

Transportation & Logistics Industry Overview

The Ideal Location to Serve Regional, & Global Markets

The region’s unique central southwestern location is ideal for serving as a transportation and distribution center for Mexico, California, and other central/western states. At 64 miles from the Mexican border, 113 miles from Phoenix and within 500 miles of California, Tucson is in close proximity to major business and consumer markets – a key factor for any company. And Tucson’s location in the Mountain Time Zone means same-day communication with both coasts, as well as Canada and Mexico.

Proximity to Mexico

The State of Arizona has strong business, social, and political ties with the neighboring Mexican state of Sonora and, to the south, with the states of Sinaloa and Jalisco. A location near the border gives Tucson excellent access to the growing Mexican market.

Tucson is the U.S. headquarters for La Costeña/Arizona Canning Co. LLC, a leading Mexican manufacturer of canned and preserved foods. The Tucson plant uses U.S. suppliers to produce canned foods for the American market. This is just one example of Tucson’s relevance to the exploding U.S. Hispanic market.

There are many reasons for the healthy trading relationship between the United States and Mexico, including the geographic proximity, openness to capital markets, high quality and productivity standards, access to both countries’ large domestic markets and trade-friendly public policies. But perhaps equally important are the strong ethnic, cultural and social commonalities shared by many of our municipalities on both sides of the border.

Market Access	
Tucson’s location means market access to many growing cities in the U.S. and Mexico.	
Nogales	64 miles
Phoenix	113 miles
Yuma	238 miles
Hermosillo, Mexico	245 miles
Flagstaff.	257 miles
El Paso	318 miles
Guaymas, Mexico	324 miles
Las Vegas.	407 miles
San Diego	413 miles
Albuquerque	450 miles
Long Beach	498 miles

Proximity to Phoenix

Phoenix, one of America’s fastest growing cities and the 12th largest metropolitan statistical area, compliments Tucson in many ways. Because the two cities are only 113 miles apart, companies, residents and visitors benefit from access to two major international airports, Arizona’s two largest universities, year-round professional sports teams, cultural events and proximity to the State Capitol.

The Phoenix/Tucson “megapolitan area” – a term describing two or more metropolitan areas connected by transportation, business and culture – has been dubbed the Arizona Sun Corridor. This corridor, one of 10 U.S. markets expected to see most of the nation’s growth in the next 35 years, will continue to thrive as the state’s two largest cities expand toward each other.

Proximity to California

If it were a country, California would have the world’s eighth largest economy – Tucson’s proximity to California is a major advantage for the region. This advantage gives Tucson businesses market access to clients, vendors and partners as well as world class resources and other expertise, while operating in a location with lower operating costs.

Move Freight by Air, Rail and Road

Southern Arizona is fast becoming a center of expertise in trade, freight transportation and logistics. The region hosts over 150 logistics providers to support export-oriented sectors such as aerospace, aviation, bioscience, environmental technologies, optics, and others. An interactive map of these companies can be found at: <http://treoaz.org/Transportation-Logistics.aspx>.

Truck Lines

Tucson is on Interstate 10, one of only three coast-to-coast interstates in the country. I-10 connects Tucson with Phoenix and Los Angeles to the northwest and El Paso and Houston to the east. Branching off I-10 near downtown Tucson is Interstate 19, which connects to Nogales, Sonora, Mexico, 64 miles to the south. A convenient access connection between San Diego and Southern Arizona is available via Interstate 8, which intersects with I-10 approximately 64 miles northwest of Tucson.

Rail Access

Tucson sits on one of the most heavily-traveled rail lines in the country, the Union Pacific mainline, which primarily carries trains transporting containers to and from the ports of Los Angeles and Long Beach. Union Pacific also owns 26% of Grupo Ferrovial Mexicano (GFM), parent company of Ferrocarril Mexicano (Ferromex), which operates the railway running from Guaymas into Arizona.

Tucson International Airport

Eight airlines currently serve Tucson International Airport (TIA), providing nonstop service to 15 destinations with connections worldwide. TIA airlines offer over 60 daily departing flights with approximately 6,600 seats available.

TIA recently completed 10 year, \$100 million renovation. and has three active runways, including a crosswind runway. TIA is a designated U.S. Port of Entry with 24-hour Customs and Immigration services, located on more than 8,200 acres only 10 miles from the center of the city. TIA offers close proximity to Interstate 10 and Interstate 19, and direct and connecting flights nationwide – see current schedule and route information at <http://www.flytucsonairport.com>.

Ports of All Sorts for Global Access

A southwestern location allows Tucson to benefit from the deep-water ports located on the western coast of the United States and Mexico. These facilities provide Tucson with access to global shipping destinations.

- Port of Long Beach/Los Angeles 498 miles from Tucson
- Port of San Diego 413 miles from Tucson
- Port of Guaymas 324 miles from Tucson

Major Transportation/Logistics Companies in the Region

Target.com Fulfillment Center - www.target.com

One of three fulfillment centers in the United States devoted solely to shipping orders placed on Target.com, the Tucson operation is a state of the shipping and warehousing art facility. The 100 acre facility, which opened in 2009, features approximately one million square feet of floor space and ships nearly 18 million packages annually, mostly to shoppers in the western US.

