

# International Trade Strategy

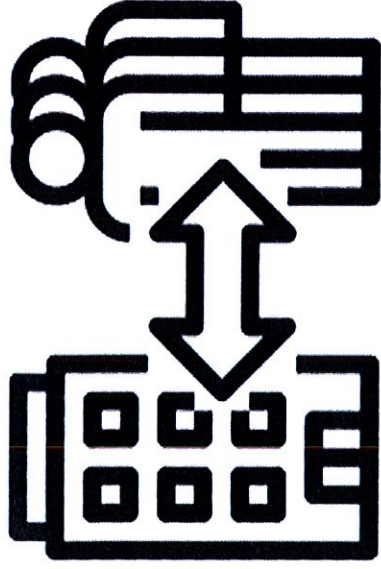
City Council Policy Meeting

March 3, 2020

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# Long-Term Global Strategy

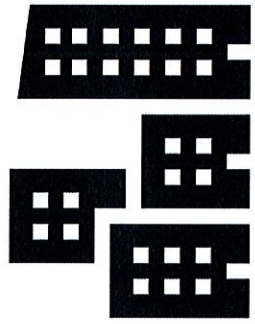


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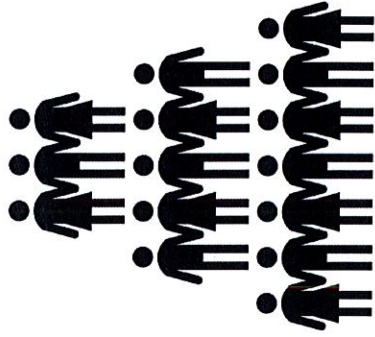
# Existing International Business



50



2,579



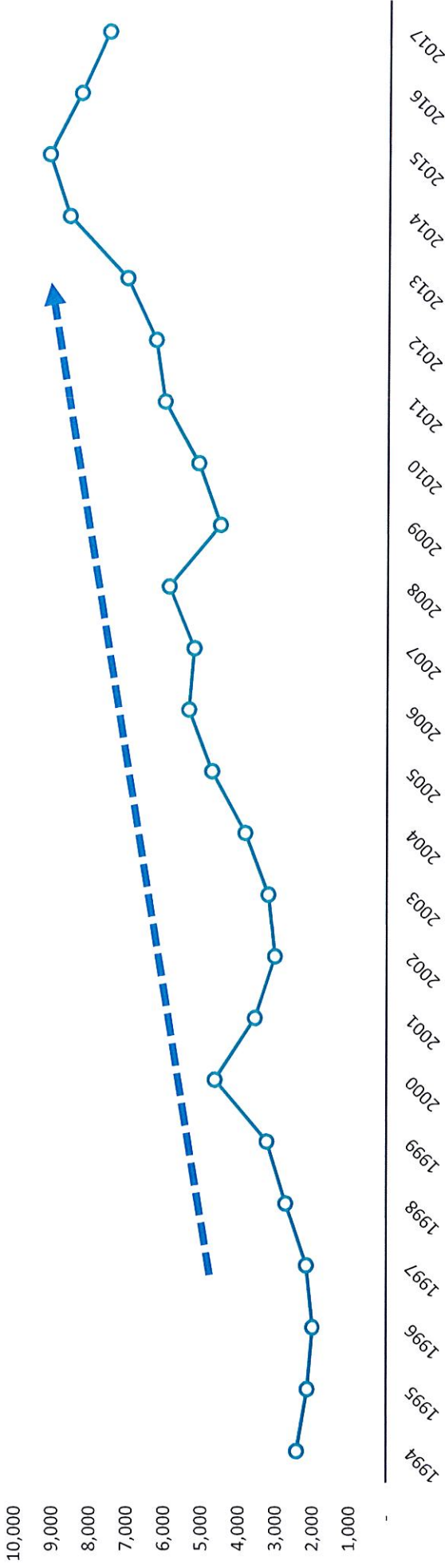
85,146



# 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

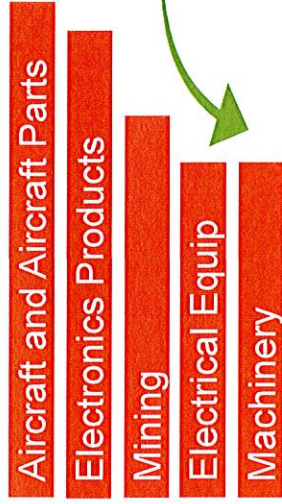


# International Trade Facts

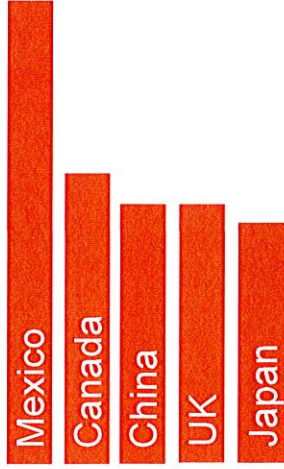
- USMCA was authorized in January 2020
- EXIM Bank was reauthorized for 7 years
- US has 20 other free trade agreements, many with growing markets



