



ARIZONA & MEXICO

Highlights of the 108th
Arizona Town Hall

April 24-27, 2016
Tucson, Arizona



Participants Gail Lewis, Russ Jones and Ryan Gudin consider changes to the draft report of recommendations during the plenary session at the 108th Town Hall.

There is a compelling opportunity to create unprecedented prosperity for all people in the Arizona-Sonora region.

- from the 108th Arizona Town Hall Report of Recommendations

For over 50 years, Arizona Town Hall has educated, engaged and empowered Arizonans to create solutions to critical policy issues.

Prior to the Town Hall, participants from throughout the state reviewed a background report developed by The Morrison Institute at Arizona State University in partnership with the University of Arizona, Northern Arizona University, the Arizona Board of Regents and other industry professionals.

Participants also considered recommendations from fourteen Future Leaders Town Halls and five Community Town Halls that addressed the same topic.

Meeting in facilitated small groups, participants addressed a common set of discussion questions. Trained recorders captured points of consensus and the entire group gathered for a plenary session on the fourth day to adopt a report of recommendations. The report reflects the overall consensus achieved by the 108th Arizona Town Hall.

This publication is a summary of the complete report that includes the background research report and the report of recommendations.

Complete Town Hall reports are published and made available to Arizona Town Hall members, elected officials including the Arizona Legislature, public libraries, and the general public. Download copies online at www.aztownhall.org or call 602-252-9600 to request a printed copy.

Special thanks to:



Key Points from the Background Report

Read or download the complete background report at www.aztownhall.org.

Arizona and Mexico share a long history of engagement on many levels, including economic, civic, cultural and educational.

Mexico has an increasingly prosperous middle class and educated workforce. It is the 15th largest economy in the world and is projected to be the sixth largest by 2020. The Arizona and Mexico economies are deeply interconnected. Mexico is the state's largest trade partner accounting for \$9 billion and over 40% of Arizona's exports in 2015.

TRANSITIONS IN THE MEXICAN ECONOMY

- Sustained demographic stability and middle class growth positively impact Mexican productivity.
- Lower production costs, proximity to markets, and wide-reaching free trade agreements make Mexico attractive to export-oriented manufacturers.
- Increased trade between Mexico and the U.S. creates jobs and prosperity in both countries.

ARIZONA'S TRADE WITH MEXICO

- Mexico is Arizona's top export market.
- Arizona is a major market opportunity for Mexican businesses.

ARIZONA'S BORDER PORTS OF ENTRY

- Of the 47 international crossings present between the United States and Mexico, nine are between Arizona and Sonora. These nine crossings are organized into six ports of entry. In addition, Arizona has two other ports of entry not located along the border: Phoenix and Tucson.
- Nogales is Arizona's busiest port of entry, particularly for commercial traffic.

MEXICAN INFRASTRUCTURE

- Nogales is the largest port of entry in Arizona and accounts for approximately 7% of traffic by value for the U.S./Mexico border.
- Nogales connects Arizona State Route 189 to Mexico 15, which has moved fresh produce from Sinaloa to U.S. markets for many years.

- Upgrades and proper staffing at the Mariposa port of entry are key to maintaining Arizona's competitiveness as a port of entry for goods, particularly fresh produce, from Mexico.
- The Arizona and Sonora trade corridor requires good rail connections in order to fully benefit from possible container traffic into the revamped Port of Guaymas in Sonora.

THE MAQUILADORA/IMMEX

- The Mexican IMMEX sector, which includes maquiladoras, is an important market for Arizona exports.
- Arizona's closest neighbor, Sonora, has about 163,000 employees in the IMMEX sector, of which 70% are in manufacturing.
- The automotive industry in Hermosillo is one of Sonora's manufacturing pillars and one of Mexico's leading automotive industry production centers.
- The emerging aerospace sector in the Empalme-Guaymas area strengthens the Arizona-Sonora transborder aerospace industry cluster.
- There are untapped opportunities for Arizona's companies to expand trade relationships with the IMMEX sector.

THE TRADE OF FRESH PRODUCE

- Mexico is the main source of winter fresh produce imports to the U.S.
- The fresh produce industry directly supports more than 4,000 jobs in Santa Cruz County as well as supporting trade and economic development throughout Arizona.

