



# 4FRONTED

The Power of 4 Regions and 2 Nations

## BORDER BUSINESS CASE





# CONTENTS

- Introduction ..... 1
- Arizona Mexico Border Region ..... 2
  - Value Proposition ..... 3
  - Why Invest in Arizona’s Border Region?..... 3
    - Robust Global Infrastructure ..... 4
    - Open for Business..... 5
    - Thriving Regional Economic Drivers ..... 5
- 4FRONTED** Binational Region ..... 6
  - Binational Regional Assets ..... 7
  - SWOT Analysis ..... 9
  - Economic Drivers..... 10
    - Tradable Goods and Services ..... 10
    - Food Technology and Agribusiness..... 12
    - Aviation and Defense Testing ..... 13
    - Tourism and Visitor Industry ..... 13
    - Logistics and Distribution..... 13
  - Strategies ..... 14
  - Implementation ..... 15
- Appendix A: IMMEX Companies in San Luis Rio Colorado ..... 16
- Acknowledgements ..... 17



Contact us for more information on our current economic development initiatives in the cities of Yuma, Somerton, San Luis, Wellton and San Luis, Rio Colorado. Learn more about how your business can thrive on the 4Front!



In response to considerable discussion by elected officials and leaders along the Arizona border, the Arizona-Mexico Commission organized a forum to set economic development priorities. The need for common messaging about the economic impact of the border region emerged. In late 2013, a collaboration between four state agencies (Arizona-Mexico Commission, Arizona Department of Transportation, Arizona Commerce Authority, and Arizona Office of Tourism) in partnership with the Arizona border communities of Douglas, Nogales, and San Luis/Yuma County completed the *Arizona Border Communities Roadmap*. The *Roadmap* identified issues, examined best practices for border economic development, and identified a Border Economic Vision and Arizona Border Objective.

One of the first implementation steps was the completion of a *Border Business Case* that provides a position statement and convincing argument for expanded investments in the Arizona-Mexico border region. Champions within the Yuma County, Arizona and Greater San Luis Rio Colorado, Sonora region, working with the consulting firm Partners for Strategic Action, Inc. and the four state agencies completed the Border Business Case.

**BORDER ECONOMIC VISION**  
 Arizona’s border region is the “Gateway to Global Opportunities” leading the way to economic diversification, innovation, strategic investment, job creation, and quality community building.

**ARIZONA BORDER OBJECTIVE**  
 Double Arizona’s Exports to Mexico by 2020  
*Source: Border Communities Roadmap; December 2013*

The Business Case serves as the work program for the new binational initiative called:



The binational area is a diverse metropolitan center encompassing four regions in two countries located in the southwestern area of the U.S. and northwest Mexico. The mission is to:

- Facilitate trade relationships;
- Support business growth;
- Strategize to maximize resources; and
- Connect investors with opportunities.

The initiative is jointly-funded and staffed to accomplish the mission incorporating the Border Business Case as part of the guiding roadmap. This document is intended to be reviewed and annually updated as progress is achieved.





## ARIZONA MEXICO BORDER REGION

The Arizona-Mexico Border Region – the counties of Cochise, Santa Cruz, and Yuma, including the Arizona communities of Douglas, Nogales, and San Luis – covers 12,921 square miles. These three counties adjacent to the international border have a combined population of 377,390 residents (5.6% of Arizona’s population). The Sonora Border Region (11 municipios) adjacent to the international border have a combined population of 632,005 residents (25.5% of Sonora’s population).

Mayors in Yuma County and San Luis Rio Colorado, Sonora, the Yuma County Board of Supervisors and Cocopah Nation have been collaborating on economic development for several years. The result of this coordination is the creation of a binational regional economic development effort. This effort has been branded **4FRONTED**. The defined geographic area includes Yuma County, the municipality of San Luis Rio Colorado, Sonora, and surrounding population from Algodones and the valleys of San Luis Rio Colorado and Mexicali. The combined estimated regional population is 543,247.



Banding together as a strong binational region offers a wide range of opportunities for new economic growth and development.

Arizona and community leaders recognize the importance of leveraging the assets of their binational region and collaborating to effectively communicate the opportunities. Attracting new, diversified investments from across North America and emerging global markets is the ultimate objective of a focused effort.

Each of Arizona’s binational border regions rank in the top 12 when compared with Arizona counties and incorporated places by population.

### 2014 Population Estimate Comparison

1	Maricopa County	4,087,191
2	Pima County	1,004,516
3	4FRONTED Binational Region	543,247
4	Pinal County	401,918
5	Greater Nogales Binational Region	251,824
6	Yavapai County	218,844
7	Mohave County	203,361
8	Yuma County	203,247
9	Coconino County	137,682
10	Cochise County	127,448
11	Navajo County	108,101
12	Greater Douglas Binational Region	90,196