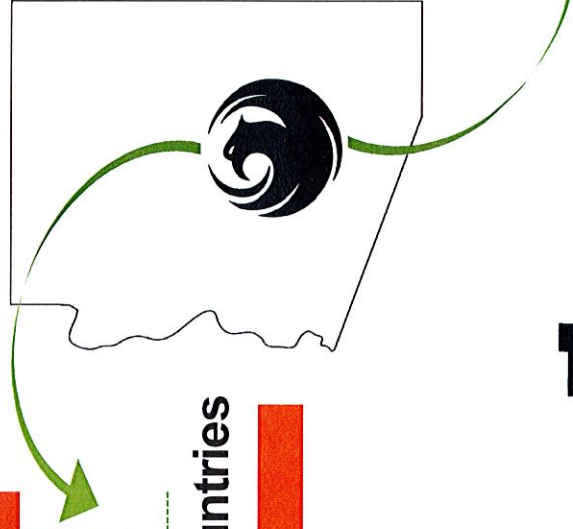
## Top 5 Export Commodities



## Top 5 Export Countries



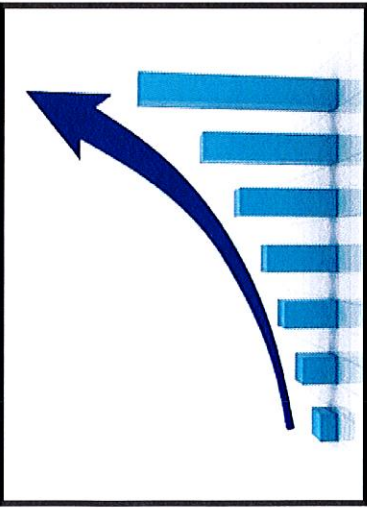
Exports ↑ **20.3%**  
2013-2017



# International Business Development

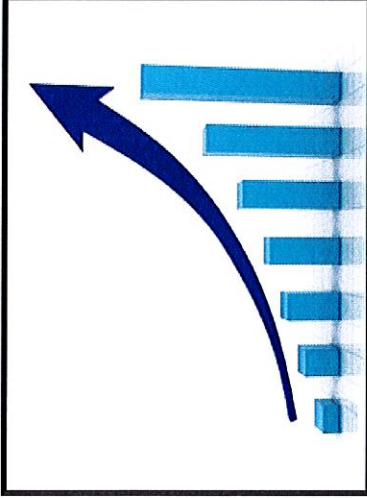
# Growing International Two-Way Trade in Arizona Including Imports and Exports (2018)

