



CANAMEX and ECONOMIC DEVELOPMENT

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Greater Phoenix Economic Council

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Greater Phoenix
ECONOMIC COUNCIL





OVERVIEW

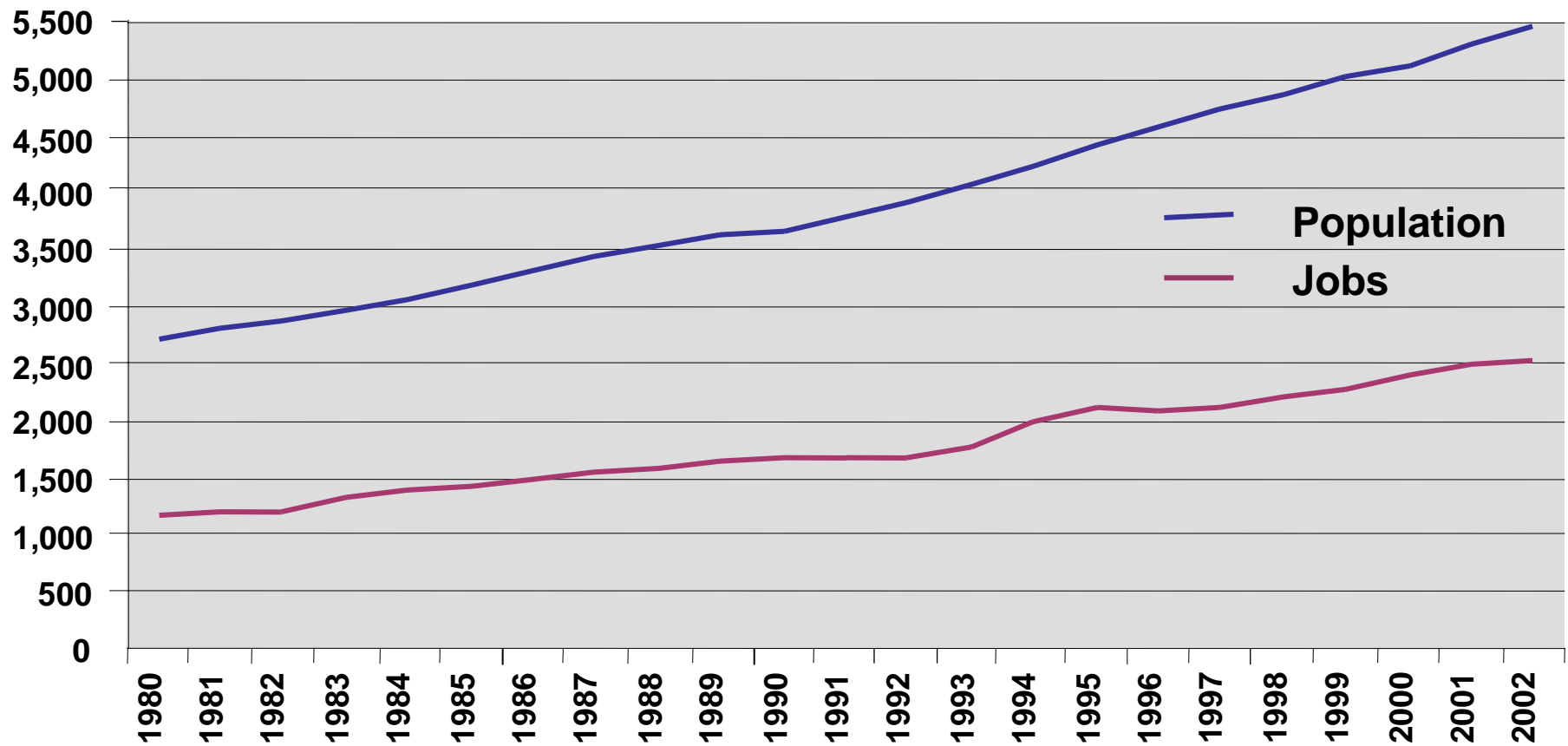
- ❖ WHAT IS THE CURRENT STATE OF ARIZONA'S ECONOMY?
- ❖ WHAT CAN WE DO ABOUT IT?
- ❖ WHERE DOES CANAMEX COME IN?



