to Arizona's institutions of higher education to create a globally competitive work-force, our elementary and secondary schools also must be devoted to this task. Instruction in foreign languages and multicultural education helps open doors for American workers and enhances earning capacity. Such education should begin in the primary grades and continue throughout a student's post-secondary education years.

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In order to increase the understanding of other peoples, languages and cultures, Arizona's educational institutions should enhance global studies programs at all instructional levels and promote student and faculty exchange opportunities abroad.

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Efforts and additional funding also must be devoted to improving the quality of instruction in grades K-12, and to promoting technical and job skills training at the secondary school level. In addition, Arizona needs to allocate funds for the enhancement of its math, science and engineering programs at the post-secondary education level and encourage students to obtain degrees in those disciplines.

These reform efforts should be a coordinated, collaborative effort among the Arizona Department of Education, the governor's office and local school boards.

Access to higher education in Arizona must improve to meet the demands of Arizona's growing population. Additionally, financial barriers to higher education must be overcome.

Arizona institutions of higher education need to plan strategically, promote a more global understanding of how to succeed in business, develop entrepreneurial skills and provide additional opportunities for students to obtain work experience beginning as early as the secondary school level. Also, Arizona's institutions of higher education should have open communication with the business community and Arizona residents generally through advisory committees and university extension offices to address specific workforce needs. Currently, Arizona public and private post-secondary institutions are actively conducting research and development that will benefit Arizona's workforce and improve its position in the global economy. It is the duty of the state to actively pursue legislative efforts to facilitate Arizona universities to engage in technology transfer. The state also should support collaborative efforts with Mexico, as well as neighboring border states, to promote these international, high-tech initiatives.

## PREPARING FOR SPECIFIC CHALLENGES

### **Arizona's Role in Controlling the Volume and Associated Costs of Unauthorized Immigration**

Because Arizona has become the primary conduit for unauthorized immigration across the Mexican border, Arizona bears a disproportionate financial burden in increased health care, education and criminal justice costs. Uncontrolled immigration in turn has a more profound impact on the economies of border communities than on other areas of the state. The passage of Proposition 200 reflects many Arizona citizens' frustration with some of the consequences of unauthorized immigration, but was not intended to eliminate the cause, but to deal with the effects of immigration. Since Arizona is subject to federal immigration policy, our state has limited means of addressing either the volume or associated costs of unauthorized immigration. Nonetheless, Arizona is not powerless to do so.

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Arizona can endeavor to increase cooperation and communication with federal agencies to help enforce existing laws and promote measurable results. Given the strong economic incentive to enter the United States, however, imposing penalties against would-be workers or employers in Arizona is not a solution to the problem of unauthorized immigration as many will continue to pass through Arizona to other states. In the event employer sanctions are enacted, employers

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should be provided with tools to allow them to verify legal status and the burden of proof should not be put on the backs of employers. Arizona should work in collaboration with the Mexican government and the business community to develop economic opportunities.

There is significant misinformation regarding border issues and uncontrolled migration. Efforts should be made to analyze, clarify and publicize the issues to enable meaningful discussion of these issues. Without such analysis, it will not be possible to meaningfully discuss the associated costs.

Town Hall strongly recommends that our congressional delegation and the governor work together in developing a comprehensive national policy, using the McCain/Kolbe/Flake and Kyl bills as points of departure. Particular attention needs to be paid to visa compliance provisions. The Arizona congressional delegation's efforts would be more effective if the border states, at all levels of government, in conjunction with the business community, could formulate a unified position on unauthorized immigration and its related costs. At the same time, and awaiting comprehensive reform, however, the Arizona congressional delegation must insist that the federal government appropriate sufficient funds to defray the financial burden of unauthorized immigration into the state.

### **Town Hall Supports a Guest Worker Program and a Secure Border**

Current federal immigration policy does not adequately recognize the contributions of foreign workers to the U. S. economy, or the needs of employers for foreign labor. Arizona should assume a leading role in shaping federal policy to reflect reality. In this regard, policymakers should partner with industry to conduct a needs assessment reflecting realistic demands for foreign workers.