Mexico



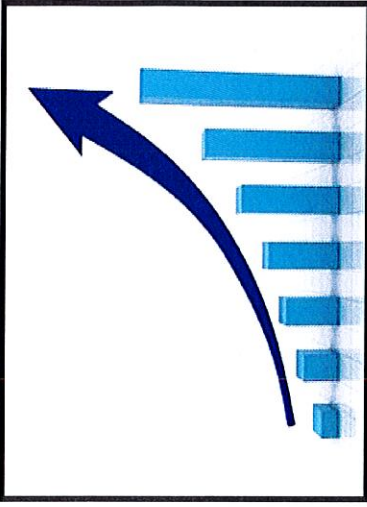
7.7%

China



11%

Canada

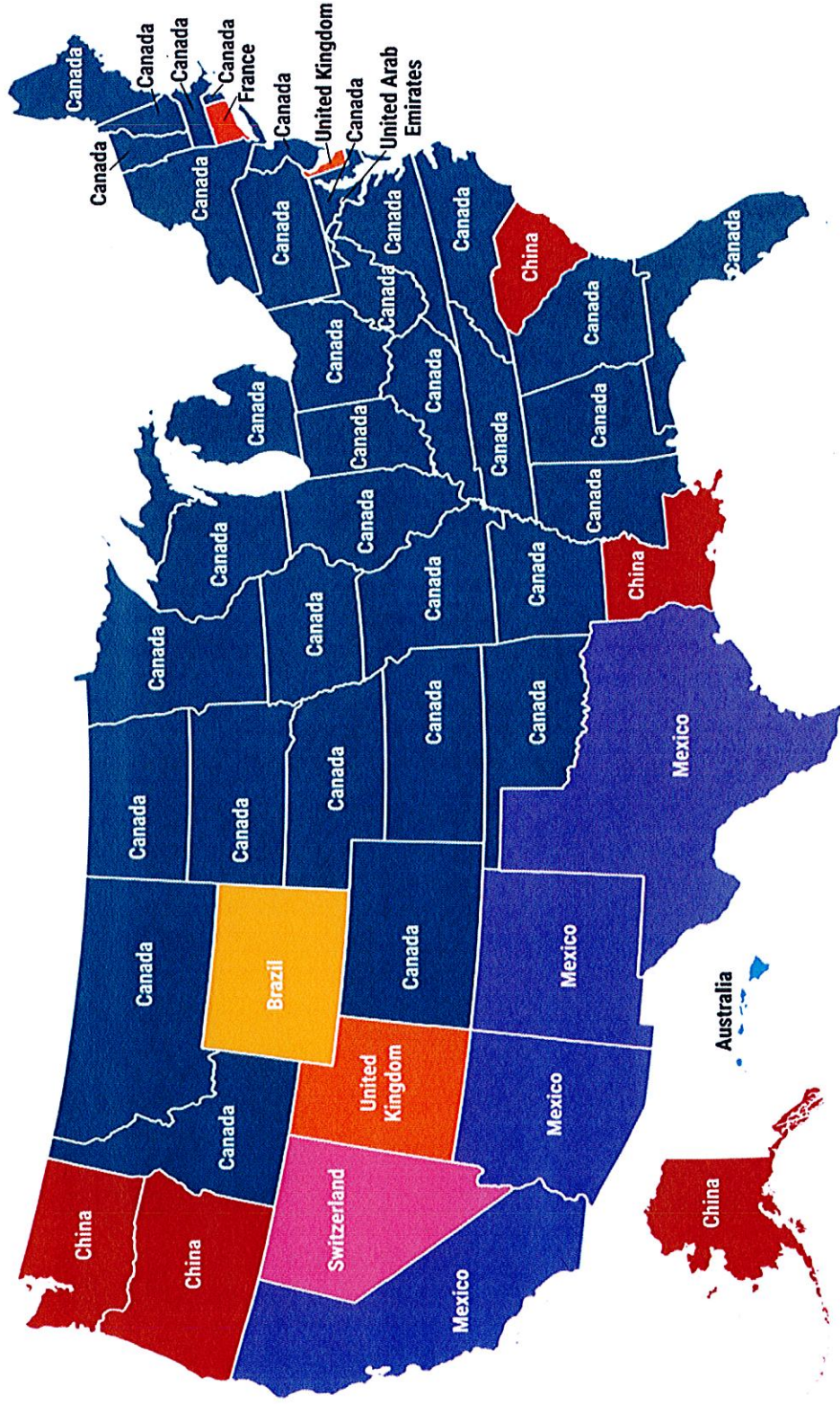


2.4%





# BIGGEST EXPORT TRADING PARTNERS



CANADA

CHINA

MEXICO

UNITED KINGDOM

FRANCE

SWITZERLAND

BRAZIL

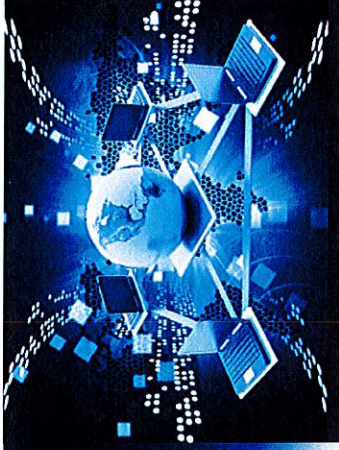
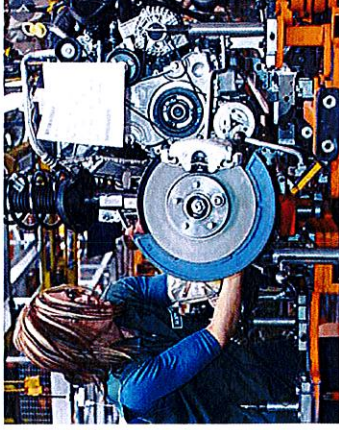
UNITED ARAB EMIRATES

