

ARIZONA-MEXICO

Small and Medium Sized
Business Connections

MAG EDC Meeting
December 4, 2012

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Agenda

- Synopsis
- Our discoveries
- Recommendations

SYNOPSIS

- Identify and understand businesses in Arizona and Mexico (Sonora); particularly small and medium sized enterprises
- Research, develop and improve supply relationships through information sharing
- Identify gaps and opportunities for future growth
- Identify product and services linkages between Arizona and Sonora
- Help MAG and Maricopa SMEs foster relationships and business linkages



DISCOVERY

Sonora, Mexico

- Sonoran government and companies are 'open for business'
- Very hospitable and willing to invest time and effort to expand bilateral trade
- 3.5 Million enterprises in Mexico, 99.5% are PyMEs
- 90% of PyMEs are family owned
- Require coaching on how to enter AZ market

DISCOVERY

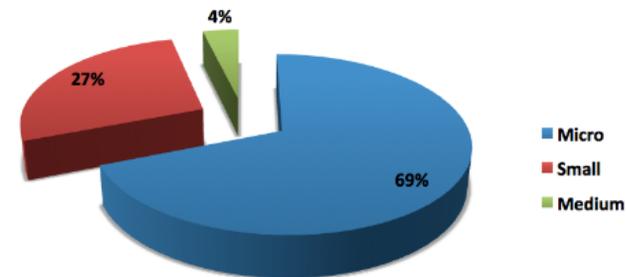
Sonora, Mexico

75,000 companies

PyME defined,
of employees:

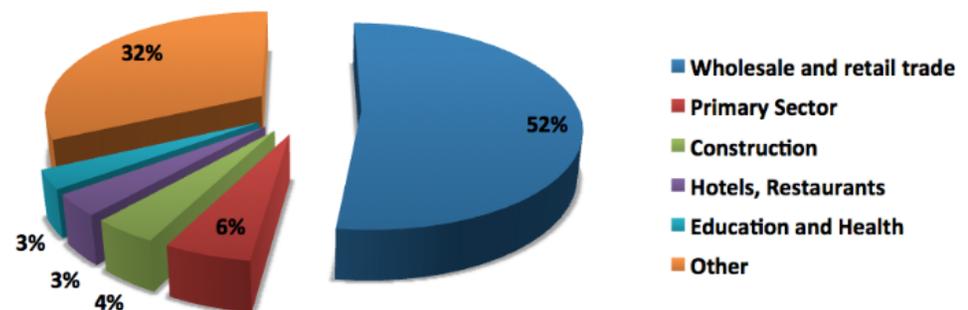
- Micro: 1 to 5
- Small: 6 to 50
- Medium: 51 to 250

Active PyMEs in Sonora, Mexico



Source: Mint Global

Top 5 Industries for PyMEs in Sonora, Mexico



Source: Mint Global

Why focus on PyMEs?



PyMEs

99.5%

Large Companies

.5%

75%

25%

52%

48%

DISCOVERY

Companies in the State of Sonora



DISCOVERY

Maricopa County

- Lack of awareness / interest from SME perspective
- Understanding of near shoring drivers, more than low costs
 - Proximity and time zone