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Town Hall supports a guest worker program, but only in conjunction with strict enforcement of immigration laws, as a means to supply the demand for foreign labor, as well as to address the problems and costs associated with current

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immigration policy. However, it is important to note that current federal policy does not provide for a secure border; without a secure border, no guest worker program will be successful.

A guest worker program would have many advantages. Guest workers would not be required to leave their families behind to take advantage of economic opportunities in Arizona. They would be free to return home to attend to personal and family business without fear of being barred from returning to the state. Such a program also could promote international exchange of goods, services and “human capital”; reduce the disruption to business caused by sudden deportation, and thus require employers to hire only properly documented foreign workers; curtail human “smuggling” and reduce the risk of injuries and death associated with crossing the border illegally; alleviate security concerns by identifying and requiring proper documentation from legal guest workers; and free federal authorities to concentrate their efforts on preventing border crossings for illegal purposes.

Instituting an effective guest worker program is controversial and presents numerous challenges such as increasing the cost of goods and services as a result of the administrative costs of such a program; determining the costs to employers, such as insurance coverage and other benefits for guest workers; addressing immigration quotas; insuring an administratively simple process; making the program flexible enough to accommodate the foreign labor needs of all sectors of the Arizona economy; dealing with undocumented workers already living in the United States; establishing a means to transition guest workers to permanent worker status; and creating a new class of undocumented worker comprised of those who do not participate in the program, and a black market for documents among some who do; obtaining the cooperation of

Mexican and Latin American governments; and informing the public about the program and its purpose.

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The Town Hall believes, however, that the potential economic, social and political benefits of a guest worker program far outweigh any possible disadvantages. Arizona must take the

lead to formulate federal guest worker legislation, and collaborate with other border states in achieving this end. A guest worker program is imperative. To ensure compliance and success, the program must be comprehensive, address the wide range of issues associated with unauthorized immigration, including workplace enforcement, and provide funding for full enforcement of our immigration laws.

### **Environmental Issues Relating to Arizona’s Common Border with Mexico**

Environmental issues are serious problems for Arizona as a whole. Arizona’s southern counties have specific environmental challenges related to their location on the border. Arizona has an obligation to send a minimum flow of Colorado River water to Mexico, with which it

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shares serious concerns over water supply, quality and treatment issues. Communities on both sides of the border also have common concerns over air quality, sewage treatment, shared aquifers and pollution of waterways, such as the San Pedro and Santa Cruz Rivers. Additionally, unauthorized immigration and enforcement efforts in Arizona have adverse environmental impacts, such as habitat degradation, littering, surface water pollution, degradation of sacred sites and an increased risk of brush fires.

Although international environmental issues are a national concern, the problems facing the Arizona-Sonora region are too pressing to be left to the federal government alone to resolve. Cooperation and assistance between and among state, federal, tribal and Mexican governments are required, especially with regard to enforcing existing environmental laws.

Under NAFTA, for example, NADBank investment funds may be available to address environmental issues, but there are serious procedural obstacles to accessing those funds. Arizona should assist small communities to work through the necessary procedures to qualify for NADBank funds. Arizona also should advocate for the use of NADBank funds to improve and develop infrastructure, such as telecommunications infrastructure, that will enable small communities to compete in the new global marketplace. The state also has an important role to play in appropriating funds and providing intergovernmental grants devoted to finding solutions for environmental problems. The federal government is working on ways to partner with Mexico through collaborative efforts between business and government both to clean Colorado River water and to “trade” water for appropriate purposes, such as exchanging water for agriculture for drinking water. The Arizona-Mexico Commission provides a solid framework for further such collaborative efforts. Tribal governments also should be invited to partner in finding ways to protect the environment and the shared natural resources of the Sonoran Region.

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## THE POLITICS OF BEING A BORDER STATE

### The Effect of Federal and State Laws

Generally speaking, the states’ ability to interact with foreign countries is controlled by federal law. Unfortunately, laws written in Washington, D.C. do not always account for the particular concerns of border states like Arizona, and thus have unintended, adverse consequences. The Arizona congressional delegation and federal government agencies need to be proactive in determining what Arizona needs national laws to accomplish. Before enacting new international trade laws and immigration procedures or making changes to existing



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laws/procedures, Town Hall recommends that the Arizona delegation and federal government agencies consult and communicate fully with those people and locations directly affected. Arizona also needs to be proactive, and after determining what we want national laws to accomplish, take the responsibility to speak with one voice in Congress to improve trade and our border's safety and efficiency.