Source: 2014 Population Estimate U.S. Census Bureau; COPRESAN

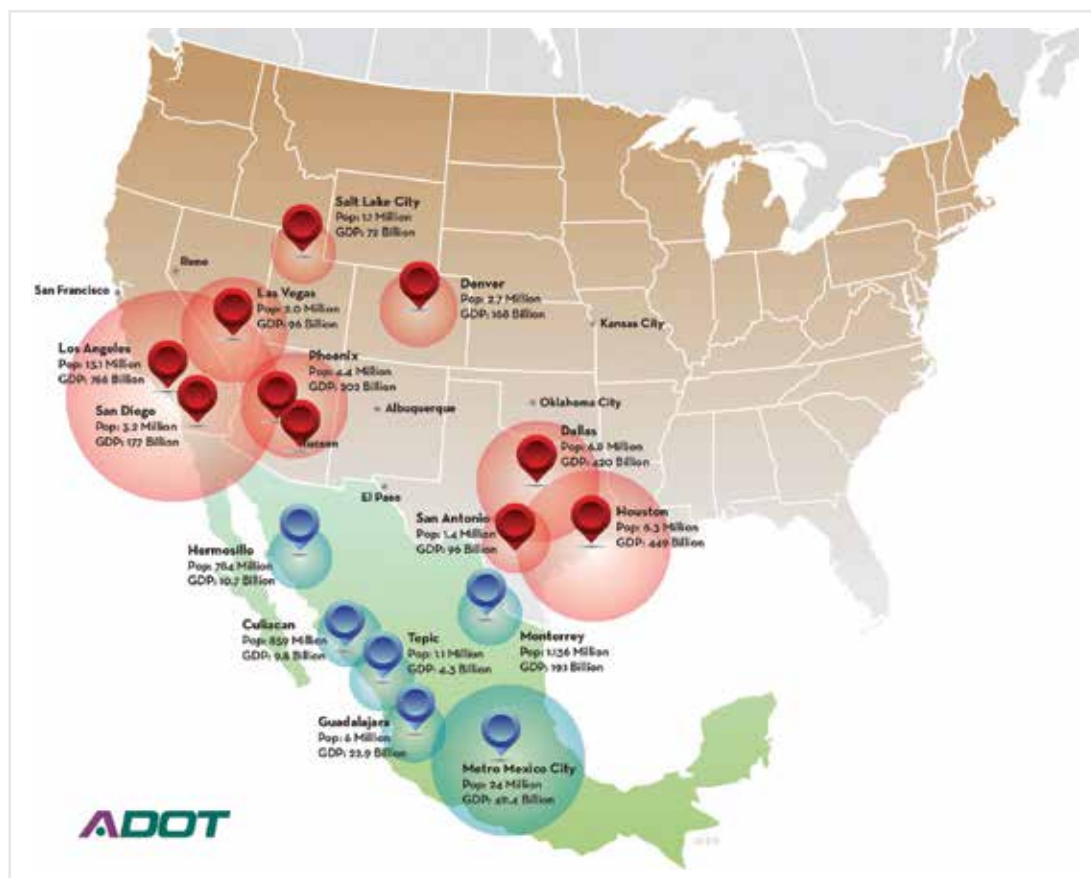




## VALUE PROPOSITION

Sharing a 300-mile border with Mexico, Arizona’s strategic position in proximity to Mexico’s growing economy is a major economic asset. Recognition of and strengthening Arizona’s binational regions positively impacts the state’s overall economy.

As shifts in the global economic landscape continue and manufacturing further rebounds, Arizona’s strategic position to major trade routes through Mexico into U.S. markets strengthens. Rising labor costs, quality control assurances, shipping costs, and time-to-market considerations have led to this renaissance and bringing production closer to home. Arizona has an opportunity to take advantage of this reshoring movement by improving its competitive manufacturing environment. In addition, Arizona should leverage its proximity to Mexico and Latin America and focus on being a key component of the supply chain for value-add manufacturing taking place between the U.S. and Mexico. Moving goods, either by vessel, rail, or truck, speed to market is optimal through Arizona-Mexico border crossings. As stressed in *The Roadmap: Arizona’s Path to Global Market Expansion*, a focus on “tradable goods and services” (i.e., goods made in Arizona and sold elsewhere) is one of the state’s key opportunities. Seizing this opportunity requires improved connectivity to markets, thereby exploiting Arizona’s strategic location and strengthening linkages between highways, rail, air, and sea for cargo movement. Continuing to attract both public and private investment to Arizona’s border region positions Arizona to fully maximize economic opportunities.





## WHY INVEST IN ARIZONA'S BORDER REGION?

### ROBUST GLOBAL INFRASTRUCTURE

#### › Six Ports of Entry

Arizona's six international ports of entry have received major capital investment (nearly \$500 million) and continue to receive development focus. This investment included construction of San Luis II, redesign of San Luis I, and the modernization of the Nogales Mariposa Port of Entry making these ports part of the most modern land ports along the entire U.S.-Mexico border.

#### › Trade Flow

Traditional trade routes through Mexico into the U.S. flow through Arizona's ports of entry. Arizona is a major gateway between western Mexico and the U.S. Arizona total exports in 2014 were \$19.8 million and Arizona exports to Mexico in 2014 were \$8.7 million. Arizona total imports in 2014 were \$19.7 million and total imports from Mexico were \$7.3 million. A total of \$41.6 billion worth of goods in two-way trade were processed at Arizona's ports in 2014.

---

The border region is strategically connected to North America's key commerce transportation corridors providing access to global and domestic markets.

#### › Maquiladoras

Over 1,500 international "Maquiladoras" operate in Mexico within 250 miles of the Arizona border region with more than 300,000 workers manufacturing consumer goods.

#### › Improved Border Efficiency

Border wait times along the Arizona-Mexico border have been greatly reduced and are highly competitive in comparison to others along the U.S.-Mexico border.

#### › Market Access

The border region is strategically connected to North America's key commerce transportation corridors providing access to global and domestic markets. Arizona's strategic position in the center of three dynamic market economies (LA/San Diego, Dallas/Houston, and northwest Mexico) is a critical asset to Arizona's business development efforts, particularly for tradable goods and those focused on exporting.

#### › Free Trade Agreements

Mexico has bilateral cooperation and free trade agreements with 45 countries that provides privileged access to 1,090,885 consumers and 67.20% of the world's gross domestic product.

#### › One Day Drive

Truck routes originating in the state can reach markets with upward of 65 million people within a day's drive, while shipping access to markets around the world is only hours away via California's coastal ports.

#### › Rail

Union Pacific Nogales Subdivision links Nogales with Tucson and ultimately the Sunset line. From the border, the line extends south to connect with Ferrocarriles Mexicanos (Ferromex) to serve industries in Sonora and western Mexico (connecting to the Guaymas deep sea port and beyond to the south).