WHAT HAPPENED TO OUR ECONOMY ?

Population & Job Growth Arizona, 1980-2002 (000's)

Source: U.S. Census Bureau



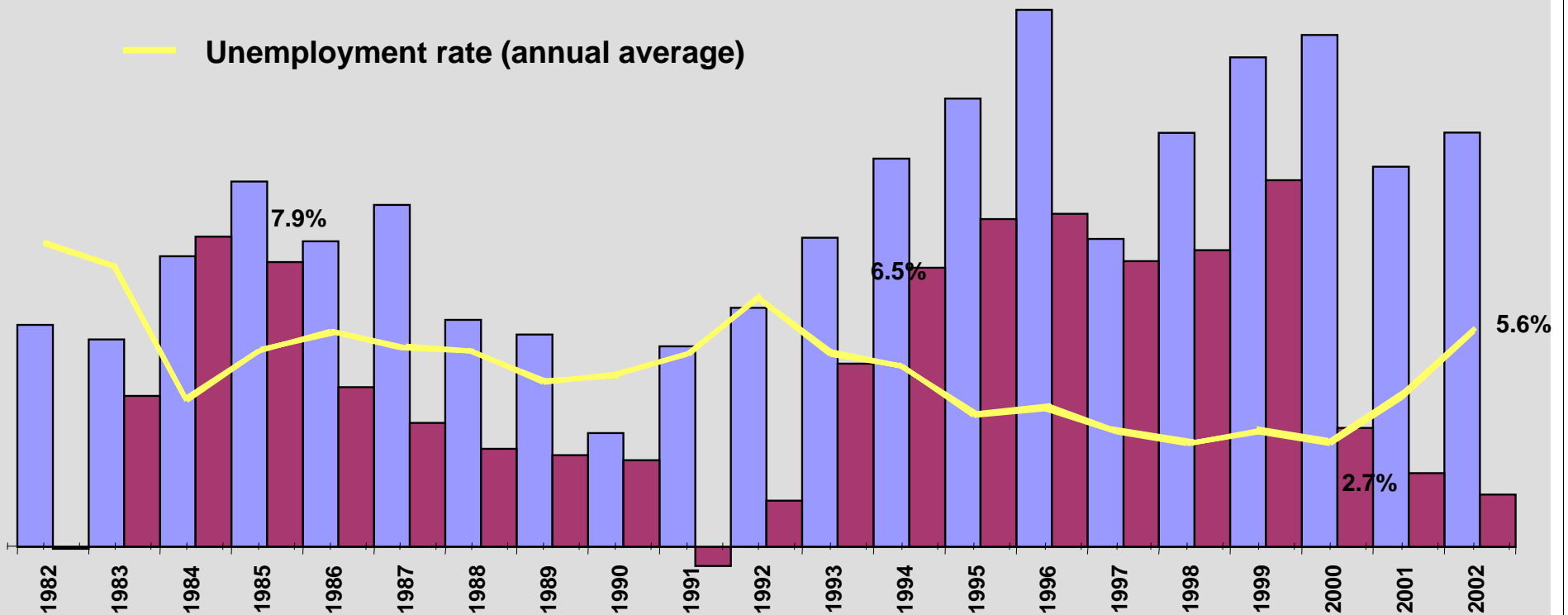


RECENT DISCONNECT: POPULATION & JOB GROWTH

**Annual Change in Population & Wage/Salary Jobs
Maricopa County 1982-2002**

Source: MAG & AZ DES

Population Jobs
Unemployment rate (annual average)