AUSTRALIA



# Legacy Investment by Sector in US

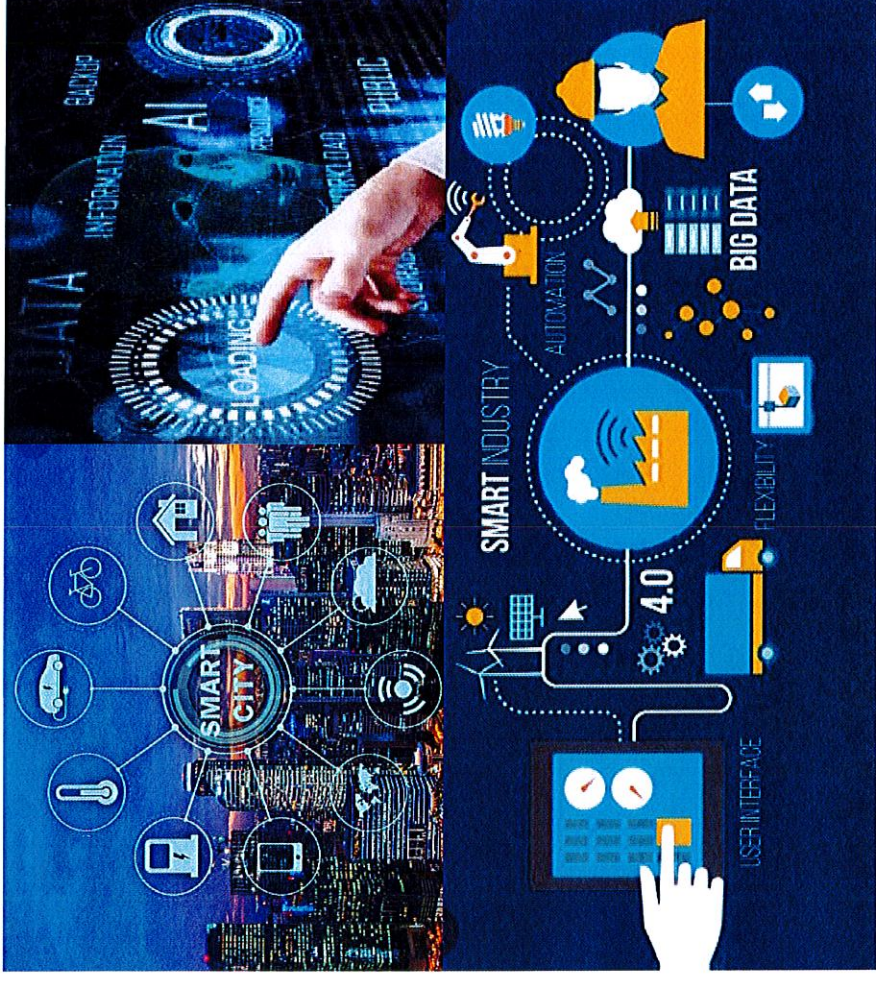
Advanced Manufacturing	39.3%
Professional Services	26.8%
Life Sciences	23.3%
Information & Communications Tech	5.2%
Automotive	4.2%
Aerospace	0.7%
Agribusiness	0.5%
Logistics & Supply Chain	0.05%