DISCOVERY

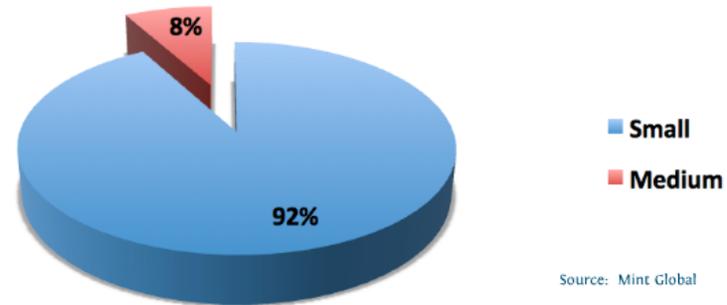
Maricopa County

250,000 companies

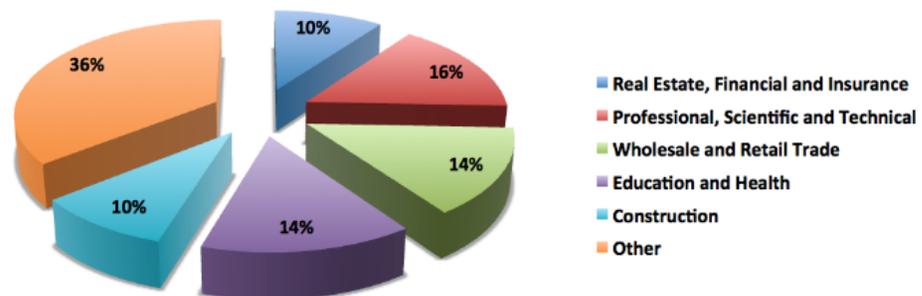
SME defined,
of employees:

- Small: 1 to 50
- Medium: 51 to 500

Active SMEs in Maricopa County



Top 5 Industries for SMEs in Maricopa County



DISCOVERY

MAG Region



- Electronic Badges could be used to increase efficiency at Trade Expos
- B2B match making
- Need of a one-stop shop
- No large transportation issues from SME perspective



PERCEPTION

- Mexico is not generally recognized as place for business opportunities.
- General notions about Mexico: danger, violence, risk, lack of rule of law, unreliability