#### › Airports

The border region has six U.S. airports located along the Arizona-Mexico border with three having international designations. There are several international airports along the Mexican border such as the General Rodolfo Sanchez Taboada International Airport located outside Mexicali, Baja California that plays an important role for international business and tourism.



## OPEN FOR BUSINESS

### › Cross-Border Commerce

Arizona-Sonora border communities have historic binational commerce and today the border region serves as the principal gateway for \$28 billion of trade with Mexico.

### › Available Land

Industrial parks and developable land appropriate for manufacturing facilities are available along the Arizona-Mexico border and border communities are business-friendly.

### › Incentives

All of Arizona border counties have foreign trade zones and active economic development entities. There are similar trade zones in Sonora, Mexico coupled with well-established economic development organizations such as the San Luis Rio Colorado Economic Development Corporation (Copresan) in San Luis Rio Colorado, Sonora.

### › Education Excellence

Universities and community colleges provide industry support, research, and workforce development throughout the border region. Cross-border educational institution collaborations in research and programming have emerged.

### › Expertise

Entities and bilingual individuals with international trade and logistics expertise have been conducting cross-border business for decades.

### › Collaborations

Historic cross-border collaborative relationships at the local and state level have been successful in furthering common economic development goals as well as addressing important binational issues. The states of Arizona and Sonora have successfully worked together through the mechanism of the Arizona-Mexico Commission and the Comisión Sonora-Arizona for over 55 years.



## THRIVING REGIONAL ECONOMIC DRIVERS

### › Agribusiness Strength

An integral part of the Arizona-Mexico border economy is agribusiness and is projected to continue to grow. The economic impacts of the fresh produce industry on Nogales and Santa Cruz County, Arizona is great and agribusiness is the single largest private sector industry in the **4FRONTED** regional economy. Warehousing, packaging, logistics, and value-added components of agriculture are critical to the border regional economy and offer expansion opportunities.

### › Mining Growth

Mexico has abundant natural resources in gold, silver, copper, lead, zinc, natural gas, and petroleum. Historically, mining has played an important role in Arizona's economy. Positioning Arizona in relationship to Mexico's growing mining industry might offer manufacturing and supply chain opportunities.

### › Manufacturing

Expanding manufacturing in Sonora, Mexico offers a tremendous potential for a strong supplier attraction strategy. Arizona border communities have a long history with maquiladoras and as a result communities on both sides of the border share labor and support resources. Logistics, warehousing, and distribution businesses play important support roles.

### › Tourism

The travel and tourism industry is a highly-ranked Arizona export industry. Communities throughout the state benefit from the tax revenues generated as well as jobs created from tourism. Binational tourism assets include historical sites, recreational facilities and amenities, and entertainment that can be promoted to draw more visitors to the region.



## 4FRONTED BINATIONAL REGION

The **4FRONTED** binational region is strategically-located at the intersection of two countries and four states: California, Baja California, Arizona, and Sonora. With access to a consumer market that exceeds 53 million people located within a 500-mile radius, the region is highly competitive for new business development.

The area is also where the Colorado River meets the Sea of Cortez making it highly desirable for tourism and recreation. From the U.S.-Mexico border it is approximately 45 minutes to the Sea of Cortez and a two-hour drive to Puerto Peñasco (Rocky Point). The Sonora Coast Highway is a 400-mile tourism corridor connecting the region to the Port of Guaymas.



Yuma County is desert land surrounded by rugged mountains. The valley regions, however, contain an abundance of arid land, which is irrigated with Colorado River water. These valley areas have some of the most fertile soils in the world, having received silt and mineral deposits from Colorado and Gila River floods until the rivers were tamed by an intricate series of dams and canals. Yuma County has a thriving economy, boasting two major defense facilities, a highly progressive inter-state and regional medical center, \$3.2 billion high-tech agribusiness industry, and a booming industrial sector.

The city of San Luis, Arizona is located directly on the U.S.-Mexico border. Since incorporation in 1979, San Luis, Arizona has experienced significant population and commercial growth, making it one of the fastest-growing Yuma County communities and is expected to double in size over the next decade.

The Yuma labor force market is ripe with talented individuals encompassing multiple industries. The growth of the labor force has traditionally outpaced industry growth which has created a surplus of skilled workers in the manufacturing, food technology, and aviation sectors according to the Greater Yuma Economic Development Corporation.

Of the residents in the city of San Luis Rio Colorado more than half (65%) of the residents reside within close proximity of the U.S.-Mexico border. From 2010 to 2013, San Luis Rio Colorado population growth increased by 2.71% which is a larger population growth rate than the State of Sonora for that same period. (Source: *Binational San Luis Transportation Study*; INEGI 2010 Census of Population and Housing, 2010 Consejo Nacional de Poblacion socio-demographic indicators of the 3874 cities.)

**Binational Regional Population: 543,247**

**Size: 8,762 square miles**

### Regional Population

San Luis	31,091
Somerton	14,912
Wellton	2,956
Yuma County	203,247
Greater San Luis Rio Colorado, Sonora	340,000