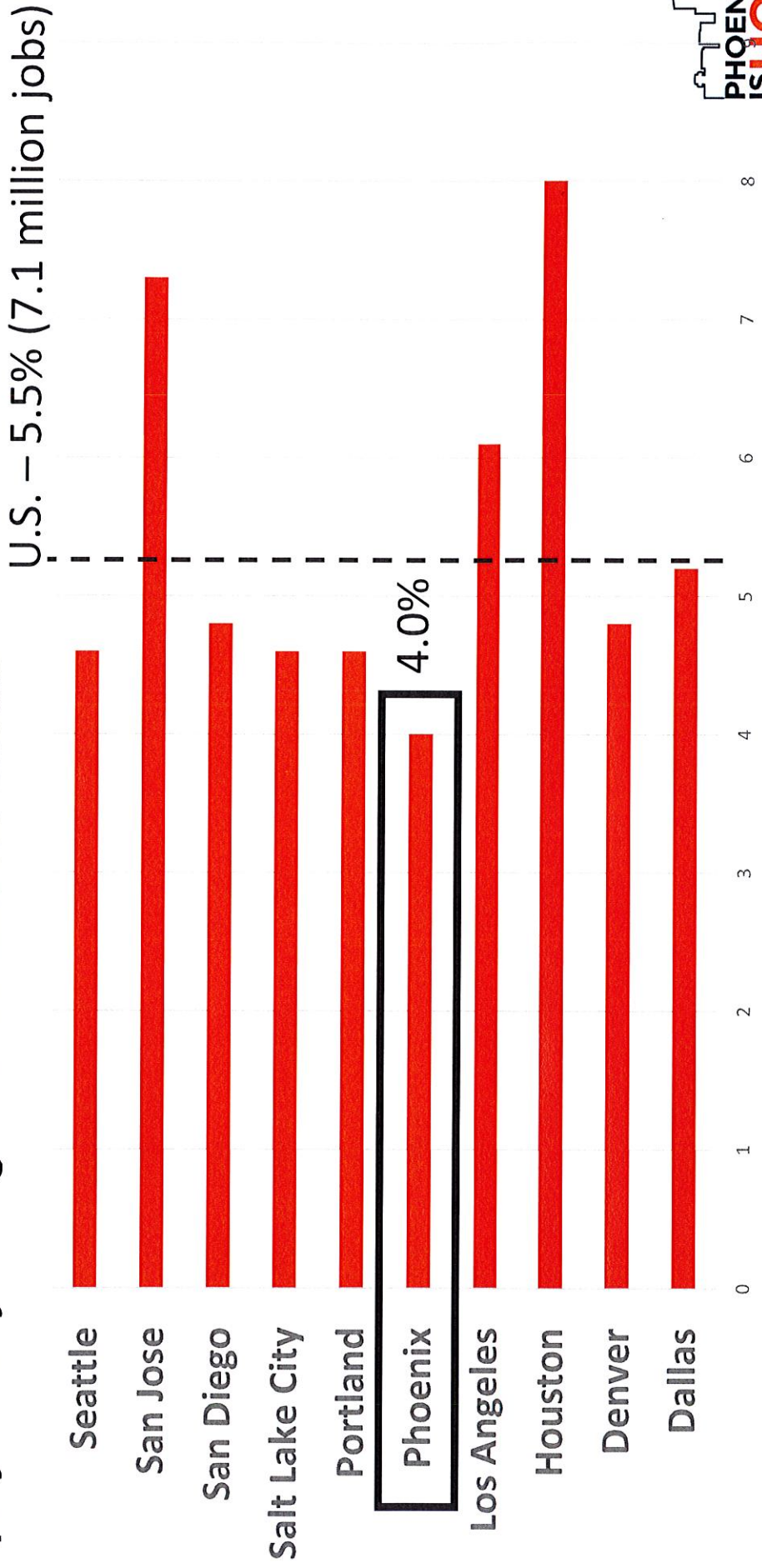
# New Industry Sectors

## Transformation from physical to digital

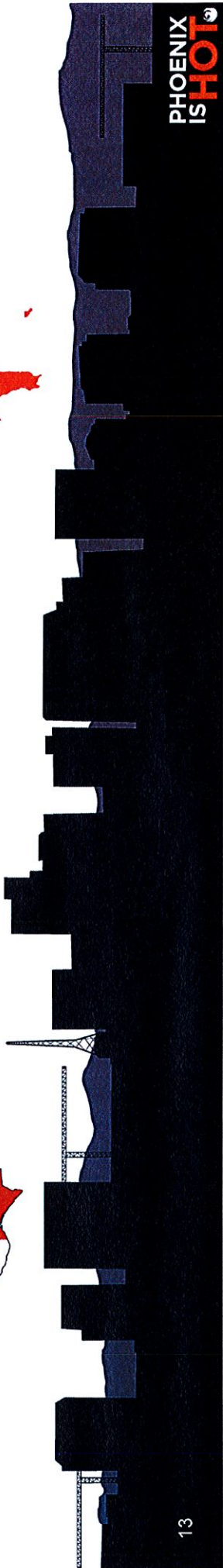
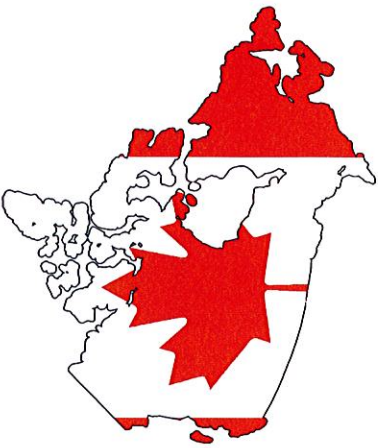
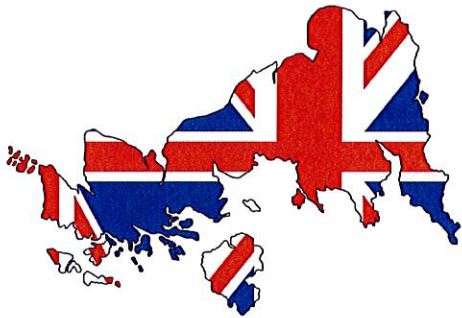
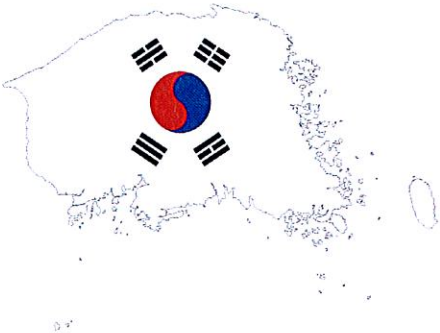
- Smart Mobility
- Smart City
- Cyber Security / Blockchain
- Industry 4.0
- Human Augmentation (AR/VR)
- Sustainability
- New Pharma
- Space