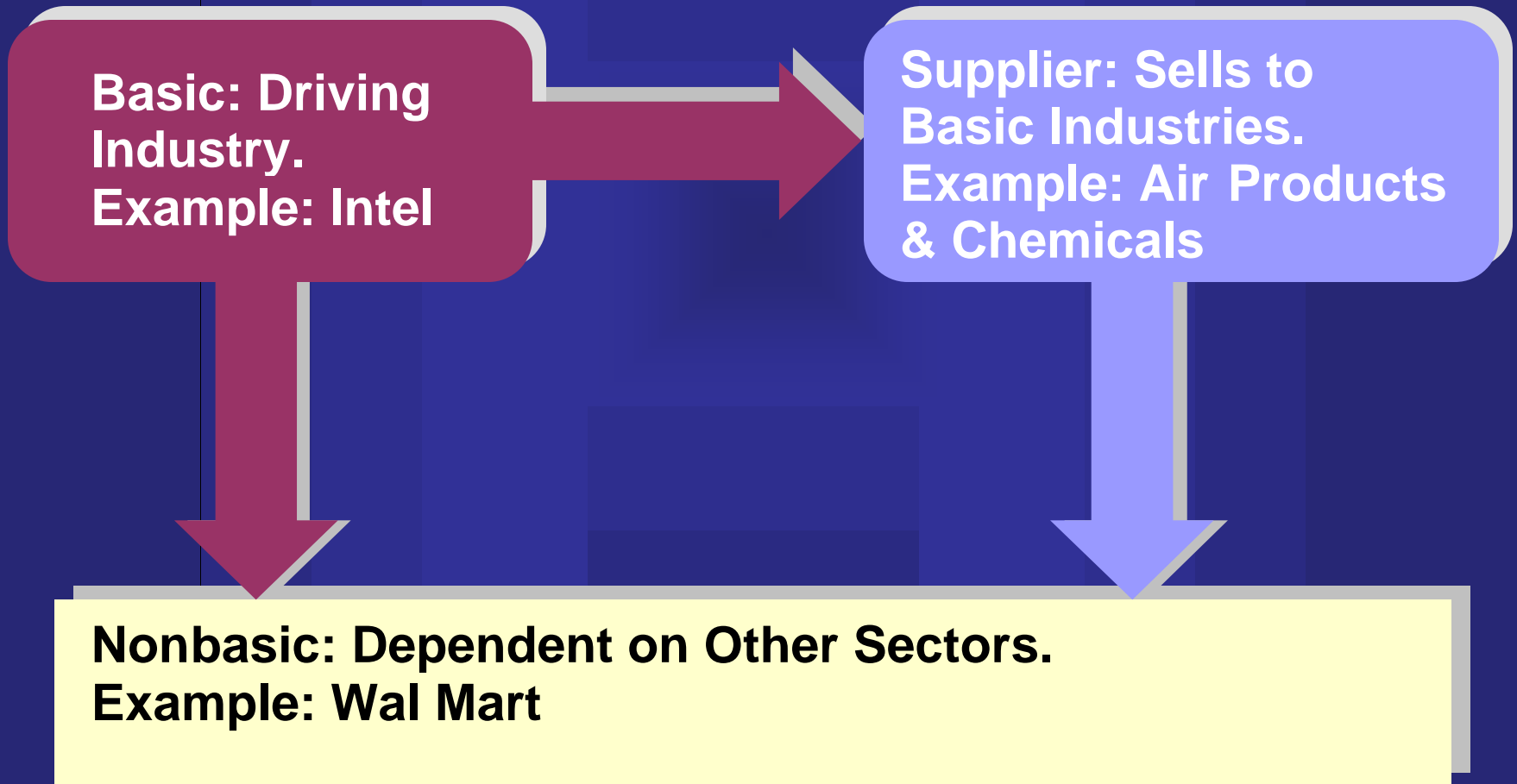


▲ CONCEPT OF ECONOMIC BASE

Basic: Driving Industry.
Example: Intel

Supplier: Sells to Basic Industries.
Example: Air Products & Chemicals