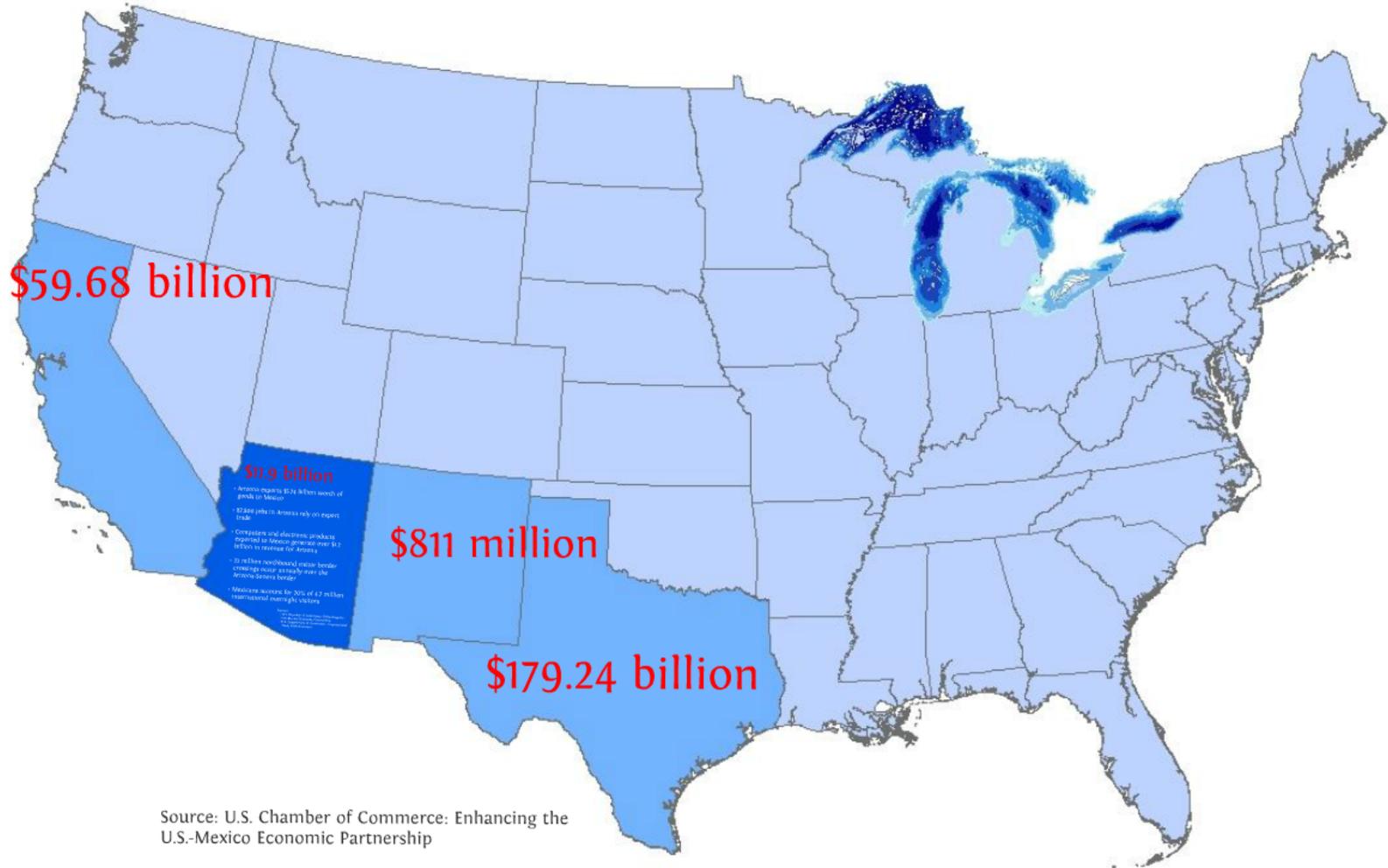
Cognitive



Emotional



Synergies



Source: U.S. Chamber of Commerce: Enhancing the U.S.-Mexico Economic Partnership

\$11.9 billion

- Arizona exports \$5.74 billion worth of goods to Mexico
- 87,800 jobs in Arizona rely on export trade
- Computers and electronic products exported to Mexico generate over \$1.2 billion in revenue for Arizona