NAFTA has achieved mixed results but overall the benefits have outweighed the costs. Town Hall recommends education of the public on specific benefits we have received as a result of NAFTA.

NAFTA regulations should be amended to ease investment by smaller communities using NADBank funds, for example, by reducing the interest rates charged and providing border community development funding. Benefits resulting from the BECC should be recognized, encouraged and improved.

Although Town Hall recognizes the importance of regulatory oversight to protecting the environment, securing safety standards and safeguarding national security in a post-9/11 world, the procedures for moving goods, services and consumers across the Mexican border need to be streamlined. While the creation of the Department of Homeland Security (DHS) has significantly improved the essential regulation of our ports of entry, the flow of trade and tourism into Arizona continues to be inhibited by both policy and practice. Bureaucratic red tape still hampers our ability to compete in the global economy. Similarly, border crossing procedures and proposed laws, such as requiring passports for all crossings, also are cumbersome and unwelcoming.

Federal laws should facilitate rather than hinder bona fide border crossing. Rules governing the crossing of products at the border should be streamlined (for example through utilizing CyberPort technology) and efficiently harmonized between Mexico and the United States, and enforced consistently. Reforms to federal law that would make it easier for foreign nationals to cross into and out of Arizona, such as biometric cards and electronic visas, also should be considered.

Arizona should examine how its laws and the actions of its lawmakers may facilitate interactions with other countries, and Mexico in particular. Arizona is losing market share of imports and exports to and from foreign countries and needs to be proactive in defending and maintaining its portion of the market, as well as in expanding opportunities. Arizona should anticipate current and future needs for transportation infrastructure (i.e., highways, rail and air in

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both the United States and Mexico) to facilitate trade. Because of their established relationship with the government of Mexico, organizations like the Arizona-Mexico Commission can help facilitate this process. Given this important role, the Arizona legislature should devote adequate and stable funding sources to the Commission and more private sector involvement should be pursued for the Commission. In addition, Arizona's regulatory agencies should review their standards and processes and benchmark them against other border states to assess how quickly businesses in Arizona can bring goods to market compared to other states. In this regard, Arizona also should confer with trade organizations from other border states, such as the Laredo Development Foundation, and consider the benefit of forming similar agencies in Arizona.

Town Hall supports further study of the Central American Free Trade Agreement (CAFTA), initially acknowledging that it could be a valued asset to the Arizona and U. S. economy.

### **Reaching Consensus Among Arizona's State and Federal Lawmakers**

There is the general perception that our national and state representatives are not in touch with the problems of *all* Arizonans and particularly those in the border regions. The congressional delegation and state legislature need to listen to their constituents. It is vital that both state and federal lawmakers work together to address border issues. Until Arizona is seen to speak with one voice, the effectiveness of its efforts to address these issues will be impaired and ineffective.

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Many of our state's congressional delegation are reluctant to engage the topic of unauthorized immigration. A common vision and a unified voice by our delegation are critical to Arizona. Arizonans need to continue to impress upon our congressional delegation that the lack of movement on these issues is damaging to the state's economy and its global competitiveness.

Unauthorized immigration affects the entire country, and Arizona's congressional delegation should take the lead to educate the rest of the nation about the importance of this issue. Members of our congressional delegation currently preside over key committees and hold important national roles and should utilize these positions to work in Arizona's best interest. The first step in this regard will be for Arizona's delegation to arrive at consensus on immigration reform. The congressional delegation also should concentrate efforts to communicate, visit and collaborate with Mexican officials in an effort to promote positive change in Mexico's political and economic status. Mexico's cooperation is crucial to developing meaningful, effective change.