Nonbasic: Dependent on Other Sectors.
Example: Wal Mart



1990s ECONOMIC CHANGE

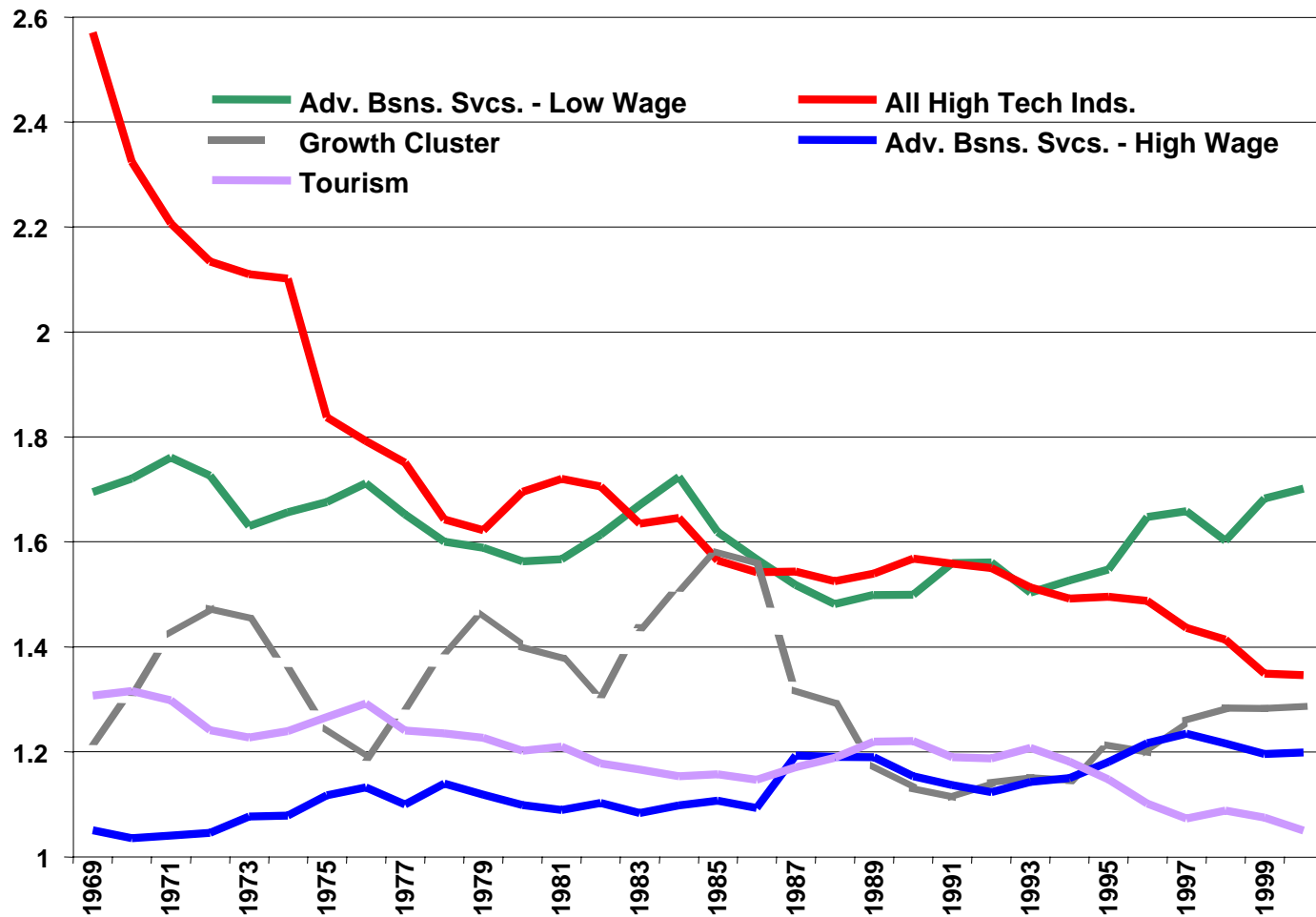
Change in Industry Cluster Jobs, Greater Phoenix 1990's