Source: 2014 Population Estimate U.S. Census; COPRESAN – San Luis Rio Colorado





## BINATIONAL REGIONAL ASSETS

- Agribusiness is the single largest private sector industry in the **4FRONTED** regional economy. A strong value-added agriculture and produce industry, approximately \$3.2 billion annually, supplies the U.S. with winter, leafy vegetables consumed in the U.S. and Canada. The Yuma County region is also the largest producer of crops in Arizona. Favorable year-round weather characteristics (i.e., sunshine 95% of the time), irrigated water, excellent growing conditions, and agribusiness facilities (e.g., coolers, packing plants) allow the region to move perishable produce quickly to markets throughout the U.S.
- Water is available within the region for business and residential growth. The Yuma region has senior water rights on the Colorado River. According to the *Hydrologic Study: Availability of Water for Adequate Water Supply Designation* (November 30, 2010), the city of San Luis, Arizona has "... sufficient groundwater to provide a 100-year water supply and for the current and future uses in the San Luis area. In the event groundwater quantity, quality, or depth presents an issue for San Luis in the future, alternative sources of surface water exist to continue to provide drinking water to the city."
- Approximately 53 million consumers are within a one-day truck haul or 500 miles from the region. State Route 95 connects the region to Interstate 8 and other major commerce corridors.
- According to the Wilson Center – Mexico Institute, San Luis Rio Colorado has 63 industries with high industrial concentration (e.g. audio and video equipment manufacturing, consumer goods rental) that offer over 20,500 jobs.
- The city of San Luis recently opened the 20,000-square-foot San Luis Business Incubator designed for start-up of small manufacturing businesses. The city received a \$2.1 million U.S. Economic Development Administration grant coupled with funds from the Community Development Block Grant program to build the incubator.
- Foreign Trade Zone #219 located in Yuma County allows companies to benefit from reduction or elimination of duties and tariffs. Companies within the program receive a reduction in property taxes of 80% for the life of the project. San Luis Rio Colorado Free Trade Zone is a similar zone that expedites the movement of goods and reduces the country tariff fees for businesses.
- San Luis Port of Entry I is the original 13-acre port located in the commercial heart of San Luis. It was constructed in 1930 and expanded twice. The port provides daily access to privately-operated vehicles via eight general lanes and two Secure Electronic Network for Travelers Rapid Inspection (SENTRI) lanes. San Luis Port of Entry I also processes pedestrians and bicyclists adjacent to the general passenger operating vehicle lanes, via one processing booth with SENTRI capability. The port has been identified by the U.S. Federal Government as a priority for expansion and improvement.
- San Luis Port of Entry II is a new 80-acre processing facility located approximately five miles east of the original San Luis Port of Entry I. Commercial vehicles are processed through three primary lanes. One of these lanes is dedicated as a Free and Secure Trade (FAST) lane. The new port was designed to meet growth and demand projections to 2030. San Luis Port of Entry II includes an indoor temperature-controlled five dock space for inspection of temperature-sensitive items or private interdiction activities.
- In November 2013, a Binational San Luis Transportation Study outlined a long-range, multimodal transportation plan to address the most critical current and future issues facing the cities of San Luis and San Luis Rio Colorado.





## BINATIONAL REGIONAL ASSETS *(Continued)*

- › Wait times at the new commercial port of entry are under 30 minutes.
- › The Arizona Department of Transportation, Federal Highway Administration, Yuma County, and the city of San Luis recently completed the reconfiguration of the flow of traffic in the downtown area. The new improvements include: Archibald Street now a one-way street for US 95 southbound traffic; First Avenue now a one-way street for US 95 northbound traffic; and two roundabouts have been built. Main Street no longer accommodates commercial vehicles enhancing pedestrian safety.
- › Completion of the Arizona Border Master Plan in 2013 prioritized port of entry, roadway, multimodal, and rail improvements in the binational region.
- › SR 195 is a 26-mile, limited access four-lane divided state highway facilitating travel and movement of goods between the San Luis Port of Entry II and Interstate 8 relieving congestion on US 95 through the communities of San Luis, Gadsden, Somerton, and Yuma.
- › Avenue E is currently being constructed as a four-lane truck route.
- › Yuma County Airport Authority has transformed Rolle Airfield from a former WWII aviation training field to an ideal facility for companies focused on Aviation/Aerospace or unmanned aerial system-related activities. Rolle is located within the city of San Luis and is located on 640 acres of remote desert environment 10 miles southwest of Yuma International Airport/ Marine Corps Air Station.
- › The border region is one of the safest along the U.S.-Mexico border. The cities of Somerton (3rd) and San Luis (8th), Arizona were designated in the top 17 safest cities in Arizona by Safe Choice Security analyzing 2012 FBI Crime Data for over 100 Arizona cities. San Luis Rio Colorado and Mexicali are both substantially below the Mexican average of homicide rates per 100,000 population.
- › There are two major industrial parks being developed near the San Luis Port of Entry. The first is the Magrino Park on 270 acres with 80 acres under development. The second area nearby is an industrial park and commerce center on 80 acres and 40 acres are currently being developed.
- › The **4FRONTED** binational region has over 1,000 acres of served industrial land. In addition, San Luis Rio Colorado has over 2,000 acres of industrial property available for business expansion.
- › Over 65 Fortune 500 companies operate, many with long-standing operations, within the **4FRONTED** region.
- › Strong regional collaborations dedicated to working together to promote economic development have emerged. The creation of the **4FRONTED** binational initiative is a result of this recognition. Key organizations include: Border Mayors Coalition (San Luis, San Luis Rio Colorado, Somerton, Yuma, and Wellton), Yuma County, Greater Yuma Economic Development Corporation, Cocopah Nation, Yuma Metropolitan Planning Organization, Greater Yuma Port Authority, Yuma Visitors Bureau, Yuma Private Industry Council, Western Arizona Economic Development District, Small Business Development Center, San Luis Economic Development Commission, and the region's Chambers of Commerce.



- › The Cocopah Nation is a large employer located in Yuma County and plays an important role within the regional economy. The Nation provides jobs and recreational amenities that attract visitors from Mexico and throughout the region.



## SWOT ANALYSIS

The SWOT Analysis provides the strengths, weaknesses, opportunities, and threats for economic development in the **4FRONTED** binational region.

