

Canadian companies lead internationally based Valley businesses in new study

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Arizona is in many ways defined by its proximity to the Mexican border, but according to a June study from the Maricopa Association of Governments and the city of Phoenix, the Southwestern state has some of its strongest business ties with the U.S.'s neighbor to the north.

The bulk of internationally owned companies in the Phoenix metro area are Canadian, according to the study. The 243 Canadian-owned or headquartered businesses in the Valley employ 21,400 people. In second place is the United Kingdom, which is represented by 176 companies in the area. Nowhere on the top 10 is Mexico.

"It comes back 60 to 70 years ago," said [Glenn Williamson](#), chairman of the Canada Arizona Business Council. "(Canadians in Arizona) started as tourists, and eventually, the lifestyle started to become something of an interest to them."



Glenn Williamson of the Canada-Arizona Business Council

This is the second year the study has been conducted, and Canada has come out on top both times. Canadian representation in the state has grown from 100 companies ten years ago to 350 now, Williamson said. The Valley's original Canadian-owned companies are in mining and agriculture, but have since expanded to all sectors. Williamson's own company, the Edmonton, Alberta-based Epcor, is Arizona's largest private water utility.

As is frequently the case, Canadian businesses are attracted to the Valley because of its business-friendly regulatory environment. Some come directly from Canada while others come to more expensive states like California and then reroute to Arizona, Williamson said.

"Arizona's unique value proposition – a warm and sunny climate, low taxes and light regulation, and proximity to major world markets – resonates strongly with Canadians looking to expand into the U.S.," said Sandra Watson, president and CEO of the Arizona Commerce Authority, in an emailed statement. "Canada is Arizona's second-largest export market and third-largest trading partner, with annual trade between Arizona and Canada now totaling \$3.8 billion."

The influx of Canadian tourists and business owners is helped by brisk air travel between Canada and Phoenix Sky Harbor International Airport. A spokeswoman for the airport said more than 3500 Canadian flights landed at Sky Harbor last year. And when these snowbirds stick around, they contribute to the overall economic welfare of the state.

"You end up with huge amounts of high-end real estate being bought by Canadians," Williamson said, citing that 97 percent of homes in the Valley owned by foreign nationals are owned by Canadians. "These are Canadians that come down and spend money. They buy cars, they buy furniture, and it's all very high end."

He said Canadians spend around \$1 billion in the state annually and often make up a large chunk of memberships to cultural institutions such as museums and the symphony.

The hope is this information can be used to leverage further international business growth going forward, a key to the oft-touted vision of a tech oasis in the desert.

"The first step was to understand who is here, and then understand what sectors are here," said Anubhav Bagley, who heads MAG's research group. "The big thing is, now that we have this information, looking at this data, what are the sectors we're interested in. How can we start connecting the dots?"

While Mexico didn't make the top 10 in terms of the number of businesses in the Valley, it does have a strong presence in the Valley, but mostly through large multinational corporations with multiple regional locations, such as Cemex. The study only counted individual businesses.

"You don't have the smaller tech companies moving north from Mexico" as is the case with Canadian companies moving to the U.S., said Hank Marshall, executive officer of Phoenix's economic development office.

The next step is seeing what the data means. In essence, it may be fine if companies are moving here, but it is unclear how much that correlates with direct investment and capital expenditure.

"The number we don't have a good grip on is the corresponding capital part of that because we don't have a lot of people come in and erect giant complexes," Marshall said. "Much of this is through acquisition. So the capital expensive is a number nobody has a good handle on."