Industry Clusters	1990's			Cumulative	
	Job Change	Basic	Nonbasic	Share	Share
Advanced Business Services	156,750	156,750		28.2%	28.2%
Growth Cluster	92,137		92,137	16.6%	44.7%
Consumer Industries	79,022		79,022	14.2%	58.9%
Government	47,300		47,300	8.5%	67.4%
Tourism	47,032	47,032		8.4%	75.9%
Transportation & Distribution	36,013	36,013		6.5%	82.3%
Health Services	27,991		27,991	5.0%	87.4%
Software	19,303	19,303		3.5%	90.8%
High Tech/Electronics	10,249	10,249		1.8%	92.7%
Other Supplier Industries	9,006	9,006		1.6%	94.3%
Aerospace/Aviation	8,888	8,888		1.6%	95.9%
Other Basic Industries	8,120	8,120		1.5%	97.3%
Educational Services	7,536		7,536	1.4%	98.7%
Bioindustry	3,975	3,975		0.7%	99.4%
Agriculture & Food Processing	2,080	2,080		0.4%	99.8%
Plastics & Advanced Composites	1,446	1,446		0.3%	100.0%
Mining & Prim. Metals	(193)	(193)		0.0%	100.0%
Total Wage & Salary Jobs	556,655	302,669	253,986	100.0%	100.0%

WEAKENING ECONOMIC BASE

Location Quotients, Selected Industry Clusters
Maricopa County, 1969-2000

Source: Regional Economic Models, Inc.





WHAT DOES IT ALL MEAN?

❖ If these trends continue...

- As a region we'll grow poorer overall with increasing income disparity
- Our economic base will become too weak to sustain the generation of needed public revenues
- Unemployment will increase as job growth fails to keep pace with population



WHAT CAN WE DO ABOUT IT?

❖ **A two-pronged strategy to refocus and rebuild the region's economy...**

- 1. Effectively *market* and promote the region to *secure higher wage jobs***
- 2. Aggressively work to *improve* the region's *competitive position***



GPEC TARGET CLUSTERS: HIGH WAGE

One out of six new jobs in higher wage clusters:

- **Software**
 - 32,500 new jobs by 2010
 - \$63,600 average wages 2000
- **Advanced Business Services**
 - 27,700 new jobs by 2010
 - \$37,100 average wages 2000
- **High Tech Electronics**
 - 20,500 new jobs by 2010
 - \$69,400 average wages 2000
- **Bioindustry**
 - 12,900 new jobs by 2010
 - \$49,900 average wages 2000
- **Aerospace & Aviation**
 - 12,300 new jobs by 2010
 - \$47,900 average wages 2000



IMPROVING ARIZONA'S COMPETITIVENESS

❖ By . . .

- **Creating a BOLD VISION**
- **Establishing Benchmarks**
- **Measuring Yourself Against Those Benchmarks**
- **REGIONAL COLLABORATION!!**



THE IMPORTANCE OF REGIONALIZATION

- ❖ **In order to compete in the “New Economy,” Arizona needs regional participation and collaboration . . .**

**Example: GPEC and GTEC Joint Venture,
Recognizing areas for collaboration**

- ✓ **2003 support for ADOC**
- ✓ **Civic Plaza Expansion**
- ✓ **University Research Facilities**



HOW DO WE FOCUS OUR VISION?

❖ **SIX Goals for a Better Arizona . . .**

- **A Competitive Knowledge-Based Economy**
- **Attract and Retain Talent**
- **Opportunities for All**
- **Enhanced Quality of Life Even As Arizona Grows**
- **Tradition of Investment**
- **Leadership for a Contemporary Society**



KEY DRIVERS

- **Being Open To Change and Difference**
- **Keep Realizing What our Identity Is and That the Lack of Multicultural Identity Limits Us.**
- **Global Engagement**
- **Enlarge Our Perspectives**