- The industry faces challenges from investments in highway infrastructure and border ports of entry which may benefit other border states, most notably Texas.

MEXICO'S POWER SECTOR REFORM

- Mexico's wide-sweeping reforms of its energy sector have introduced competition in its electricity market.
- Nearly 50% of US natural gas exports are to Mexico.
- Mexico could become a growth market for border states with excess generating capacity.

MEXICAN VISITORS TO ARIZONA: ECONOMIC IMPACTS

- Every year thousands of Mexican tourists travel to Arizona for business, shopping and to visit family and friends. These visitors spend billions of dollars and support thousands of jobs throughout the state.



Vera Pavlakovich-Kochi, George Hammond and Sapna Gupta presenting at the Monday Author's Breakfast.

Report of Recommendations

The 108th Arizona Town Hall gathered on April 24-27, 2016, to develop recommendations for strengthening the binational economic region of Arizona and Mexico. Below is a summary of the recommendations for action. Read or download the complete report of recommendations at www.aztownhall.org.

INFRASTRUCTURE

- Pursue flexibility in hiring at and staffing of our international border ports of entry to address seasonal peaks and valleys.
- Construct port of entry improvements to facilitate the crossing of commercial and personal vehicle traffic, and streamline processes for inspections.
- Identify additional funding to build out State Route 189 to ADOT's "preferred ultimate plan."
- Examine opportunities for using private sector funding to supplement port staffing.
- Build a new commercial crossing at Douglas.
- Implement the recommended improvements from the Arizona-Sonora Border Master Plan to improve capacity and operational efficiency of international border ports of entry and supporting transportation infrastructure.
- Support the mission and purpose of the Arizona International Development Authority
- Improve Mexican highways that connect to the Mariposa Port of Entry.
- Support funding and development of the interstates and highways that comprise Arizona's key commerce corridors and the future federally designated I-11.
- Improve State Route 95 from Yuma to I-10 to make it more usable for commercial traffic.
- Seek congressional recognition for San Luis and Douglas as the western and eastern passages of the Canamex Trade Corridor.
- Complete the natural gas line to San Luis.
- Pursue consolidation of Mexican military checkpoints south of Nogales, Sonora into one checkpoint—similar to the military checkpoint south of Texas—to streamline inspections.

- Support the Mexico Highway 15/I-19 corridor study which will analyze both the status of the infrastructure and the existing supply chain and business relationships along the corridor and recommend actions for the future.
- Explore high speed rail from Phoenix through Guaymas.
- Implement stable, reliable, secure, redundant, accessible high speed cross-border broadband infrastructure.
- Request the Arizona Congressional Delegation actively advocate for a funding solution and technical assistance to resolve sewer problems at Nogales.
- Improve the Port of Guaymas as a deep-water seaport and break-bulk destination.
- Seek approval from U.S.-Mexican authorities to create a new international bridge connecting Baja California and Arizona at Gadsden, Arizona.

ECONOMIC OPPORTUNITIES

- Repeal SB 1070 to boost Arizona's image and credibility in Mexico and Latin America.
- Expand the current Border Card Crossing zone to include the entire State of Arizona to increase tourism revenue
- Streamline passport and visa processes for entry to the U.S. and Mexico.
- Streamline the guest worker programs in the U.S. and Mexico.
- Re-establish joint sessions with the Arizona and Sonoran legislatures.
- Encourage Arizona's office in Hermosillo to include technical assistance for businesses in Mexico that want to expand and grow in Arizona.



Town Hall participants included a diverse mix of Arizonans and Mexicans.

As the economy of Mexico has improved during the past several decades, the favorable impact to Arizona of cross-border shoppers and visitors has grown.

- from the 108th Arizona Town Hall Report of Recommendations



Keynote Speaker Christopher Wilson recommended that border communities actively utilize cluster-based economic development, with its focus on collaboration among government, industry and educational institutions to maximize opportunities in the global market.

The border does not divide Arizona and Mexico, it connects us and should be viewed as a bi-national region.