The federal government should be encouraged to address comprehensive border infrastructure needs in Arizona in cooperation with the state. This will require an aggressive

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push for federal funding that will be essential to maximize opportunities for increased trade along Arizona's East-West and North-South transportation corridors. Additional funding and financing for infrastructure also may be available from alternative funding options such as those applied in Southern California and Texas, including commercial fees assessment, applying tolls to roads that cross the border and developing public/private partnerships. To this end, Arizona should officially recognize and expand the authority of regional port authorities, the Arizona International Development Authority and other public/private partnerships.

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Focusing the congressional delegation's and state government's attention on border and trade issues will require development of a strategic plan such as that announced by the governor. State government is the logical entity to develop and push such a plan, although creative solutions, such as involving regional cooperative initiatives and joint legislative meetings between Arizona and Sonora, also should be investigated and analyzed.

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Arizona leaders should initiate an effort to form a southwestern border states caucus that would work collectively to publicize issues important to border states, address the unique challenges and opportunities border states face, and augment border states' influence in Congress and their ability to get legislation passed.

Elected officials also should visit the border communities and meet with their residents. Further, state and federal lawmakers should be invited to a single forum where Town Hall participants present the recommendations from the 86th Town Hall in order to highlight the existence of a broad consensus on border issues.

### **Achieving a Unified Approach to Border Issues and Global Competitiveness**

Arizona's government lacks an effective and cohesive approach to border issues. In addition, partisan differences increasingly prevent our elected officials from working for the common good. Many issues cross the lines of state agency authority and thus become the subject of turf wars. Agencies formed to deal with border concerns are located far from the border, while congressional district boundaries further dilute the influence of border communities in electing officials. As a result, the state legislature has pursued questionable policies with respect to border issues as well as to global trade issues. For example, the legislature repeatedly attempts to eliminate the Arizona Department of Commerce rather than ensure that the agency has the tools and funding necessary to fulfill its role in global trade, tourism and rural development.

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In addition to developing a more unified approach to border issues and global competitiveness, other pragmatic steps that state government can take to improve Arizona's position in the global economy include providing continued support for the Arizona-Mexico Commission in addressing health care, tourism, commerce and transportation issues between Arizona and Mexico; improving the quality of education at all levels, particularly in languages, mathematics, science and technology; developing ports of entry by utilizing and/or developing existing airports and heavy rail lines to move goods in and out of the state; and funding outreach programs to foreign countries that promote trade and tourism.

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Willing businesses should be encouraged to invest in infrastructure and funding, but need Arizona agencies to facilitate trade development and growth. An increase in public/private partnerships could help promote trade that would benefit the entire state.

Arizona's executive branch has emphasized border and trade issues and appears to have begun development of a strategic approach to addressing those issues. In this regard, Town Hall recommends that the governor's office organize a task force based upon the Arizona-Mexico Commission model to coordinate and take the lead in joint initiatives between the private sector and state agencies working on border and global issues affecting Arizona. The purpose of such a

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group would be to lessen the gap between the goals of the private sector and the different state agencies, as well as the various economic development agencies and chambers of commerce. Additionally, the governor should organize an economic summit to promote international trade with a focus on identifying and attracting specific potential trade partners.

A bi-national project between Arizona and Sonora should be established to create reciprocity for non-commercial vehicular insurance coverage in each other's jurisdiction.

Finally, Arizona as a whole must project an image that welcomes prospective foreign business partners, while paying attention to new ideas and emerging industries throughout the state and region.

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### **The Department of Homeland Security’s Approach to Border Control**

In recent years, the flow of trade and travelers between Arizona and Mexico has slowed due to a variety of factors. The current system of border control has created long lines and long waits for commercial and non-commercial vehicles, delayed pedestrian traffic between the U.S. and Mexico, and impeded trade in perishable agricultural products. Additionally, current border controls may be discouraging tourism. The Homeland Security Act, as written, does not provide a direct means for tribal governments to receive homeland security funds, nor does it recognize the importance of tribes in concerted efforts to address border security issues. The state and federal governments should work with tribes to ensure that adequate resources are available to enforce border security and to offset costs associated with the impact of unauthorized immigration.