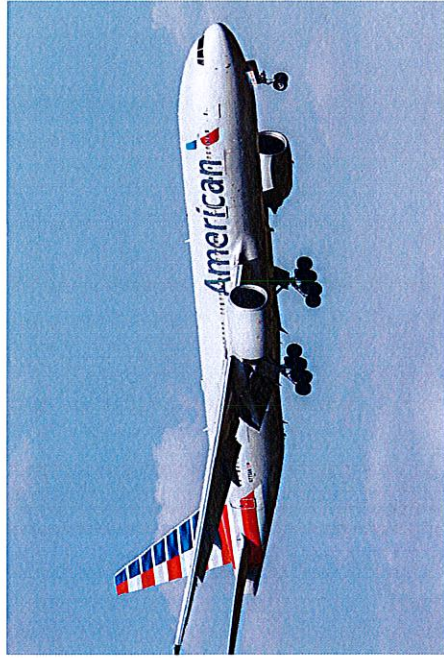
# Foreign Direct Investment Employment by Foreign Owned Establishments



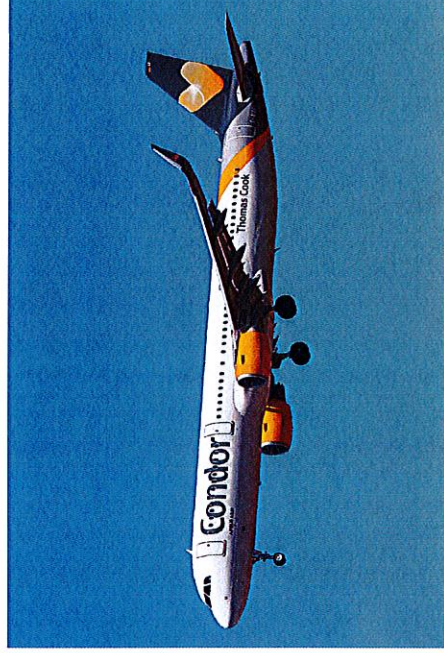
# International Opportunities



# International Flights



London  
Hermosillo – 2<sup>nd</sup> flight