- 23 million northbound visitor border crossings occur annually over the Arizona-Sonora border
- Mexicans account for 70% of 4.7 million international overnight visitors

Sources:

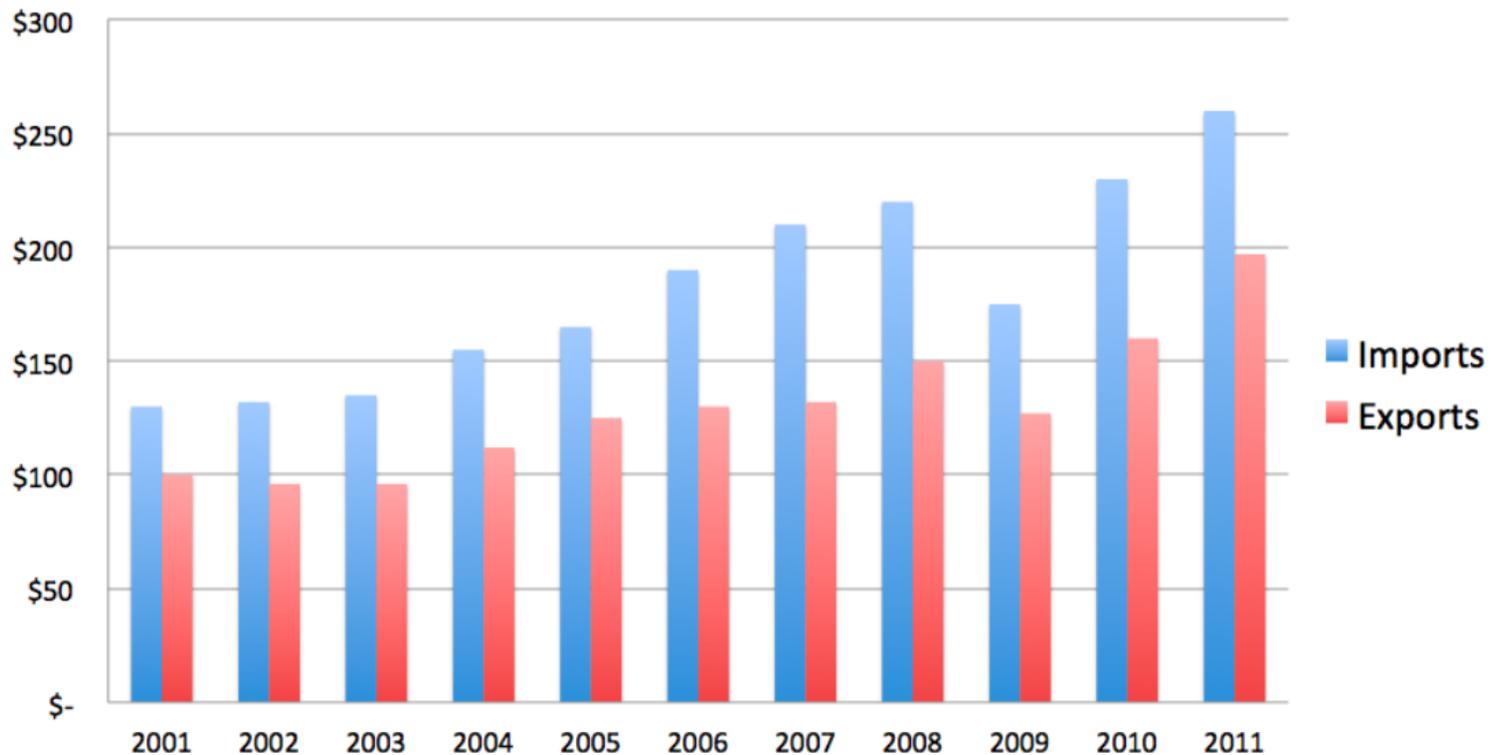
- U.S. Chamber of Commerce: Enhancing the U.S.-Mexico Economic Partnership
- U.S. Department of Commerce - International Trade Administration