### 4FRONTED Binational SWOT Analysis

STRENGTHS
Yuma Proving Grounds, Marine Corps Air Station, and Defense Contractor Complex located within the region having a large economic impact.
Strong major industries – Agriculture, Military and Defense, and Manufacturing – providing a lot of jobs.
Transportation infrastructure and recent improvements made support economic development. The new commercial port of entry along with area highways, provide binational connections that expedite the movement of supplies and value added goods.
Yuma International Airport is a full-service airport with commercial airline service.
Located at the Yuma Airport, the 120-acre Defense Contractor Complex is America’s newest and fastest growing defense aviation park.
The General Rodolfo Taboada International Airport is located outside Mexicali, Baja California, Mexico near the U.S.-Mexico border. It is the northern-most airport in Mexico within close proximity to the region. The airport is well used by international travelers. Within 250 mile radius, there are 10 international airports.
The region is highly specialized in business services and support services.
Distribution and testing facilities are available to support business growth.
Fortune 500, 100, and 50 companies are located within the binational region.
Manufacturing and other businesses have efficient access to the ports and the benefits of locating within a foreign trade zone.
State-of-the-art healthcare and medical services are available. The region has Yuma Regional Medical Center, VA Medical Center, Arizona Regional Cancer Center, Hospital Santa Margarita in San Luis Rio Colorado, and hundreds of specialty clinics.
Manufacturing firms located in Mexico have a long-standing history in the region and are critical to the success of many of the area’s major employers.
Communities on both sides of the border share workforce and resources that contribute to a strong binational region.
Approximately 830 people are employed full-time by the correctional services industry at two facilities.
Rolle Field has been transformed and future tenants anticipated could include government, industry, and academia. The Rolle Field will become a key asset in regional economic development.
WEAKNESSES
The region currently lacks Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards and utility patents.
Lack of fully-served, competitive sites on the U.S. side of the border.
Below national average of population 25+ with higher education.
Less competitive in advanced manufacturing.
OPPORTUNITIES
The strategic location provides good interstate transportation access, air transportation, and rail (Ferromex, Union Pacific, and BNSF).
There are five seaports within a 500-mile radius: Los Angeles (280 miles), Long Beach (270 miles), San Diego (198 miles), Ensenada, BC (198 miles), and Guaymas, Son (475 miles).
The <b>4FRONTED</b> region has four universities, six technical degree institutions, and two post graduate educational institutions with approximately 6,800 students enrolled and 1,302 graduates per year.
Highly competitive labor force costs within the <b>4FRONTED</b> region. For example, the San Luis Rio Colorado regional labor force is 31% less than Mexicali and 28% less than Tijuana with less than 1% turnover rate and no labor strikes in the past seven years.
Various workforce training programs available to support business growth.
Competitive local and statewide tax incentives available.
Communities such as San Luis continue to grow with 27% population growth since 2000.
El Centro, California is part of the region’s trade area with many employees commuting in both directions for work.
Cost of doing business in California is much higher comparatively. The binational region is prepared to work with businesses looking to relocate.
The region has made heavy investments in K-12 education.
The binational region has seen growth in the volume of exports.
THREATS
Retaining educated and skilled workforce.
Competition from neighboring California regions – El Centro, Riverside, and San Diego.
Uncertainty of trade barriers and policies between U.S. and Mexico.
The potential for reduction in military training and testing.
Attempts by others through policies or legislation to reduce Yuma County’s water allocation.



## ECONOMIC DRIVERS

Major industries in this binational region include manufacturing, food technology and agribusiness, aviation/defense, tourism, and renewable energy.

## TRADABLE GOODS AND SERVICES

Tradable goods and services are sold in diverse markets and tend to be high-value, high-technology components, which result in higher wages and drive the economy. Businesses that “export” goods and “import” money are keys to bringing new wealth to Arizona. The **4FRONTED** binational region is a very competitive environment for manufacturing companies that create tradable goods.

### Top 5 Business Employers San Luis Rio Colorado

1	BOSE	5,800
2	Manufacturas Meca	550
3	Sana International	520
4	GPI Mexicana	480
5	PTM Images de Mexico	442

### Top 5 Business Employers Yuma County

1	Trax International (civilian, non-military)	1,200
2	Advanced Call Center Technologies	800
3	Convey Health Solutions	671
4	Shaw Carpets	301
5	Gowan Companies	250

Industrial users that choose the region find a market with abundant supply chain resources and a logistical advantage over similar metropolitan communities on the west coast. Last year Arizona exported \$8.6 billion worth of goods to Mexico. This was a 22% increase from a year ago, one of the highest export growth rates in the U.S.



In addition to the over 65 Fortune 500 companies with a presence in the **4FRONTED** region, the region has become a strategic location for prominent manufacturing operations on the west coast. The following tables display the top 10 highest-value traded products by standardized international trade classification codes (SITC) moving into and out of the San Luis Port of Entry.





## Exports through San Luis Port of Entry to Mexico, 2015

Rank	SITC	Description	Trade Value
1	76160	Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus	\$74,449,833
2	05740	Apples, fresh produce	\$24,988,964
3	76412	Other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network	\$22,618,338
4	78219	Motor vehicles for the transport of goods, n.e.s.	\$15,266,632
5	76492	Parts & accessories suitable for use solely or principally with the apparatus of division 76 – with the apparatus & equipment of sub group 764.2	\$12,502,594
6	58229	Other plates, sheets, film, foil & strip, of plastics, non-cellular & not reinforced, laminated, supported or similarly combined with other materials of other plastics	\$9,599,842
7	05792	Pears & quinces, fresh	\$7,325,918
8	64211	Cartons, boxes & cases, of corrugated paper or paperboard	\$6,592,521
9	01235	Poultry cuts & offal, frozen	\$6,014,987
10	78120	Motor vehicles for transport of people, n.e.s	\$5,092,620

Source: Texas Center for Border Economic and Enterprise Development

## Imports from Mexico through San Luis Port of Entry, 2015

Rank	SITC	Description	Trade Value
1	76411	Loud speakers, mounted in their enclosures	\$78,060,807
2	05459	Other vegetable, fresh or frozen	\$68,168,783
3	05794	Strawberries, raspberries, blackberries, mulberries, loganberries, cranberries, billberries, & other fruits of the genus Vaccinium, fresh	\$30,270,631
4	05451	Onions & shallots, fresh or chilled	\$24,674,555
5	93100	Special transactions & commodities not classified according to kind	\$17,939,435
6	05454	Lettuces & chicory (including endive), fresh or chilled	\$11,743,632
7	71892	Linear acting pneumatic power engines & motors (cylinders)	\$11,743,632
8	76281	Other radio broadcast receivers, whether or not combined with sound recording or reproducing apparatus or a clock – combined with sound recording or reproducing apparatus	\$10,673,751
9	76160	Reception apparatus for television whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus	\$9,830,654
10	05453	Cabbage & similar edible brassicas, fresh or chilled	\$7,601,329