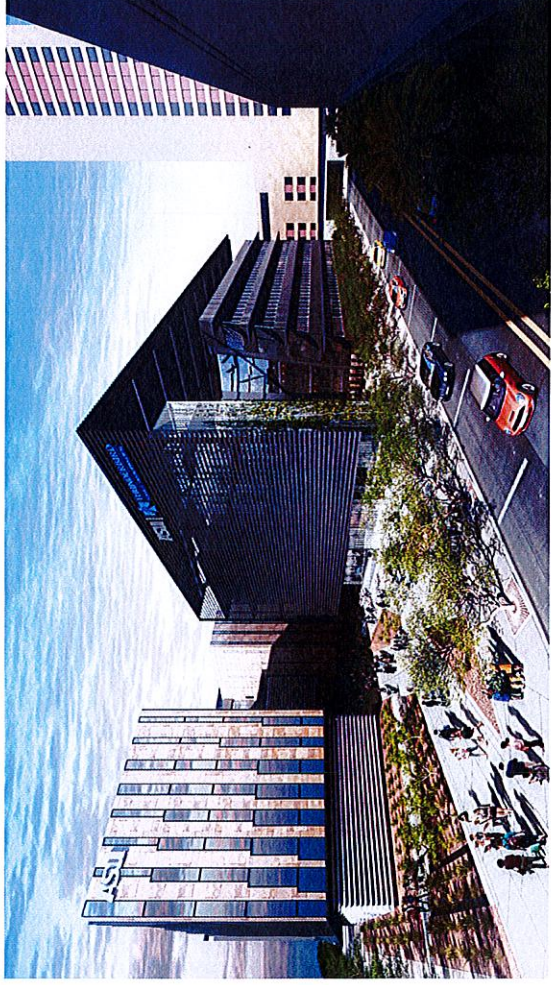
Frankfurt



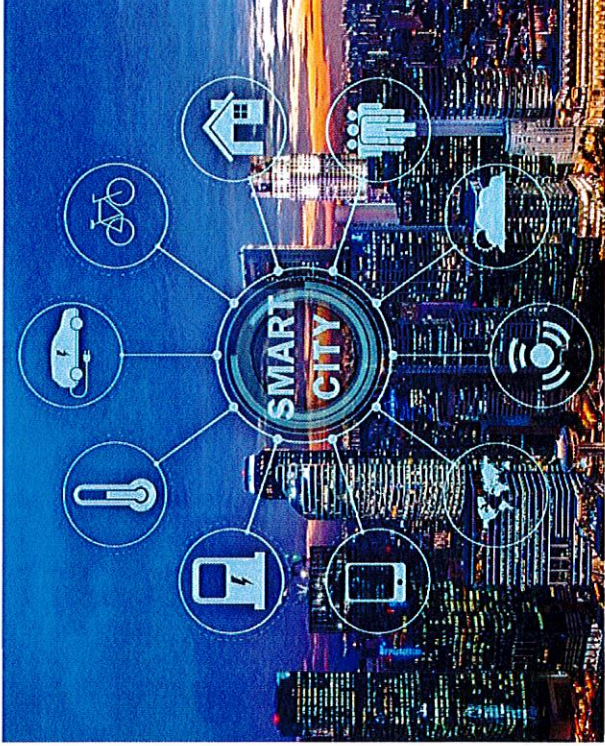
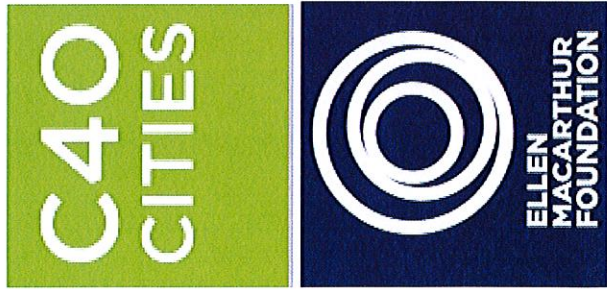
Frankfurt



# Thunderbird School of Global Management

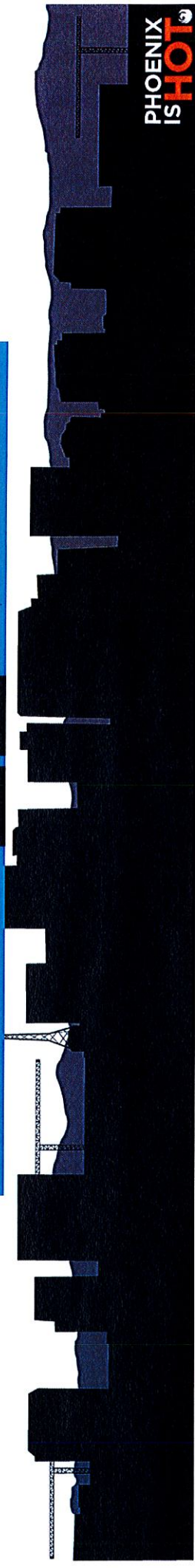
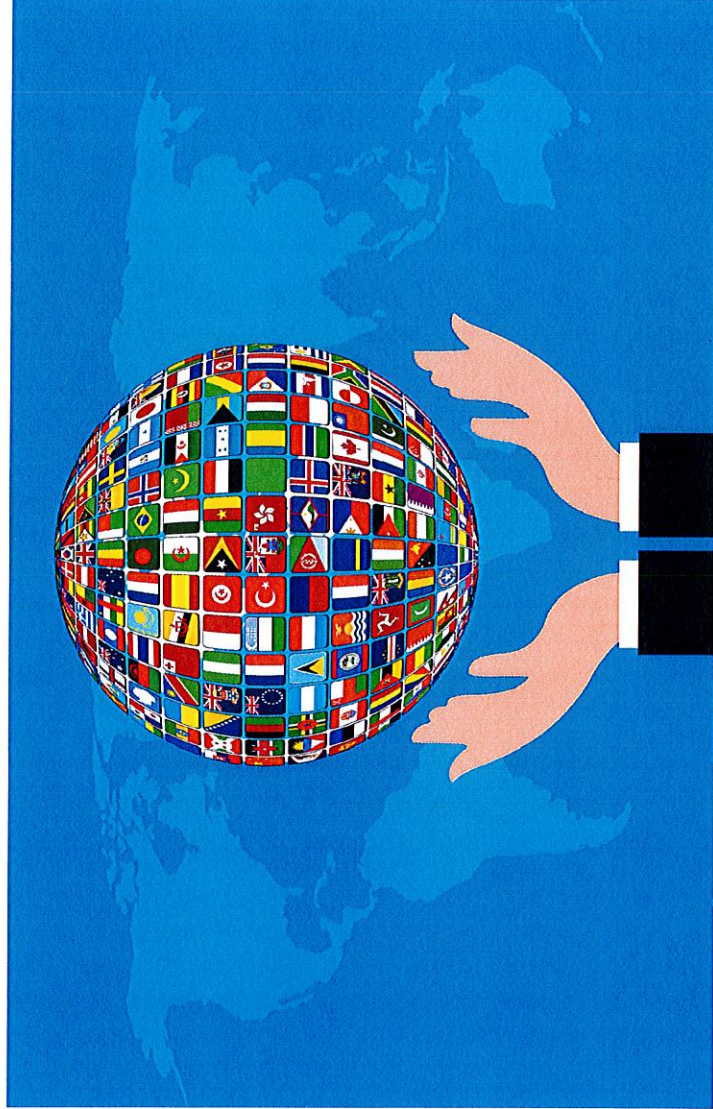