Town Hall supports proposals to modify and improve DHS’s border control procedures, such as the San Luis pilot program to separate commercial and private civilian traffic crossing; electronic visas; the CyberPort project; and the development of

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“inland ports,” with inspections conducted away from the border. Town Hall believes these measures may alleviate congestion at points of entry, but it does not place that goal above the need for DHS to observe human rights and protect U.S. borders from illegal drug and terrorist activity. On the other hand, DHS border control should not be considered a substitute for meaningful immigration reform.

## **POSITIONING ARIZONA FOR THE FUTURE**

### **Arizona’s Competitive Advantage**

Arizona enjoys many competitive advantages in exporting goods and services to other countries. These include a favorable geographic location near Mexico, the Sea of Cortez and the West Coast, and along the CANAMEX and east-west corridors; open markets; a business-friendly regulatory environment; a sunny, temperate climate and majestic natural resources permitting nearly year-round transportation, agriculture and tourism; air freight, rail and interstate travel capabilities; a long history of trade with other countries, including centuries-old trade relations with Mexico and Central and South America; a relatively large bilingual population familiar with Mexican and Latino culture; and extensive opportunities for accessible and affordable post-secondary education.

All of Arizona profits from the state’s proximity to Mexico, which provides goods, services and an inexpensive labor force, as well as a nearby market for Arizona products. Arizona should cultivate this advantageous relationship in various ways, including collaborating with Sonora and

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the private sector to develop the Port of Guaymas and thus to provide a seaport to this land-locked state. Arizona also should investigate establishing trade corridors to other Mexican ports, such as Ensenada, and developing the route of exchange all along the CANAMEX corridor. Arizona should encourage pride in the state's historical ties with Mexico by, among other things, promoting bilingualism and encouraging technology, faculty and student exchange programs.

Arizona also can increase its trade advantage by expanding the state's overseas and interstate presence, specifically through the Arizona Department of Commerce. Arizona universities and community colleges should be more greatly utilized in facilitating collaborations with other states and countries, and attracting business and investment to Arizona.

### **The Role of Economic Development Organizations**

Because studies show that by the year 2025, eighty percent of manufactured goods will be made in a country different from where they are consumed, we should expect major changes in the global supply chains and trade patterns and respond by developing new strategies to compete in the global economy.

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Arizona thus needs to pursue public/private partnerships that identify the "new" business opportunities and actively engage in a marketing campaign to these new trade partners. To this end, we should encourage and support collaborative efforts between economic development organizations and Arizona communities to bring foreign business

representatives to the state. Additionally, Arizona should consider creating international trade resource centers such as proposed by the concept of the "Export Academies." These "academies" would work with existing small business development centers to make small and medium-sized businesses "export ready" and secondly would create a complementary international "business to business" network of academies that would open new international markets to the graduates of these academies. This endeavor should be initiated by the Arizona Chamber of Commerce.

Rather than operate on a community-by-community basis, Arizona needs a statewide strategy for global competitiveness with specific development objectives. An international economic development summit gathering Arizona's various agencies and private sector organizations may facilitate the generation of a strategic development plan. With increased funding and a commitment to long-term programs, the implementation and coordination of the state's development objectives could be headed by a strengthened Arizona Department of Commerce and implemented by agencies and organizations such as the University of Arizona's Global Advantage Program or the Sister Cities Program.

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Arizona potentially could capitalize on the influx of corporations doing business in Mexico by recruiting corporations to simultaneously open offices in Arizona to monitor their plants and facilities located across the border. Expanding free-trade zones and providing tax benefits could encourage corporations to conduct business in Arizona. The state also could attract more business by global marketing in several languages, including selling itself to corporations and potential tourists through satellite TV, websites and dynamic speakers.

### **Promoting Foreign Tourism**

Mexico presents an incredible opportunity for Arizona as various areas of Mexico continue to grow and attract people and businesses. Arizona should promote itself as a gateway and work with Mexico's department of tourism to promote travel between Mexico and Arizona. For example, the collaborative efforts to market Arizona and Sonora as a single destination should be expanded. Because Mexico provides Arizona with its largest source of tourism, steps should be taken to alleviate perceived negative images of Arizonans' attitudes to Mexican visitors. Care should be devoted to addressing safety issues and dispelling fears on the part of tourists regarding their safety in both Mexico and Arizona. Further, Arizona's tourism industry should be made more culturally aware to make Mexican tourists feel welcome and safe. The Arizona Office of Tourism should provide staff and share office space with the Arizona Trade Office in Hermosillo, Sonora and in Guadalajara.

