Proposal to Extend Border Zone Statewide and Streamline U.S. Visa Process for Mexican Travelers

- Introduced by Maricopa Association of Government’s (MAG) Economic Development Committee
- Broad support
  - 9 Regional Planning Agencies
  - Inter-Tribal Council of Arizona
  - Nogales City Council

Current limitations on visitors

- Border Crossing Card:
  - Frequent, low risk crossers
  - Usually valid for ten years
  - Unlimited crossings for 10 years
  - Geographic limit
The Border Zone - 1999

Why is it important?

- Tourism is Arizona’s top export oriented industry:
  - $17B in non-resident visitor spending (2014)
  - 140K jobs

- Mexican Visitors:
  - $2.5B in direct spending (2014)
  - 25,064 jobs

Perspective

- Arizona’s top exports:
  - 1) Computer & Electronic Products: $5B
  - 2) Transportation Equipment: $3.7B
  - 3) Minerals & Ores: $2.5B
  - 4) Mexican Visitor Spending: $2.5B
  - 5) Machinery (except Electrical): $1.6B

MAG Sponsored Project

- Estimate spending and the economic impact of Mexican visitors in 2013
- Estimate the potential economic impact of their spending if the border zone is extended from 75 miles to the entire state in 2016.
Estimate 2013 Visitor Spending and Economic Impacts

• Most recent border survey (2007/8)

• In those surveys:
  o Detailed information on city of origin, ports of entry, destinations, spending by destinations
  o Party size by port, by mode
  o Per party spending
  o Expenditure mix

Methods

• 2013 Estimates of Expenditures by Destination
  o Kept all visitor characteristics and behaviors the same as in the 2007-08 survey
  o Adjusted for 2013 crossers
  o Per party expenditures increased by growth in Mexico per capita GDP US$ (1.74% per year)

• 2014-2016 Projections
  o Based on recent crosser trends (by port, by mode)
Scenario 1 – 3% increase in all crossers

- 3% increase following 1999 Arizona border expansion to 75 miles
- 4.2% increase following 2013 New Mexico expansion to 55 miles

<table>
<thead>
<tr>
<th>Scenario 1: 3% Overall Travel Volume Increase</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures $</td>
<td>$62,330,000</td>
<td>$66,410,000</td>
<td>$70,750,000</td>
<td>$75,350,000</td>
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<tr>
<td>Jobs</td>
<td>636</td>
<td>678</td>
<td>722</td>
<td>769</td>
</tr>
<tr>
<td>Labor Income $</td>
<td>$23,080,000</td>
<td>$24,590,000</td>
<td>$26,190,000</td>
<td>$27,900,000</td>
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<tr>
<td>Value Added $</td>
<td>$37,270,000</td>
<td>$39,700,000</td>
<td>$42,300,000</td>
<td>$45,050,000</td>
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<tr>
<td>Gross Sales $</td>
<td>$89,870,000</td>
<td>$95,750,000</td>
<td>$102,010,000</td>
<td>$108,650,000</td>
</tr>
</tbody>
</table>

Scenario 2 – 3% increase in passenger visitors

- Passengers are more likely to be affected

Scenario 2: 3% Passenger Increase

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures $</td>
<td>$53,980,000</td>
<td>$57,910,000</td>
<td>$62,100,000</td>
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<tr>
<td>Jobs</td>
<td>531</td>
<td>591</td>
<td>634</td>
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<tr>
<td>Labor Income $</td>
<td>$19,980,000</td>
<td>$21,440,000</td>
<td>$22,990,000</td>
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<tr>
<td>Value Added $</td>
<td>$32,270,000</td>
<td>$34,620,000</td>
<td>$37,130,000</td>
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<tr>
<td>Gross Sales $</td>
<td>$77,830,000</td>
<td>$83,500,000</td>
<td>$89,540,000</td>
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</table>
Scenario 3 – 5%, 10%, 15% increase in parties to the north

- 2001 to 2007-08 biggest change:
  - Overnight visitors (4% to 16% of all parties)
  - Overnight visitors spend 10X day-trip visitors

- Parties visiting Phoenix in 2007-08 was 500,000 (almost tripled)
- 1,000,000 BCC cards approved in Nogales, Sonora and Hermosillo
- Scenario 3 – increase parties to the north by 5%, 10%, 15% of the 500,000

Scenario 3 – a 15% increase in travel to north

- Parties to the north increases 15%

<table>
<thead>
<tr>
<th>Scenario 3: 5%, 10%, and 15% Increase in Travel to Northern Counties</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>Expenditures $</td>
<td>$80,390,000</td>
<td>$88,060,000</td>
<td>$102,690,000</td>
<td>$105,870,000</td>
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<td>Jobs</td>
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<td>1,173</td>
<td>1,333</td>
<td>1,410</td>
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<td>Labor Income $</td>
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<td>$42,540,000</td>
<td>$48,080,000</td>
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<tr>
<td>Value Added $</td>
<td>$65,130,000</td>
<td>$71,340,000</td>
<td>$80,490,000</td>
<td>$85,750,000</td>
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<tr>
<td>Gross Sales $</td>
<td>$126,540,000</td>
<td>$138,610,000</td>
<td>$159,090,000</td>
<td>$166,630,000</td>
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</table>

Scenarios & Baseline Summary 2016

<table>
<thead>
<tr>
<th>Summary, 2016</th>
<th>Expenditures</th>
<th>Jobs</th>
<th>Gross Sales</th>
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</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>$2,907,340,000</td>
<td>29,677</td>
<td>$4,191,831,000</td>
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<tr>
<td>Scenario 1</td>
<td>$75,350,000</td>
<td>769</td>
<td>$108,650,000</td>
</tr>
<tr>
<td>Scenario 3c</td>
<td>$105,870,000</td>
<td>1,410</td>
<td>$166,630,000</td>
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<tr>
<td>Total</td>
<td>$3,088,560,000</td>
<td>31,856</td>
<td>$4,467,111,000</td>
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</tbody>
</table>

Risk: Mexico Retail Development

Sources: Esri, USGS, NOAA
Risks

The Peso and Crude Oil Prices

Expectations of the border expansion

• Increase Mexican visitors to Arizona
• Send a positive message to visitors
• Increase trip duration and spending
• Encourage travel further north
• Prompt additional BCC applications

Arizona – Mexico Economic Indicators

azmex.eller.arizona.edu

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Personal Vehicle Passenger Crossings

What is the significance of personal vehicle passenger crossings?

The dynamics of personal vehicle passenger crossings through Arizona-Sonora border ports of entry reflect the composite effects of both the economic ties between Arizona and Sonora, as well as border crossing procedures that affect wait times. Since the early 2000’s, periods of economic slowdown, together with increased wait times at border crossings, have reduced the number of personal vehicle crossings and the number of passenger, although not at the same rate. Studies of Mexican visits to Arizona, for example, suggested that although the frequency of vehicle crossings has declined, the number of passengers per car has increased. Among Arizona’s six border ports of entry, Nogales facilitates the largest number of passenger crossings by personal vehicles; San Luis is distant second, followed by Douglas.
Economic Impact of Extending the Border Zone Statewide

Full report:
On MAG website:
Or on AZMEX under ‘resources’:
https://azmex.eller.arizona.edu/about/resources

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