Port of Tucson - www.portoftucson.com

The Port of Tucson is a intermodal rail facility providing a wide variety of rail-oriented transportation options in and around the southwest region. These options include intermodal container handling, boxcar access, and team track. The Port of Tucson's rail access consists of a two mile siding complimented by an additional 3,000 foot siding, which branches to grade level access, dock level access, intermodal container access, and team track facilities. The rail service has been designed with expansion in mind. Rail access to additional properties and warehouse space can be facilitated with ease.

Located in the Century Park Research Center Southeast of Tucson, Arizona, the Port of Tucson has ample room to grow on the 264 acre park. The Century Park center is also registered as a Foreign Trade Zone, which allows shipping and receiving of product in bond.

In addition to rail access, the Port of Tucson provides public warehousing scalable from 30,000 square feet to 1,000,000 square feet. Through Tucson Frozen Storage, the Port of Tucson can provide 25,000 square feet of below 0 degrees (F) storage.

Union Pacific - www.up.com

Union Pacific Railroad is the largest railroad in the US serving 23 states with 8,700 railroad cars linking major West Coast and Gulf Coast ports. Union Pacific operates key north/south corridors and is the only railroad that serves all major gateways to Mexico and interchanges traffic with Canada. UP's diversified commodity mix includes chemicals, coal, food and forest products, grain and grain products, metals, minerals, and automobiles and parts. UP is the nation's largest hauler of chemicals and is one of the largest carriers of truck trailers and containers.

Horizon Moving Systems - www.horizonmoves.com

Horizon Moving Systems, Arizona's premier mover since 1924, specializes in local, statewide, interstate and international moving services. Horizon is an agent for United Van Lines, America's largest household goods mover. Headquartered in Tucson and with offices also in Phoenix, Sierra Vista, Yuma and Flagstaff, Horizon also offers office and industrial moving, distribution and logistics management as well as employee relocation services. Storage is available locally in our 85,000 square feet of climate controlled, modern warehouse space or any of our other offices statewide.

Arizona Canning Company - www.lacostena.com.mx

A manufacturer of both canned and preserved foods, Arizona Canning processes and manufactures canned, refried, and whole black, pinto, chili, white, and red kidney beans in different size presentations under the brands name of La Costeña and SunVista. The company serves as distributor for the brands owned by the same group in Mexico. Tucson serves as the company's U.S. headquarters and was selected due to its close proximity to rail, highway, and air transportation which will facilitate

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the distribution of Arizona Canning's products to markets throughout the United States and, more specifically in the West Coast. The overall operation of the La Costeña parent company encompasses three manufacturing plants and more than 130 products. The company's mission is to be a market leader that provides families with high quality, affordable canned foods that preserve the flavor of Mexican cuisine and offer ease of preparation

Maximizing Trade Potential

The CANAMEX Corridor

The CANAMEX Trade Corridor Project provides a unique and distinctive economic opportunity for Tucson and for the State of Arizona. The purpose of the project is to maximize the free trade opportunities between Mexico, Canada and the United States by developing the corridor's physical and technological infrastructure from Nogales to Tucson via I-19, Tucson to Phoenix via I-10, then north through Nevada, Utah, Idaho, and Montana to the Canadian Border.

It is a north-south trade corridor that, when complete, will be a continuous four-lane highway from Mexico City to Edmonton, Canada. In Arizona, CANAMEX includes I-19 in Nogales to I-10 in Tucson, to Phoenix and US 93 (Phoenix) to Las Vegas.

North American Free Trade Agreement

The North American Free Trade Agreement (NAFTA) has contributed to the advancement of Arizona and Mexico's strong import-export partnership. Forty five percent of Arizona's total global exports are directed to NAFTA markets, with Mexico as the number one destination with 32 percent (source: International Trade Administration, 2009 data). Moreover, Sonora, Mexico's exports are also highly concentrated in NAFTA markets, with the United States being the number one destination for over 90 percent of their exports.

Since the passage of NAFTA and the inception of the CANAMEX Corridor Project in 1995, the Tucson region and the State of Arizona have served as a catalyst and conduit for the efficient transportation of goods, services, people and information between Canada, Mexico and the United States. From 1999-2007, trans-border cluster development in the Arizona-Sonora Region outpaced many other U.S.-Mexico Border States. For example, employment trends in "high technology" related sectors such as software/computer services, semiconductor manufacturing, aerospace manufacturing, precision instrument manufacturing and pharmaceutical manufacturing outperformed other bordering regions.

The Southern Arizona Logistics Education Organization

The Southern Arizona Logistics Education Organization (SALEO) is one of several projects developed to promote and grow the transportation and logistics industry in southern Arizona. SALEO brings together industry experts and trade specialists to promote the potential impact of an inland port. SALEO's objectives are in line with TREO's Economic Blueprint and were born of a need to raise the awareness and importance of the value that the transportation and logistics industry brings to the Tucson region, especially the role that the industry plays within the region's supply chain as a catalyst for economic growth. SALEO also provides networking opportunities between representatives of the transportation and logistics industry and the users of these services.