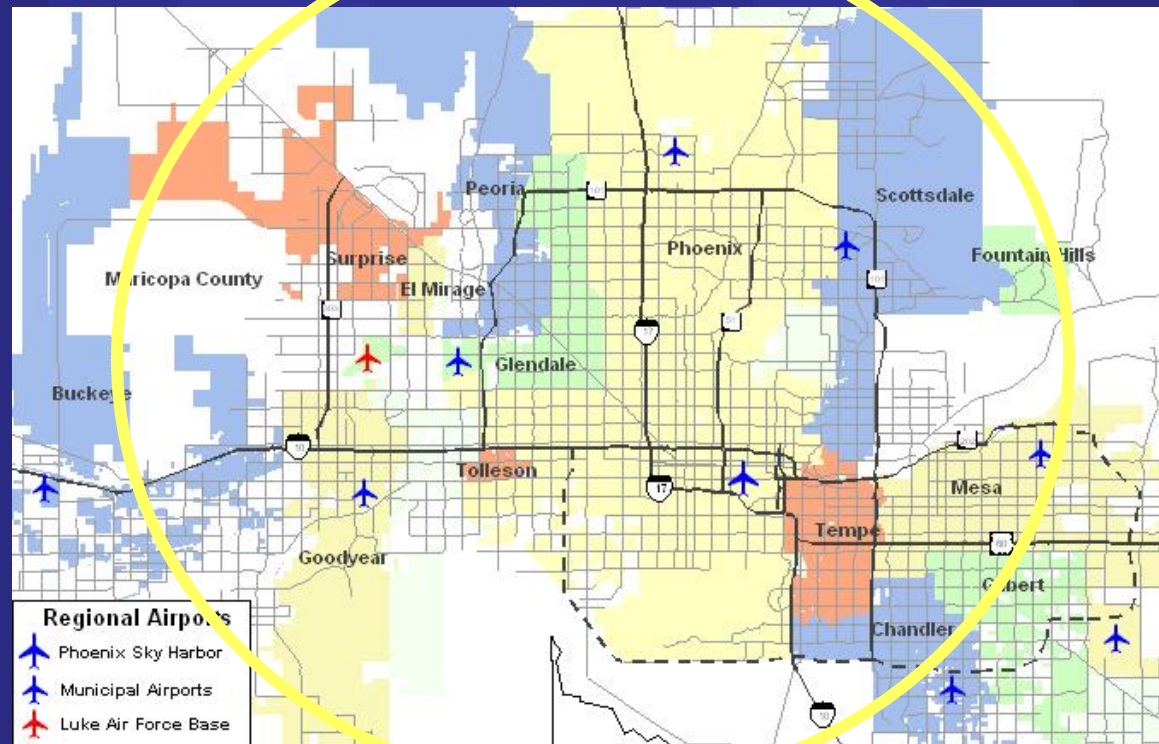
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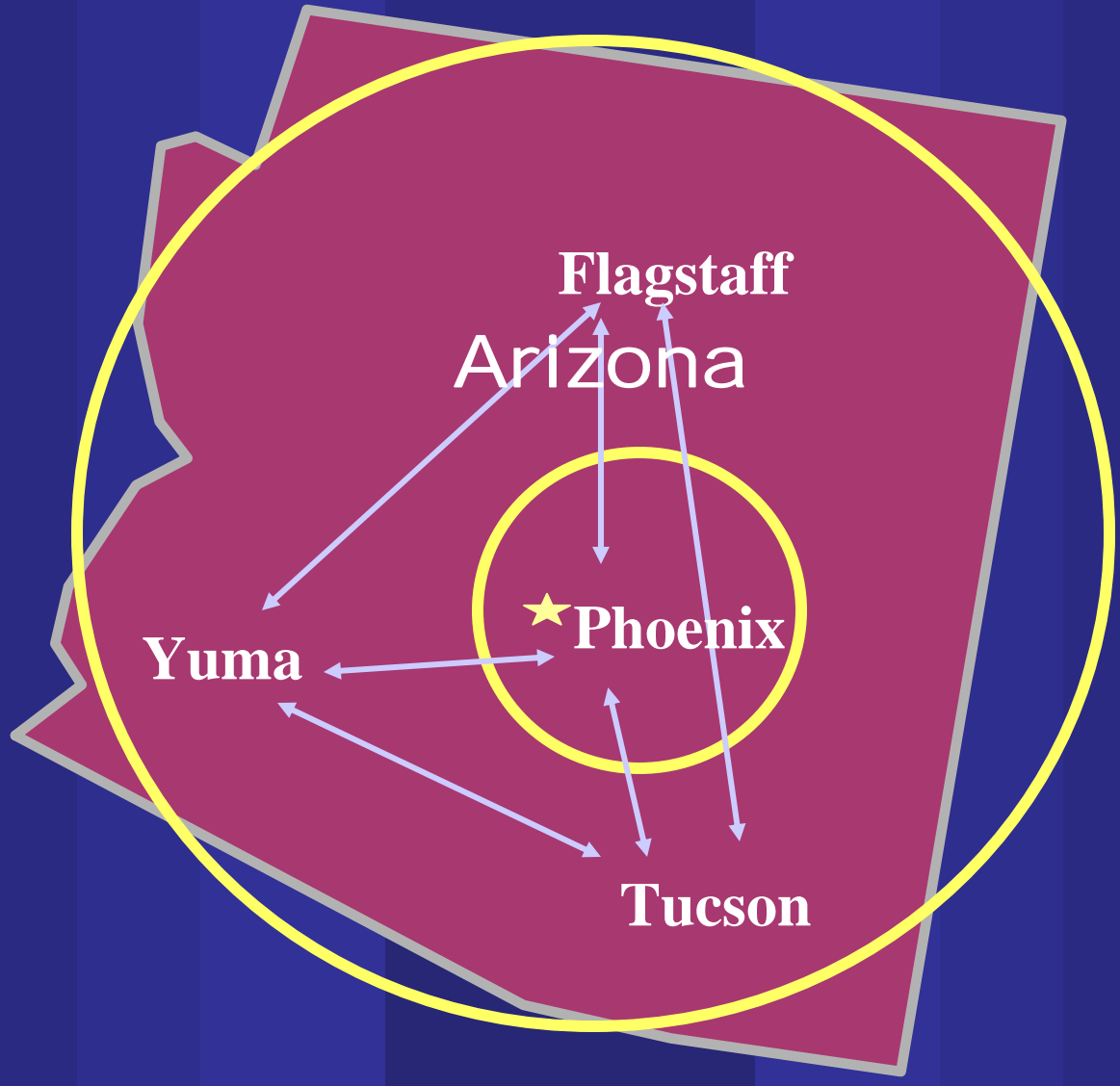
ENLARGING OUR PERSPECTIVE



