



USMCA Arizona State Fact Sheet

Arizona's Trade with the World¹

- In 2019, Arizona exported \$24.7 Billion in goods to the world.
- In 2019, Arizona was the 19th-largest state exporter of goods in the United States.
- In 2016, 95,074 U.S. jobs were supported by goods exported from Arizona.²
- In 2018, 7,771 companies exported goods from Arizona- 87 percent were small and medium-sized companies.³

Arizona's Trade with Canada and Mexico

Arizona's Rank in Exports to Canada and Mexico

In 2019, Arizona was the 13th-largest exporter of goods to Mexico and Canada.

Ranks of Canada and Mexico as Destinations for Arizona Exports

In 2019, Canada was Arizona's third-largest export destination and Mexico was the largest export destination.

Statewide Statistics and Top Export Product Categories⁴

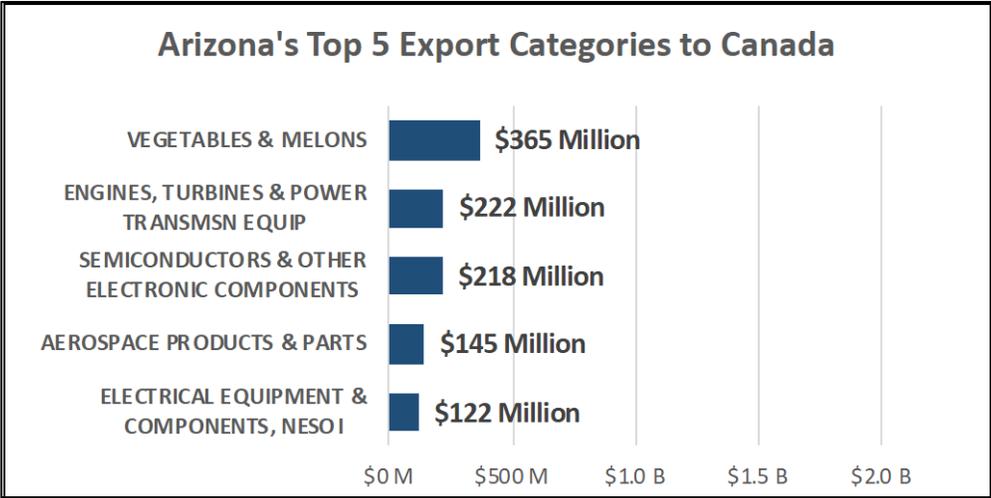
- In 2019, Arizona exported \$10.4 Billion to Canada and Mexico, accounting for 42 percent of Arizona's total exports to the world.
 - Arizona exported \$2.2 Billion to Canada, 9 percent of Arizona's exports to the world.

¹All trade data used in this report reflect the data published by June 15, 2020 from the U.S. Census Bureau, as compiled by the International Trade Administration's Trade Policy Information System (TPIS).

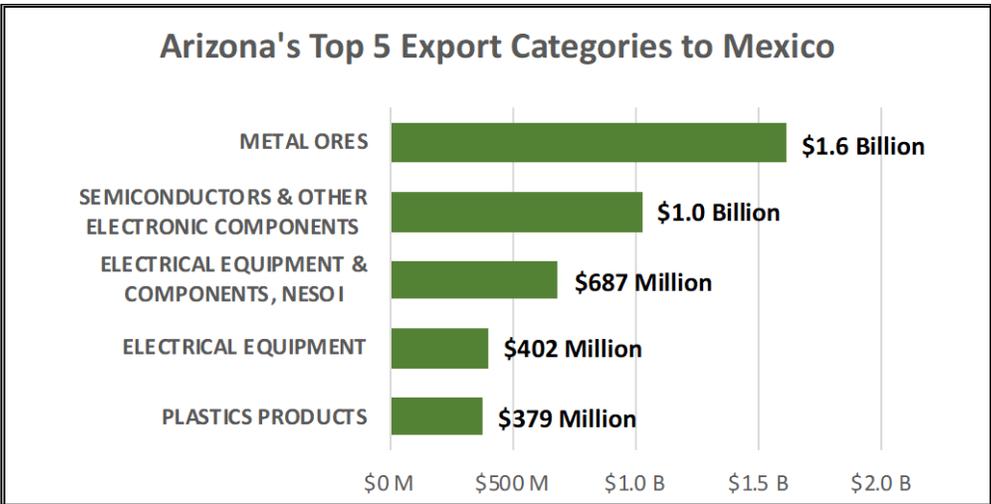
² Jobs supported by state exports estimates by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce:
<https://www.trade.gov/mas/ian/employment/>

³ U.S. Census Bureau's A Profile of U.S. Importing and Exporting Companies, Table 6a 2018 Exports by State of Origin of Movement, Number of Exporting Companies, Value for Small and Medium Companies

⁴ Top export product categories reflected under the 2017 North American Industry Classification System (NAICS) at the 4-digit level of detail, compiled by TPIS.