- from the 108th Arizona Town Hall Report of Recommendations

- Assist in facilitating partnerships with Mexico and encourage near-shoring cross-border opportunities focusing on supply chain opportunities particularly in industries such as electronics, aerospace, mining and automotive sectors.

ENERGY, TECHNOLOGY & INNOVATION

- Facilitate annual events with Arizona universities and universities in Mexico to encourage interdisciplinary collaboration on energy research and development.
- Investigate the establishment of a technology development center in Sonora leveraging U.S. companies, using the incubator model developed by Arizona universities, and encompassing software services and development.
- The Arizona Mexico Commission can reach out to potential investors and serve as a hub to develop cross-border business and partnerships in the energy sector.
- Partner with Mexico to develop potable water through desalinization, including pipeline rights of way, using funding from Water Infrastructure Finance Authority and International Boundary and Water Commission.
- Investigate options for attracting a new manufacturing operation for lithium-ion batteries along the border region with Arizona.
- Arizona can actively participate in the annual Border Energy Forum.

EDUCATION, MARKETING & COMMUNICATION

- Develop an information campaign about the value of the Arizona-Mexico economy.
- The Trade and Transportation Corridor Alliance should help make the data-driven case for why trade with Mexico is positive and important.
- Convene a Town Hall in Sonora for Arizonans and Mexicans.
- Arizona should aggressively and consistently market the state's value as a business partner and tourism destination to Mexico.

- Promote sharing of best practices in agriculture, automotive, electronics, tourism, renewable energy, aerospace, and other industries.
- Arizona needs to develop programs at all educational levels that promote cultural awareness; teach Spanish, foster student and cultural exchange programs, and that encourage participation in cross-border and cross-cultural activities that emphasize the advantages of diversity and Mexican-American cultural exchanges.
- Develop and promote a new Arizona-Mexico narrative that includes: creating a unique brand for the Arizona-Mexico trade region; bringing the new narrative to young people by promoting it at schools of all levels; and developing grassroots and social media campaigns to promote the new narrative.
- Compile a reference directory of those already working towards these goals.
- Learn from and engage with tribal governments such as the Cocopah, Pascua Yaqui and Tohono O'odham, the Mexican Consulate and others with unique understanding of cross-border issues.
- Develop a long-term, strategic communications and marketing plan, including a tri-national marketing campaign to "Buy North America."

INDIVIDUAL ACTIONS

- Participate in virtual or in-person language exchange programs to improve second language fluency and to broaden cross-cultural understanding.
- Incorporate Spanish into more aspects of Arizona civic and cultural life.
- Write emails and letters to support these proposals.
- Communicate this Report to professional organizations, state agencies, and other influential entities throughout the state.
- Lobby our Arizona federal elected officials to enact legal immigration reform for our nation.



Future Leaders Town Halls

The Arizona Town Hall, in partnership with Maricopa Community Colleges and other organizations, held Future Leaders Town Halls that drew high school and college students from around the state. Their recommendations helped to inform the discussions at the statewide Town Hall in Tucson. Following are some of the key points developed from the gatherings.

HOW ARIZONA AND MEXICO BENEFIT FROM THEIR PROXIMITY AND RELATIONSHIP

- Trade bolsters both economies.
- Consumers traveling across the border increase growth opportunities.
- Transportation of goods and services is more cost effective.
- Tourism benefits Arizona and Mexico.
- The exchange of cultures influences trends on both sides of the border.

WORKING TOGETHER EFFECTIVELY

- NAFTA has improved trade across the border.
- Educational opportunities in Arizona should be provided for Mexican students.
- Crossing the border at legal entry stations should be easier.
- Social and political relationships that support economic growth should be fostered.
- Continue support for organizations like the Arizona-Mexico Commission.
- Focus on across-the-border cooperative endeavors such as Concerts Without Borders.

DEVELOPING ARIZONA AND MEXICO AS A REGIONAL HUB

- Use open spaces to develop alternative energy sites such as solar stations.
- Address immigration and border security to reduce voter concerns.
- Explore tax incentives and subcontracting for technical support.

- Share best practices for business development and expansion.
- Develop more effective transportation systems, such as rail, to improve the movement of goods and people.