\$8

A rising tide lifts all boats

Imports and exports, in billions of dollars

U.S. Mexico Trade

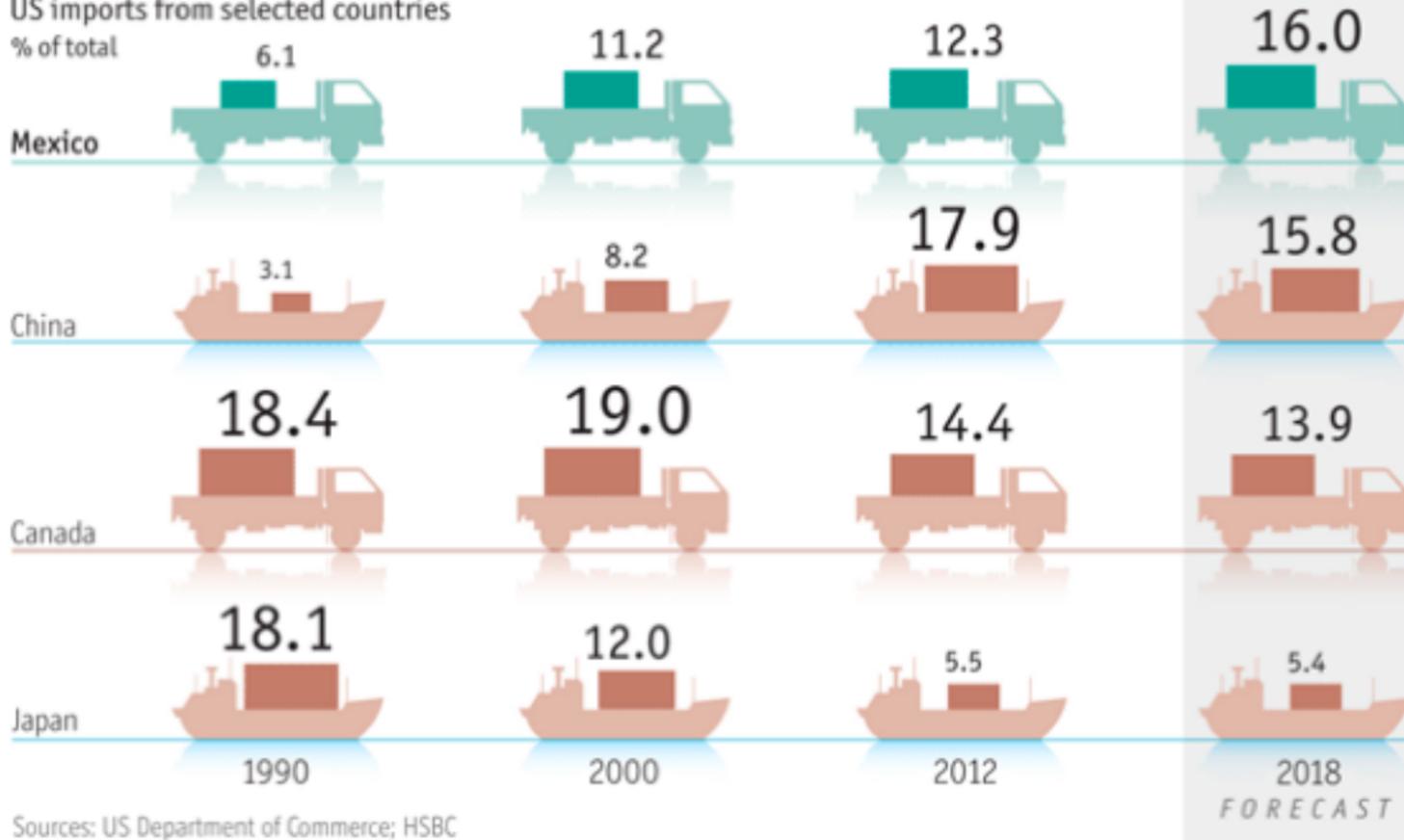


Source: U.S. Census Bureau, Foreign Trade Division, www.census.gov

Mexico Rising

Look no further

US imports from selected countries
% of total



Mexico Rising: "Economist November 26th, 2012"

B.I.E.N

Building International Economic Network

- Purpose: Align goals of existing organization and leverage accountability