Source: Texas Center for Border Economic and Enterprise Development

San Luis is Arizona's second largest port of entry and the total dollar value of all commodities that moved through the port was \$1.6 billion in 2014, an increase of 4.1% from 2013. The maquiladora industry sector, twin plant or co-production industry cluster model, operates throughout the **4FRONTED** region. Thirty-three maquiladora companies operate in San Luis Rio Colorado. The industries represented are electronics, agro-industry, textiles, processed foods, assembly, electronics, furniture, logistics, metalmechanic, cardboard and packing, and aerospace. Approximately 13,759 people are employed in these companies. Familiar brands or clients include: Bose, Fruit of the Loom, Calvin Klein, Victoria Secret, Speedo, HEB, Costco, Trader Joes, Walmart, Forever 21, AT&T, Daewoo, LG, Kenworth, Sears, Adidas, and Bunge Steel to name a few. Appendix A includes a matrix of these firms.



## FOOD TECHNOLOGY AND AGRIBUSINESS

Agriculture in the greater Yuma region is a \$3.2 billion per year industry. The region provides 90% of the U.S. and Canada winter leafy greens and employs 20,000 – 30,000 seasonal workers. Over 150 different crops are grown year-round and the county has 25 fresh produce coolers, six date packing facilities, and four citrus packing facilities. Following is a list of the top five agro-industry employers in San Luis Rio Colorado and Yuma County.

### Top 5 Agro-Industry Employers San Luis Rio Colorado

1	Bustamante Parra Produce	1,389
2	Empaque Rio Colorado	1,031
3	Agriola Agros	444
4	Empaque Horticola del Valle	282
5	Sonora Pride	159

### Top 5 Agro-Industry Employers Yuma County

1	Date Pac, LLC	1,500
2	Tanimura & Antle Fresh Foods	500
3	Pasquinelli Produce	342
4	Nature Fresh Farms	270
5	Sky View Cooling	246

San Luis Land Port of Entry is Arizona's second largest port of entry for imported fresh produce from Mexico following Nogales.

---

The region provides 90% of the U.S. vegetables consumed by the U.S.

The agriculture industry is changing and the region is seeing value-added opportunities emerging. Livestock production, nutraceutical or food processing are examples of value-add agriculture that will drive changes. Mechanization of agriculture increases the need for tooling and repair support businesses. In 2014, the University of Arizona Yuma Center of Excellence for Desert Agriculture was created to tackle agriculture industry issues. Over \$1.1 million has been committed from agriculture industry leaders to fund the center.





## AVIATION AND DEFENSE TESTING

The military defense industry which includes the U.S. Marine Corps Air Station and U.S. Army Proving Ground had a combined impact over \$2 billion in 2012. The combined civilian workforce is 4,253 and enlisted is 4,853. A large percentage of regional businesses support this industry sector. The defense industry provides significant disposable income in the regional economy and year-round, skill-based critical employment.

## TOURISM AND VISITOR INDUSTRY

Tourism in the region has a \$600 million per year economic impact. Business travel is a major component of the region's visitor industry. Located half way between Phoenix and San Diego the region is an ideal location for visitors. Over 100,000 winter visitors make Yuma County their second home. Yuma County has 26 hotels and numerous facilities for active, adventure-seeking retirees. The growing middle class in Mexico attracts visitors to the region for shopping and other commerce. Great fishing and water sports are within a 45-minute drive to the Sea of Cortez and two hour drive to Rocky Point making the region a tourism gateway.



## LOGISTICS AND DISTRIBUTION

The **4FRONTED** region is strategically positioned for the movement of goods and people. There are currently 15 major trucking companies specializing in refrigerated shipping and excellent back-haul opportunities exist due to the volume of trucks entering/exiting California. Yuma County has a new FedEx air and group distribution facility. The binational region has strategic transportation corridors that connect Mexico through the San Luis Port of Entry II connecting the Port of Long Beach (approximately 250 miles) and the Port of Guaymas (approximately 174 miles).



An F-35B Lightning II with Marine Fighter Attack Squadron 121, based out of Marine Corps Air Station Yuma, Arizona, performs a vertical landing as part of required flying field carrier landing practices at the station's auxiliary landing field, Monday, April 27, 2015. Photo courtesy U.S. Marines/Cpl. Travis Gershaneck