# Global Circular Economy / Sustainability





**So where do we go next?**



**PHOENIX  
IS HOT**

## 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



# Leveraging Strategic Partners

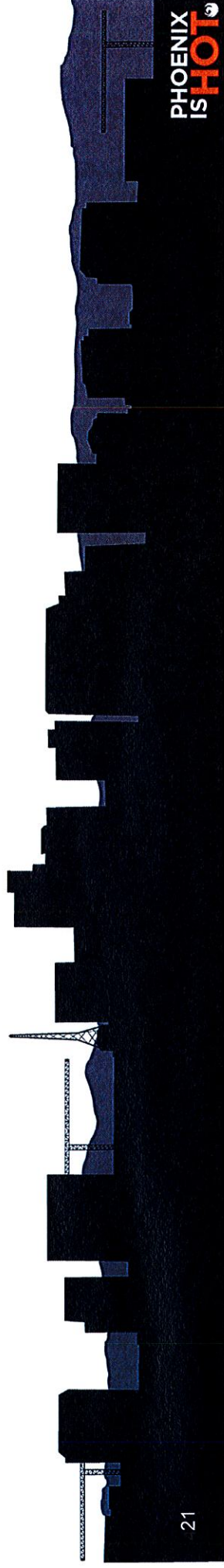


**THUNDERBIRD**  
SCHOOL OF GLOBAL MANAGEMENT  
A unit of the Arizona State University  
Knowledge Enterprise



# 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



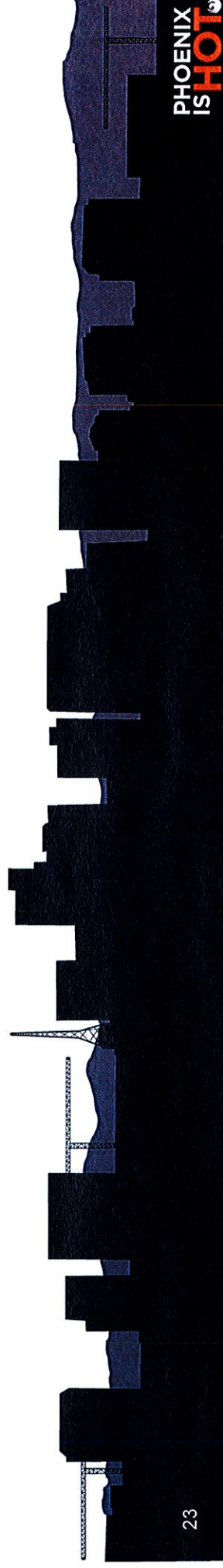
# Enabling Resources

- 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



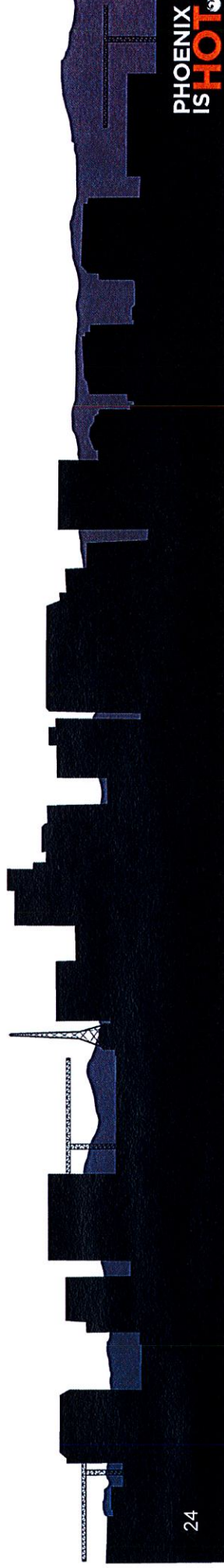
## Enabling Resources

- 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