Objectives

Forge Government to Government relationships

Leverage technology to inform the MAG business community

Educate early adopters within the MAG region

- Find a spokesperson

Drive the project forward

Create Awareness

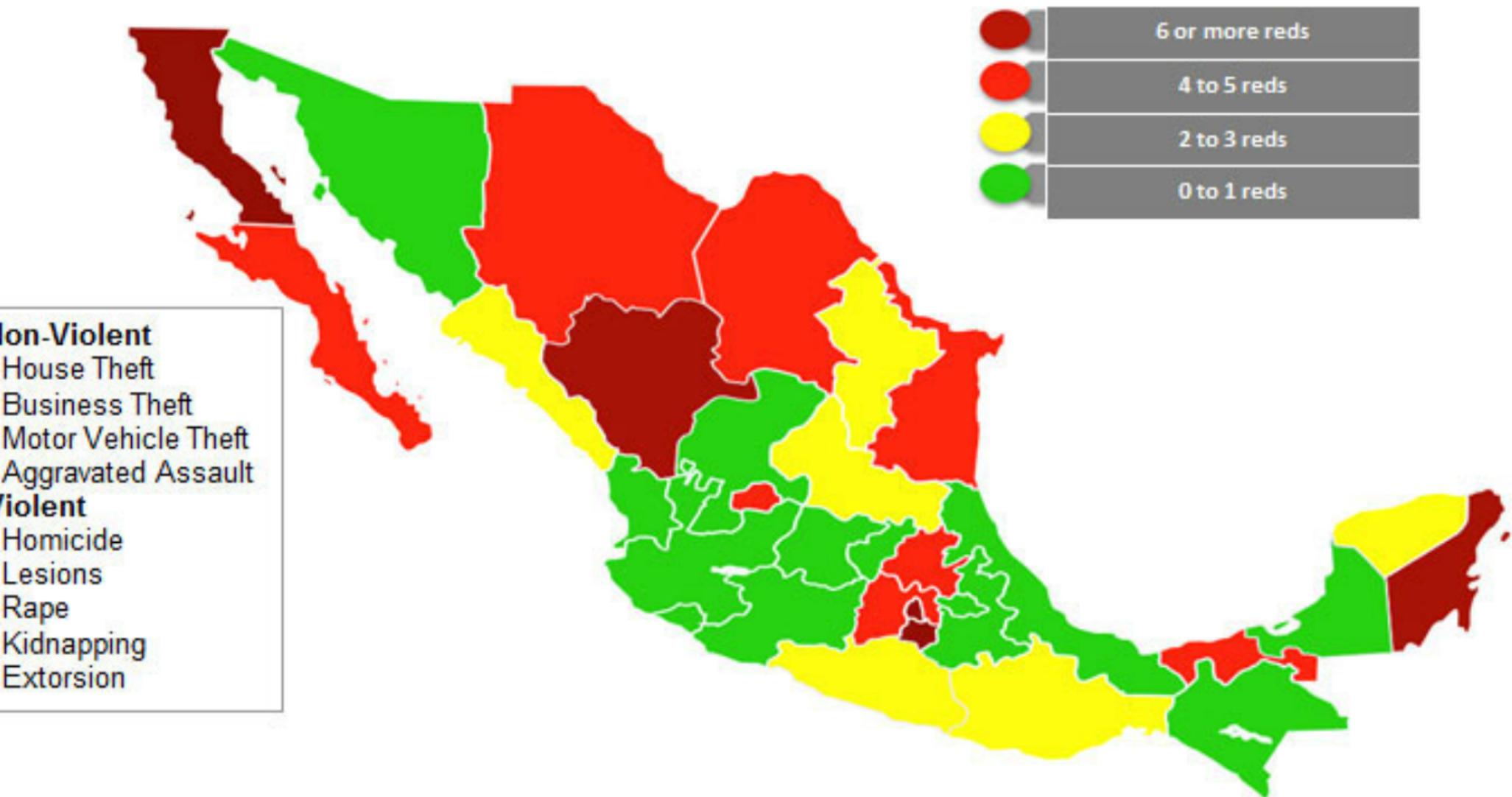
- Product/Service opportunities
- How to do Business in Mexico 101
- Inform companies on near shoring
- Dispel myths about Mexico