## STRATEGIES

### Binational Cluster Development

- Identify, map, and define binational regional business clusters such as advanced manufacturing opportunities. Establish and/or strengthen relationships with companies in northern Mexico in aerospace, automotive, electronic, agribusiness, and electrical devices and promote the region's logistics/distribution and cost competitive advantages for potential advanced manufacturing opportunities. Sustain the momentum with the University of Arizona cluster work and the North American Research Partnership cluster mapping.
- Engage the region's manufacturers in the RevAZ (Arizona Commerce Authority's Manufacturing Extension Partnership program), particularly with the ExportTech Boot Camp.
- Further leverage the economic benefit of the agriculture trade moving through the San Luis Port of Entry. Maintain and grow agribusiness trade by addressing binational infrastructure and transportation improvements from major growing regions in Mexico and strengthening relationships throughout western Mexico. Continue to expand value-add produce opportunities in packaged food.
- Work to attract more foreign direct investment (FDI) projects within the transportation, tourism, and economic development sectors. Leverage the international and foreign investment partners working with the University of Arizona Yuma Center of Excellence for Desert Agriculture to attract a larger footprint in the region. FDI not only creates new jobs, it can lead to an infusion of innovative technologies, management strategies, and workforce practices.
- Focus on manufacturing industries to provide higher average wages, creates more indirect economic activity for the region, impacts the regional tax base, and attracts new revenues to the region resulting in an expanded economy. The U.S. Economic Development Administration (EDA) funded the Yuma County Phase I of the Investing in Manufacturing Communities Partnership (IMCP) which is intended to accelerate the resurgence of manufacturing and help to cultivate an environment for businesses to create, well-paying manufacturing jobs in regions across the country. As outlined in the Yuma IMCP Project Summary Report, the short list of 10 manufacturing sectors that are strong candidates for attraction to the region include:
  1. Perishable Prepared Food
  2. Storage Battery
  3. Fluid Milk
  4. Aircraft
  5. Fabricated Structural Metals
  6. Metal Stamping
  7. Truck Trailer
  8. Sign
  9. Unmanned Vehicle
  10. Computerized Numerical Control (CNC) MachiningThese top 10 were developed from the SWOT analysis and existing regional businesses.
- Continue to implement the IMCP Strategy working collaboratively to develop and promote advanced manufacturing. The partners consist of local government, economic development organizations, higher education, workforce development, and Manufacturing Extension Programs (MEP), through the Yuma Manufacturers Association.
- Work with existing industries to improve access to and attraction of supply chain businesses to the **4FRONTED** region.
- Actively engage the private sector and regional businesses to assist in the implementation of the **4FRONTED** initiative.





### Strengthen Binational Workforce Development

- › Broaden the educational exchange between the region’s institutions and Mexico by establishing a binational education task force to ensure a stronger regional labor force that meet the current and future needs of regional businesses.
- › Collaborate with Arizona Western College and Northern Arizona University to target advanced degrees to maquila managers or leadership.

### Develop Binational Tourism

- › Work collaboratively to leverage existing tourism assets and further develop visitor destinations within the binational region. Create and actively implement a binational tourism development and marketing program with a focus on recreation and culture.
- › Implement a strategy to develop and attract medical tourism to the **4FRONTED** region.
- › Develop and promote a binational calendar of activities.

### Leverage Port of Entry and Border Infrastructure Investments

- › Aggressively promote the San Luis commercial port of entry.
- › Continue to pursue improvements to the ports of entry.
- › Pursue increased port of entry staffing to improve efficiencies of border crossings.
- › Build cross-border public transportation, bicycling, and pedestrian improvements.

### Spur Innovation and Entrepreneurism

- › Leverage the San Luis Business Incubator to foster business growth in manufacturing, machining, distribution, and support businesses.
- › Make the **4FRONTED** binational region an entrepreneurial hub by leveraging the U.S. entrepreneurial visa program that can promote new business start-ups and innovation.

### Maximize Developable Industrial Land

- › Move forward with development strategies to ensure that the border industrial land is ready for manufacturing facilities. Focus on project readiness of industrial sites.

### Continue to Improve Regional Infrastructure

- › The cities of San Luis, San Luis Rio Colorado, Somerton, Wellton, and Yuma are committed to building a rail connection between the city of San Luis Rio Colorado and Yuma to support economic development.
- › Work to implement the project priorities identified in the *Border Master Plan (2013)*.
- › Prioritize regional infrastructure projects to support economic development efforts and pursue grant funding.

## IMPLEMENTATION

The **4FRONTED** Team comprised of the sponsoring agencies will be responsible for overseeing the Border Business Case. To ensure that the Border Business Case remains relevant the following four strategies will be achieved.

Strategies	Target Date
Meet quarterly to discuss the implementation status of strategies.	Quarterly
Develop an implementation plan to address short- and long-term objectives.	Q2 of CY16
Develop an annual report of activities.	End of Q1 of each calendar year
Review the Border Business Case to ensure information is accurate and strategies are still relevant.	Annually