- Arizona exported \$8.2 Billion to Mexico, 33 percent of Arizona’s exports to the world.



Metropolitan Statistics⁵

- Arizona’s Top Metropolitan Exports to Canada and Mexico 2018
 - Phoenix-Mesa-Chandler **\$4.1 Billion**
 - Top Products: Computer And Electronic Product Manufacturing; Transportation Equipment Manufacturing; Machinery Manufacturing; Electrical Equipment,

⁵ 2018 Metropolitan (statistical) area (MSA) exports to Canada and Mexico data from the U.S. Census Bureau compiled by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce. Top products by MSA reflected under the 2017 North American Industry Classification System (NAICS) at the 3-digit level of detail.



Appliance, And Component Manufacturing; Fabricated Metal Product Manufacturing

- Tucson **\$671 Million**
 - Top Products: Transportation Equipment Manufacturing; Computer And Electronic Product Manufacturing; Machinery Manufacturing; Electrical Equipment, Appliance, And Component Manufacturing; Fabricated Metal Product Manufacturing
- Yuma **\$239 Million**
 - Top Products: Crop Production; Chemical Manufacturing; Miscellaneous Manufacturing; Computer And Electronic Product Manufacturing; Machinery Manufacturing

USMCA Will Benefit Arizona's Top Export Sectors to Canada and Mexico

Arizona's top export sectors to Canada and Mexico in 2019 include Computer and Electronic Products; Electric Equipment, Appliances and Components; Minerals and Ores; Transportation Equipment (Motor Vehicle and Automotive Industries); and Machinery.⁶

Computer and Electronic Products

Arizona is home to many leading technology manufacturing companies. In 2019, there were 480 computer and electronic product establishments in Arizona employing 32,924 employees.⁷ Maricopa (Phoenix), Pima (Tucson), and Yavapai (Prescott) counties have the largest number of employees and establishments in the computer and electronic product sector. USMCA maintains duty-free access to Mexico and Canada for originating technology equipment for Arizona's technology manufacturing companies. Industry⁸ appreciates the Market Access provision to be able to export and import for repair since many products are designed to be modular and swappable in case of malfunction in the technology sector. Industry⁹ supports the provision to prohibit unnecessary restrictions on remanufactured imports because the technology sector seeks to prolong the useful life of goods through repair, refurbishment, and reuse. Industry¹⁰ acknowledges USMCA's new mechanism in the Information and Communication Technology (ICT) Equipment Annex to protect intellectual property in cryptographic products as a significant achievement. Industry¹¹ approves the new Digital Trade chapter, which contains the strongest disciplines on digital trade of any international agreement, providing a firm

⁶ Unless otherwise footnoted in the below sectors, sector employment data is average annual number of employees and establishments by county or local economic region by 2017 NAICS 3-digit level from the Bureau of Labor Statistics.

⁷ Computer and electronic products sector defined as NAICS 334 for computer and electronic product manufacturing.

⁸ Industry Trade Advisory Committee 8 – Digital Economy Report Regarding USMCA:

<https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%208%20REPORT%20-%20Digital%20Economy.pdf>

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.



foundation for the expansion of trade and investment in innovative electronic products and services. For the first time in a trade agreement, the Intellectual Property chapter includes protections against the misappropriation of trade secrets and requires a minimum term of protection for industrial designs of at least 15 years.

Electric Equipment, Appliances and Components

Arizona is home to numerous electrical equipment manufacturing companies. In 2019, there were 123 electrical equipment and appliance¹² establishments in Arizona employing 3,214 employees. Maricopa (Phoenix) and Pima (Tucson) counties have the largest number of employees and establishments in the electrical equipment, appliances, and components sector. USMCA maintains duty-free access to Mexico and Canada for originating electrical equipment and appliances for Arizona's electrical equipment manufacturing companies. USMCA also goes beyond any past trade agreement by including important new provisions that will help reduce costs and bring greater predictability to the border for shipments of electrical equipment and components. At the same time, USMCA will ensure customs administrations have the necessary tools to enforce the law. Industry supports the provision to prohibit unnecessary restrictions on remanufactured imports and that remanufactured goods will move between the parties to the agreement duty-free¹³ as companies seek to prolong the useful life of high-quality goods through repair, refurbishment, and reuse.¹⁴

Minerals and Ores

Mining of minerals and ores is an important sector for Arizona, as Arizona is the principal copper mining state in the United States¹⁵ and is one of the primary sources of molybdenum as well.¹⁶ In 2019, there were over 12,482 workers employed in 132 establishments in the minerals and ores sector.¹⁷ Maricopa (Phoenix), Pima (Tucson), and Pinal counties have the largest number of employees in the minerals and ores sector.