Crime Rate Traffic Light: Total Reds



Sonora is the safest among all border states.

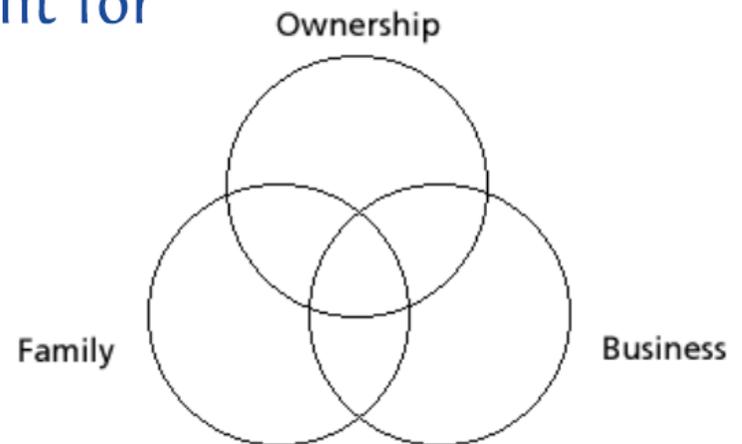
Crime Rate Traffic Light: Total Reds



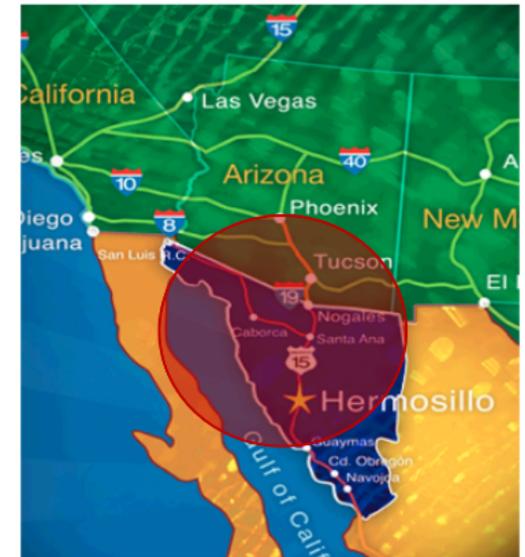
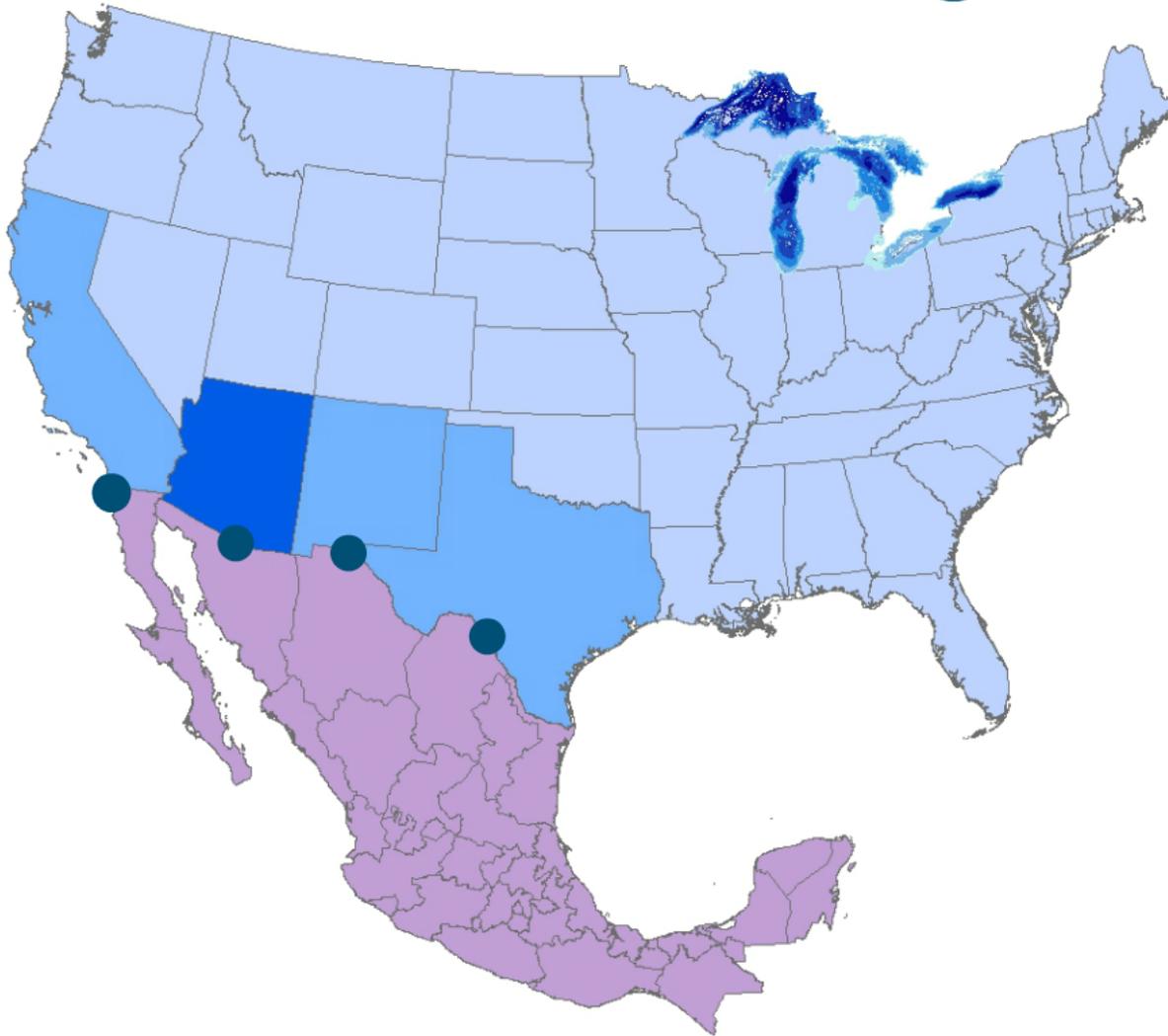
Sonora is the safest among all border states.

Engagement of Family Businesses

- Family-owned business expo in AZ and Sonora
 - Exciting venues
 - Make the experience fun!
- Goal: Create a comfortable environment for networking and relationship building
- Target younger generation



Economic Mega Regions





A Center of Excellence

Leverage the assets of the geographical area

- Human capital
- Financial capital
- Knowledge capital



B2B Trade Platform

- Scrapes existing online platforms;
consolidate data
 - ex: Kayak.com



- Encourage companies to upload content
- Drive traffic to the site

PRO México
Inversión y Comercio


TRADEKEY
Your Key To Global Trade


Alibaba.com

Promote the Brand!