## APPENDIX A: IMMEX COMPANIES IN SAN LUIS RIO COLORADO

#	Name	Industry	Products/Processes	Brand Name/Clients	Employees
1	Bose, S.A. de C.V.	Electronics	Speakers, headphones & others	Bose – Fortune 500 company	5800
2	S.P.R. de R.L. Bustamante Parra y Asociados.	Agro-industry	Onions, broccoli, watermelon, olive, & other	Export vegetables to Europe, Asia, & the U.S.	1384
3	Empaque Rio Colorado SPR, S. de R.L. de C.V.	Agro-industry	Celery, onions, asparagus, chives, melon, and other	Export vegetables to Europe, Asia, & the U.S.	1031
4	Manufacturas Meca, S.A. de C.V.	Textile	Women underwear	Fruit of the Loom, Calvin Klein, Victoria Secret, Speedo, & others	550
5	Sana Internacional, S. de R.L. de C.V.	Processed food	Mexican frozen food (ready to eat)	HEB, Costco, Trade Joes, & others	520
6	GPI Mexicana, S.A. de C.V.	Assembly – several products	Poker, black jack, & craps tables, dice, cards, chips & others	All casinos in Las Vegas, NV	480
7	Agricola Agros, S. de R.L. de C.V.	Agro-industry	Onions, celery, watermelon, chives, & others	Export of vegetables to Europe, Asia & the U.S.	444
8	Ptmimages Mexico, S. de R.L. de C.V.	Assembly – several products	Wood & plastic frames, picture frames, & decorative frames	Walmart	442
9	ABC Apparel de San Luis, S.A. de C.V.	Textile	Different clothes	Forever 21	325
10	Shelter Services de Sonora, S.A. de C.V.	Electronics recycling	Repair & refurb satellite signal receivers (modem)	AT&T	303
11	Empaque Horticola del Valle, S.A. de C.V.	Agro-industry	Watermelon, celery, onions, broccoli, & others	Export of vegetables to Europe, Asia, & the U.S.	282
12	Ddcam Mexico, S.A. de C.V.	Electronics assembly	Smart & Plasma TV.s	Daewoo, LG	220
13	Tse de Mexico, S.A. de C.V.	Metalmechanic – automotive	Spring brake manufacturing	Kenworth	220
14	NOV Ameron de SLRC S. de R.L. de C.V.	Metalmechanic – heavy industry	All kinds of pipes	Fortune 500 company	180
15	Enviroquip, S. de R.L. de C.V.	Metalmechanic – automotive	Garbage trucks		180
16	Fox Sport, S.A. de C.V.	Textile	Sport wear	Sears, Li & Fung, Oasics, & others	172
17	Colorado River Maquila, S. de R.L.	Textile	Different clothes	Tillman, CAT, & others	160
18	Sonora Pride, S.A. de C.V.	Agro-industry	Celery, onions, asparagus, chive, melon, & others	Export of vegetables to Europe, Asia, & the U.S.	159
19	Marees Mex, S.A. de C.V.	Textile	Swimwear, skirts, & others	Ralph Lauren, Becca, Robin Piccone, & others	157
20	TAA de Mexico, S.A. de C.V.	Textile	Sport wear	Teamwork Athletics	131
21	Kingston Logistics S.A. de C.V.	Electronics recycling	Electronics recycling – all kinds of products	3R Network	120
22	Hortalizas Sur del Valle S. de R. L. de C.V.	Agro-industry	Chive, radish, celery, onions, & others	Export of vegetables to Europe, Asia, & the U.S.	110
23	AVI de Mexico, S.A. de C.V.	Textile	Different clothes	Adidas, Ralph Lauren, Manhattan Beach wear, Trina Turk, & others	90
24	Moctezuma Medjool Gardens S. de R.L. de C.V.	Agro-industry	Dates	Export dates to Europe, Asia, & the U.S.	83
25	R & J de Sonora, S. de R.L. de C.V.	Textile	Swimwear	Quicksilver, Roxy, Ancho Blue, & others	71
26	Tsunami Produce S.A. de C.V.	Agro-industry	Celery, broccoli, radish, onions, & others	Export vegetables to Europe, Asia, & the U.S.	53
27	Acero Ameri-mex, S.A. de C.V.	Metalmechanic	Manufacture & assembly of all kinds of prefabricated buildings	Bunger Steel	24
28	MC International	Metalmechanic	Logistics & trucks reconstruction		20
29	Gabinetes Tapia, S.A. de C.V.	Furniture-wood	Kitchen furniture-mainly wood	U.S. markets	20
30	Cooperativa Mueblera MFG S.C.	Furniture	Different type of furniture	U.S. & Mexico markets	10
31	Kims Packaging de Mexico, S. de R.L. de C.V.	Cardboard & packing	Different type of cardboard boxes	Local industries	8
32	Comercializadora RL Jones, S. de R.L. de C.V.	Logistics	Commercialization & inventory storage		5
33	Pia Manufacturing de Mexico, S. de R.L. de C.V.	Metalmechanic-aerospace	Metal control valves, thermometers, & other	TIR II – Boeing	5



The Border Business Case could not have been completed without the input and dedication of the following individuals and agencies. It is also important to extend appreciation to all of the individuals who have actively participated in dialogues that have culminated in the development of the Border Business Case and **4FRONTED** effort. The Border Business Case will require the continued dedication of public and private stakeholders as well as the citizens of the region to successfully implement.

Mayor Cecilia C. McCollough, City of Wellton

Mayor Jerry Sanchez, City of San Luis

Mayor Martin Porchas, City of Somerton

Mayor Douglas J. Nicholls, City of Yuma

Mayor Enrique Reina, City of San Luis Rio Colorado, Sonora, Mexico

Chairman Sherry Cordova, Cocopah Tribal Nation

Chairman Russell McCloud, Yuma County Board of Supervisors

### STATE AGENCY COLLABORATIVE

Arizona Department of Transportation – Gail Lewis, Director Office of P3 Initiatives and International Affairs and Michael DeMers, Senior Freight Manager

Arizona Commerce Authority – Marisa Walker, Senior Vice President, Strategic Planning and Infrastructure; Keith Watkins, Senior Vice President, Rural Economic Development

Arizona Office of Tourism – Laura Franco French, Director of Community Relations; Karen Churchard, Former Assistant Deputy Director

Arizona-Mexico Commission – Margie Emmermann, Former Executive Director

Agency Technical Support – Luis E. Ramirez Thomas, Ramirez Advisors Inter-National, LLC

### 4FRONTED PARTNERS

Greater Yuma Economic Development Corporation – Julie Engel, President & CEO

City of San Luis – Jenny Torres, Community Development Director

City of San Luis Rio Colorado

San Luis Rio Colorado Economic Development Corporation (Copresan) – Carlos Armando Mexia, Director

**4FRONTED** – Arturo A. Bastidas, Binational Coordinator

City of Somerton – Hector Tapia, Economic Development Director

City of Yuma – Kevin Wilkins, Economic Development Administrator

Yuma County – Paul Melcher, Chief Deputy County Administrator

### PRIVATE SECTOR PARTNERS

Arizona Public Service – Kelly Patton, Senior Economic Development Consultant

### CONSULTANT

Partners for Strategic Action, Inc. – Peggy Fiandaca, President

The Border Business Case project was jointly funded by the cities of San Luis, Somerton, and Yuma, Greater Yuma Economic Development Corporation, Arizona Public Service, Arizona Department of Transportation, Arizona Commerce Authority, Arizona Office of Tourism, and Arizona-Mexico Commission.



# 4FRONTED

The Power of 4 Regions and 2 Nations

Contact us for more information on our current economic development initiatives in the cities of Yuma, Somerton, San Luis, Wellton and San Luis, Rio Colorado. Learn more about how your business can thrive on the 4Front!