MESSAGES FOR ARIZONA'S ELECTED LEADERS

- Stop the hostility and anti-Mexican rhetoric and focus on viable solutions.
- Do not support mass deportation of undocumented immigrants.
- Increase visas available for migrant workers and pass fair immigration reform nationally.
- Educate yourselves about the economic value of the relationship between Arizona and Mexico.
- Promote economic growth in the region.
- View the border less as a barrier and more as a chance to bring Arizona and Mexico together.

COMMITMENTS TO ACTION

Participants committed to:

- Vote.
- Engage people in conversations on these issues.
- Work to break down unnecessary barriers to collaboration between Mexico and Arizona.
- Talk to other people about the importance of free speech and respectful dialogue.
- Educate others about the importance of trade between Arizona and Mexico.

Participants discussing the Arizona and Mexico's economic ties at the Future Leaders Town Hall held at the Arizona Western College San Luis Learning Center.

Future Leaders Town Halls:

- Mesa Community College
- Arizona State University
- Arizona Western College - San Luis Learning Center & Yuma Campus
- Central Arizona College - Aravaipa Campus, Superstition Mountain Campus & Maricopa Campus
- Cochise College - Benson Center, Douglas Campus, Sierra Vista Campus & Willcox Center
- The City of Peoria
- Pima Community College
- South Mountain Community College
- Yavapai College - Verde Valley Campus



Keynote Speaker Roberto Coronado presented financial data establishing that US-Mexico manufacturing is gaining in global competitiveness and that border regions now play a critical role in the North American market and have tremendous opportunities for economic growth.

In Arizona, border ports of entry with Mexico are critical economic drivers. The extreme difficulty in crossing the border of these ports of entry must be addressed.

- from the 108th Arizona Town Hall Report of Recommendations

Arizona & Mexico Quick Links

Agnese Nelms Haury Program	haury.arizona.edu
Transportation and Trade Corridor Alliance	www.azttca.org
TTCA's Arizona-Mexico Indicators Project	azmex.eller.arizona.edu
Arizona Mexico Commission	www.azmc.org/about/resource-links/
Arizona's Trade and Investment Offices in Mexico	www.azmc.org/mexico-trade-offices/
MAG's BIEN	www.connectbien.com/Resources.aspx
North American Research Partnership	www.naresearchpartnership.org
Greater Nogales Santa Cruz County Port Authority	www.nogalesport.org
Fresh Produce Association of the Americas	www.freshfrommexico.com
US Mexico Joint Working Committee	www.borderplanning.fhwa.dot.gov/mexico.asp
Wilson Center Mexico Institute	www.wilsoncenter.org/program/mexico-institute
US-Mexico Manufacturing: Back in the Race	www.dallasfed.org/research/events/2015/15us-mexico.cfm
ASU USMexpAT	usmexpat.com

How You Can Have An Impact

- Share your knowledge and the work of Town Hall participants with family, friends and coworkers.
- Use available resources referenced in the background report for the 108th Arizona Town Hall to partner with existing organizations and create ideas that will strengthen the binational economic region. Download the background report at <http://www.aztownhall.org>.
- Keep up to date on relevant programs in your community and action you can take through the Arizona Town Hall (<http://www.aztownhall.org>).
- Arrange a program in your community. Arizona Town Hall can provide resources, speakers, and printed materials. Use social media and personal networks to share information.
- To join existing efforts to pursue recommendations from the 108th Arizona Town Hall, contact the Arizona Town Hall office.
- Vote in upcoming elections and educate yourself on the issues.
- **Be the change.** Model the behavior you expect from others.



We welcome your involvement,
questions, and perspectives.

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Town Hall recommendations are a valuable resource for policy makers because they do not represent the agenda of a particular group or political perspective. Instead, Arizona Town Hall reports contain the informed consensus of Arizonans from different political parties, professions, and geographic areas of the state. A private, non-profit civic organization, Arizona Town Hall serves as a catalyst for conversations and recommendations that create significant changes in Arizona's public policy. Countless local, state, and national leaders cite Arizona Town Hall as an important factor in educating people about complex issues, and fostering the development of civic and community leaders.

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