- Regional, national, and international functions
 - Regional example: Grand Canyon Minority Development Supplier Council
 - National example: Aerospace and Defense Supplier Summit
 - International example: San Antonio/NAFTA 20



Expand strategy further into Mexico



Recap: A rising tide lifts all boats

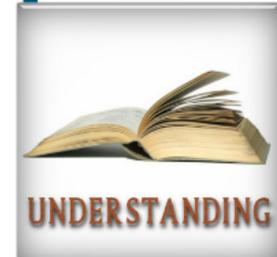
Imports and exports, in billions of dollars



Source: U.S. Census Bureau, Foreign Trade Division, www.census.gov

Recap of road map

- Understand landscape



- Align efforts

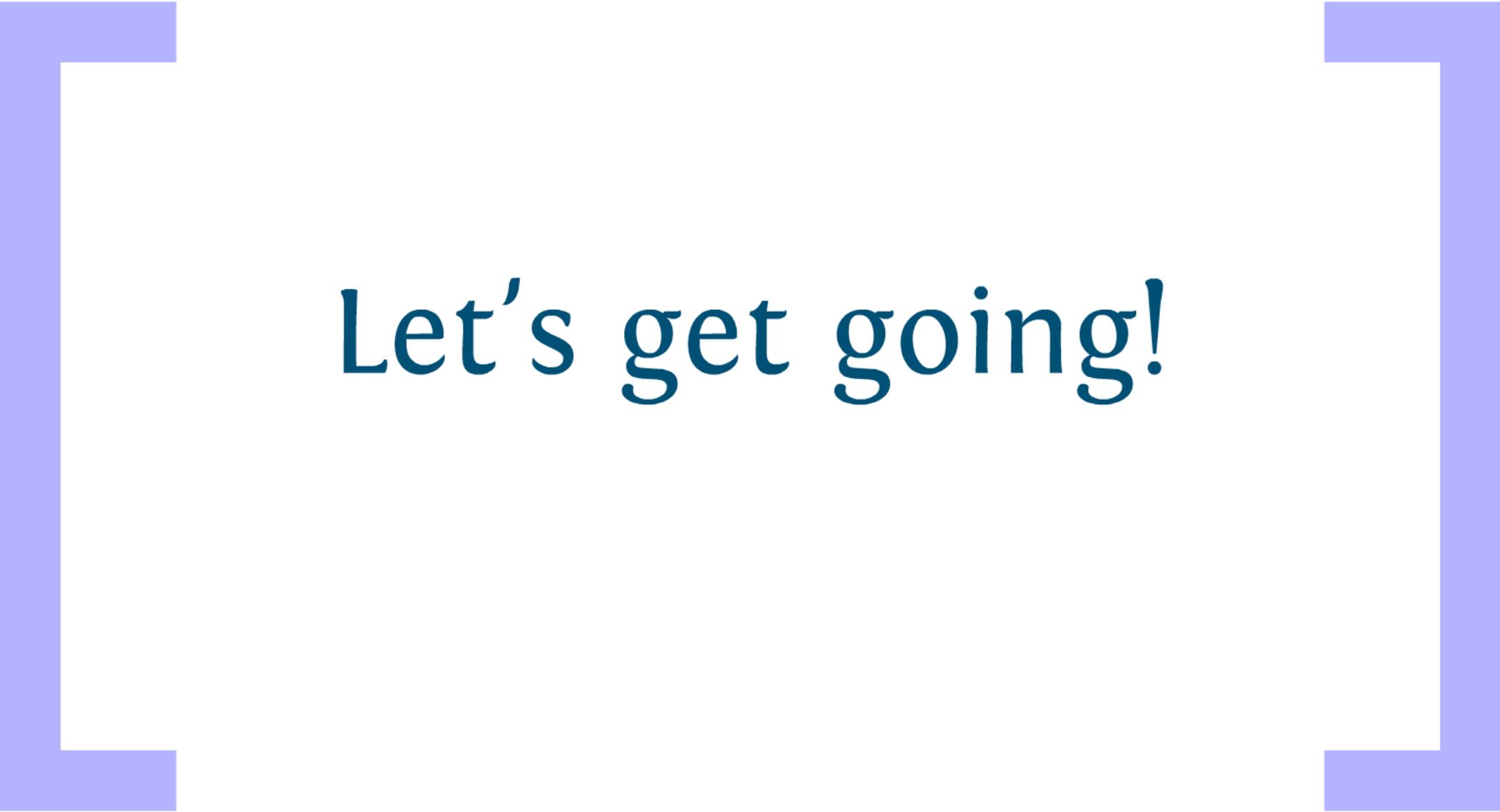


- Build Center of Excellence



- Promote brand





Let's get going!