Maricopa County



ENLARGING OUR PERSPECTIVE





ENLARGING OUR PERSPECTIVE



CANAMEX Route



KEY THINKING POINTS

- **Redefinition of Region**
- **Redefine potential Partners**
- **Reframe our obvious Competitors**
- **Recalibrate our Investments**
- **Reinforce the need for a Cross-Border Continuous Agenda**

*Enlarging our
perspective
ISN'T optional.*

It's **MANDATORY!**



ARIZONA'S UNIQUE POSITION

- **Location: Arizona's proximity to Mexico , Central and South America**
- **Nogales, Arizona – An important Port of Entry into the United States**
- **The Key Player in the CANAMEX Corridor**
- **Regional Collaboration already begun . . .**
 - ✓ **IGC/TGen**
 - ✓ **University Research Facilities**
 - ✓ **Transportation**



FORWARD AGENDA

- **Port of Guaymas Enhancement**
- **Improved Non-Stop Air Service to/from Key Asian Markets**
- **Border Crossing (Infrastructure & Logistics Improvement)**
- **New Understanding of Intra – “Super Regional” Economic Flows**
- **Focus on Reducing Market Friction**
- **Leveraging Collective Strength and Enhanced Visibility**



STARTING POINTS

- **Build on ad hoc partnerships to strengthen on-going strategic partnership**
- **Top level assessment of competitive advantage of larger region**
- **Identify “wins”/advantage for business**
 - **Find leverage points / advantages of collaboration**
 - **Joint marketing opportunities that serve all**
 - **Take advantage of economy of scale**

THANK YOU