Arizona should focus efforts to welcome all foreign visitors to our state. For example, Arizona could expand the use of international roadside symbols, create multilingual signs in airports, help synchronize public and private transit providers, coordinate and facilitate currency exchanges, and assist communities with national and international marketing strategies. Arizona residents also can assist in promoting the state's tourism by acting as ambassadors to welcome visitors and make Arizona a more friendly place to visit.

Marketing Arizona as a tourist attraction to foreign countries has been effective and should be expanded. Arizona should take various cultures into consideration when marketing to specific countries. Vacations to Arizona should be promoted to foreign countries and should highlight among other things, golfing, fishing, hiking, skiing, shopping, exploring our beautiful landscape, and eco-tourism. In addition, Arizona could provide tour guides, brochures and advertising in various languages. The state should continue to provide funding to the Arizona Office of Tourism to develop these initiatives. The Office of Tourism should bolster the existing efforts of Arizona's international airports and other airports in working with airlines to expand air service, especially direct and non-stop international service.

Because of Arizona's superior climate, accessible international airports, and variety of convention venues and accommodations, it is an attractive place to conduct business meetings and conventions. This provides an untapped audience for marketing Arizona as a place to do

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business and as a gateway to Mexico. The Arizona Department of Commerce should coordinate efforts with the Office of Tourism to encourage foreign businesses to conduct more business within our state. While foreign tourists and business travelers are already coming to the state, Arizona should market further business and tourism opportunities to ensure their return.

### **Goals for Enhancing Arizona’s Position in the Global Economy**

To more effectively participate in the global economy, Arizona and Arizona businesses need to spend more money on marketing Arizona, selling the state and all it has to offer. Arizona needs to aggressively promote its unique business and economic opportunities to other states within the U. S. and to other countries.

Arizona should provide sufficient resources to all levels of the state’s educational system to prepare an educated workforce designed to compete in the global economic arena.

Arizona should work to establish a secure, user-friendly border. Moreover, Arizona should attempt to promote support throughout Mexico and the southwestern states for a federal border policy that includes an effective guest worker program.

In addition, Arizona needs to develop the state’s commercial transportation and border crossing infrastructure. This includes support for the development and expansion of inland ports of entry and proper implementation of the CyberPort concept in all Arizona international land ports. Port authority legislation must be enacted to create a funding mechanism for critical infrastructure projects by public and/or private means. Given our strategic position as an entrance to North America, Arizona should focus on the development of the logistics industry, one of the leading job creation sectors in the U. S., including warehousing, distribution centers, cargo transfer facilities and international banking. This focus will result in the creation of new jobs and diversification of the Arizona economy.

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Arizona’s state government, congressional delegation, lobbyists and other public and private entities need to reach a consensus on border issues and pursue solutions with a unified voice. These same parties need to improve Arizona’s overall reputation by correcting misconceptions about border issues, such as immigration, and eliminating the perception of Arizona as a hostile environment for foreign visitors and businesses.

Arizona must create, maintain and promote the availability of a database on relevant issues—such as trade, transportation, tourism, and the economy generally—to provide valuable information in evaluating and establishing Arizona’s international development objectives and



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economic goals. To implement these goals, the state needs to educate businesses throughout Arizona about the specifics of doing business abroad.

A cooperative effort among the governor's office, state agencies such as the Arizona Department of Commerce, and the private sector is needed to educate all sectors of Arizona's economy on the value of global trade and to participate in a collaborative approach to engaging and marketing Arizona.

*Arizona must create, maintain and promote the availability of a database on relevant issues... to provide valuable information in evaluating and establishing Arizona's international development objectives and economic goals.*

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**John A. Adams, Jr.**, Executive Director, Laredo Development Foundation, Laredo, Texas  
**Thomas Nassif**, President, Western Growers; Former U. S. Ambassador to Morocco, Irvine,  
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**The Honorable Janet Napolitano**, Governor of Arizona, Phoenix  
(*via videotape*)

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