Transportation Equipment (Motor Vehicle and Aerospace Industries)

Arizona is home to numerous transportation companies in both the aerospace and automotive industries. In 2019, the transportation sector¹⁸ employed 34,767 workers in 296 establishments. Maricopa (Phoenix), Mohave (Lake Havasu City), and Yavapai (Prescott) counties have the largest

¹² Electric equipment, appliances and components sector defined as NAICS 335 for electric equipment and appliance manufacturing.

¹³ Industry Trade Advisory Committee 2 – Automotive Equipment and Capital Goods Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%202%20REPORT%20-%20Automotive%20Equipment%20and%20Capital%20Goods.pdf>

¹⁴ Industry Trade Advisory Committee 8 – Digital Economy Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%208%20REPORT%20-%20Digital%20Economy.pdf>

¹⁵ The University of Arizona Economic and Business Research Center azeconomy.org

¹⁶ <https://www.usgs.gov/news/top-5-mineral-producing-states>

¹⁷ Minerals and ores sector defined as NAICS 212 for Mining, except oil and gas.

¹⁸ Transportation sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.



number of employees in the transportation equipment sector. The aerospace industry¹⁹ reported the importance of USMCA’s continued duty-free treatment of originating aerospace-related items between Canada, Mexico, and the United States as vital to the competitiveness and success of the United States’ aerospace sector. The aerospace industry²⁰ supports the Customs and Trade Facilitation chapter’s standardization of Customs regimes to increase efficiency and enhance capacity and performance of U.S. companies and their supply chains. The aerospace industry²¹ also fully supports the Intellectual Property chapter’s requirement for governments to establish criminal, civil and administrative procedures and remedies to combat trade secret theft, a significant problem for U.S. aerospace companies. USMCA requires more auto production in North America in order to qualify for duty-free treatment by eliminating NAFTA’s “deemed originating” loophole. USMCA’s innovative auto rules of origin, strict labor and environmental standards, and provisions designed to combat non-market practices – such as currency manipulation – are designed to boost additional automotive and auto parts investment and production in Arizona. They were also developed to ensure auto producers and workers in the state can compete on a more-level playing field with their Mexican and Canadian counterparts. USMCA increases the regional value content for automobiles from 62.5 percent to 75 percent, thus incentivizing more auto production in North America. USMCA includes a first-of-its-kind labor value content rule that requires a certain percentage of each motor vehicle (40 percent for passenger vehicles and 45 percent for light trucks) to be manufactured in a factory in a USMCA country where workers make an average wage of at least \$16 per hour.

Machinery

Arizona is home to many machinery manufacturing companies. In 2019 there were 358 machinery manufacturing²² establishments employing 7,782 employees. Maricopa (Phoenix), Pima (Tucson), and Yavapai (Prescott) counties have the largest number of employees in the machinery sector. USMCA maintains duty-free access to Mexico and Canada for originating machinery and remanufactured goods for Arizona’s machinery manufacturing companies and contains strong rules of origin protections to ensure that tariff preferences go to companies in the USMCA countries. USMCA also goes beyond any past trade agreement by including important new provisions that will help reduce costs and bring greater predictability to the border for shipments of machinery. At the same time USMCA will ensure customs administrations have the necessary tools to enforce the law. Industry²³ reported support for the following provisions included in the Intellectual Property chapter: civil and criminal courses of legal action to protect trade secrets, protection of industrial designs, and equal treatment of digital and physical goods. Industry²⁴ also supports the Small and Medium-Sized Enterprises (SMEs) provisions to enhance SMEs ability to participate in the benefits and opportunities created by USMCA. As stated in

¹⁹ Industry Trade Advisory Committee 1 – Aerospace Equipment Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%201%20REPORT%20-%20Aerospace%20Equipment.pdf>

²⁰ Ibid.

²¹ Ibid.

²² Machinery sector defined as NAICS 333 for machinery manufacturing.

²³ Industry Trade Advisory Committee 2 – Automotive Equipment and Capital Goods Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%202%20REPORT%20-%20Automotive%20Equipment%20and%20Capital%20Goods.pdf>

²⁴ Ibid.



Arizona's trade statistics, 87 percent of companies that exported goods from Arizona in 2018²⁵ were small and medium-sized companies.

²⁵ Census' Exports by State of the Origin of Movement, Number of Exporting Companies, and Value for Small and Medium Sized Companies in 2018 was the latest data published by June 25, 2020.