

PROJECT MANUFACTURING

Chairperson: Clint Overman

CABC Manufacturing Initiative: Building the Future of Advanced Manufacturing in the USMCA Region

The **CABC's Manufacturing Initiative** is designed to position the **American Southwest**—particularly **Arizona, Northern Mexico, and Canada**—as a global leader in advanced manufacturing. By leveraging **new technologies**, innovative production processes, and the strong, interconnected capabilities of the **USMCA** (United States-Mexico-Canada Agreement), this region is poised for significant growth in the next 25-50 years. As the world navigates the complex landscape of **deglobalization** and **supply chain vulnerabilities**, Arizona, Northern Mexico, and Canada are uniquely equipped to lead the way in the manufacturing sector.

Reshaping Manufacturing for a New Global Era

The disruptions caused by recent **supply chain crises**, geopolitical tensions, and global economic shifts have highlighted the critical vulnerabilities of relying on overseas manufacturing. The globalized supply chains that once served as the backbone of manufacturing have proven fragile, exposing the risks of dependency on foreign energy, resources, and products. As a result, countries and regions are rethinking their approaches to manufacturing, seeking **security, sustainability, and self-sufficiency**.

The **CABC** believes that the **American Southwest**, specifically **Arizona and Northern Mexico**, is the most fertile ground to nurture **advanced manufacturing technologies**. This region is uniquely positioned to support the growth of new industries while ensuring economic **security** and reducing dependence on external suppliers. **Arizona**, with its strategic location and access to the **USMCA** markets, is primed for a manufacturing revolution that will reshape the North American economy for the next several decades.

Why Arizona and Northern Mexico are Primed for Manufacturing Growth

- **Strategic Location and Trade Partnerships:** Arizona's proximity to **Canada** and **Northern Mexico** provides a unique advantage for trade and manufacturing. The **USMCA** framework creates a seamless connection for the flow of goods, services, and investments across North

America. This is critical for manufacturers looking to optimize **supply chains** while benefiting from competitive labor costs, tax incentives, and streamlined logistics.

- **Skilled Workforce & Education:** Arizona's recent investments in **job training** and **technology-focused education** ensure that the workforce of tomorrow is prepared to handle the demands of **advanced manufacturing**. Local schools, community colleges, and trade schools are providing **higher-skilled labor** in industries such as **semiconductors, robotics, cybersecurity, and medtech**, making the region a prime destination for manufacturers seeking skilled talent.
- **Proximity to Major Industries:** Arizona's manufacturing base is already diverse, with strengths in **semiconductors, electronics, aerospace, aviation, and electric vehicles (EV)**. These industries are at the cutting edge of **advanced manufacturing** and **technology**. Arizona also benefits from the growth of **mining** in the region, which supplies key materials for these industries, ensuring a **circular economy** that supports both local production and global supply chains.
- **Growing Infrastructure:** Arizona is investing heavily in the infrastructure needed to support **advanced manufacturing**. From transportation networks to **energy systems** capable of supporting industrial-scale manufacturing, the region is building the physical infrastructure that will allow these industries to flourish.

The Role of Canada: Financial Investment & Strategic Partnerships

Canada has been a **key investor** in Arizona and Northern Mexico's manufacturing sectors. Canadian **financial institutions, pension funds, private equity firms, and corporations** have poured billions into manufacturing, supply chains, and infrastructure projects across the region. These investments have laid the groundwork for Arizona to be a global leader in cutting-edge industries like **semiconductors** and **AI robotics**.

- **Notable Investments:** The **TSMC semiconductor plant** in Arizona is one of the most significant examples of **Canadian investment** in advanced manufacturing. This facility is part of a growing trend of **cutting-edge** manufacturing plants moving to Arizona, which now houses industry leaders like **Intel, On Semiconductor, and Microchip**. This shift is largely driven by **cost-effectiveness, strategic partnerships, and the region's willingness** to support innovation in high-tech industries.
- **Infrastructure Investment:** Canadian investments are also helping fund the necessary infrastructure to support these industries, including energy systems, transportation networks, and workforce development programs. For example, **Brookfield**, a leading Canadian financial institution, recently signed a **joint investment agreement** with **Intel** to invest up to **\$30 billion** in Arizona's **semiconductor manufacturing sector**.

A Shift to a Resilient, Sustainable Manufacturing Ecosystem

The new manufacturing paradigm is not just about increasing output; it's about creating **sustainable, secure, and environmentally responsible** supply chains. The **CABC** envisions a future where

Arizona and its partners in **Canada** and **Northern Mexico** lead the way in creating **cleaner, more efficient manufacturing processes** that prioritize **environmental sustainability** while minimizing the **carbon footprint** of production and **transportation**.

Key objectives for this new manufacturing era include:

- **Reducing Dependency on Overseas Supply Chains:** By strengthening intra-continental trade and manufacturing capabilities, the **USMCA** region can mitigate the risks posed by global supply chain disruptions and geopolitical instability.
- **Environmental Standards:** Arizona's manufacturing sector will lead in **environmentally responsible production** methods, adopting **green technologies**, and meeting stricter **environmental standards**. This includes utilizing **renewable energy**, reducing waste, and improving **energy efficiency** in manufacturing processes.
- **Sustainable Distribution Networks:** By focusing on regional supply chains and reducing the need for long-distance shipping, Arizona and its neighbors can lower the environmental impact associated with the transport of goods while improving supply chain resilience.

The Future of Manufacturing: A Vision for 25-50 Years

The **CABC's Manufacturing Initiative** is about planting the seeds for the next 25-50 years of growth in advanced manufacturing in Arizona and its neighboring regions. By creating the right environment for innovation, skilled labor, and sustainable manufacturing practices, Arizona can position itself as a **global manufacturing powerhouse**.

- **Technological Leadership:** Arizona will lead in next-generation manufacturing technologies, including **AI, robotics, semiconductors, medtech, biotech, and EV production**.
- **Talent Development:** Arizona's investment in **skilled labor** will create a robust workforce trained in the latest **manufacturing technologies**, ensuring the region has the talent to meet the demands of tomorrow's industries.
- **Economic Security and Self-Sufficiency:** By becoming a hub for **advanced manufacturing**, Arizona will increase its **economic security** and **self-sufficiency**, reducing dependence on foreign manufacturers while strengthening the **USMCA** economy.

Call to Action: Building a Manufacturing Future Together

The **CABC** encourages **Canadian manufacturers**, investors, and business leaders to take note of Arizona's rapidly growing **manufacturing ecosystem** and the tremendous opportunities for collaboration, investment, and growth. **Arizona**, in partnership with **Canada** and **Northern Mexico**, is ready to lead the world in advanced manufacturing, creating sustainable, secure, and innovative solutions for the future.

By focusing on infrastructure, **skilled labor**, and sustainable practices, this region will be able to meet the demands of the next generation of manufacturing technologies while maintaining a **competitive edge** on the global stage.

The **CABC** invites all stakeholders to **join the effort** in making Arizona, Canada, and Northern Mexico a **global leader** in advanced manufacturing, ensuring **economic growth, security, and environmental sustainability** for generations to come.

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The CABC's Manufacturing Initiative was created to bring awareness to its community that Arizona, Northern Mexico, and Canada are in a strong position, collectively, to develop a landing pad for advanced manufacturing that uses new technology, performs production activities, and improves the quality and process of manufacturing. This region currently manufactures products that are transported back and forth over all three borders in a symbiotic form of successful intra-continental commerce-the USMCA.

What do we want the next 25-50 years to look like now that deglobalization has reshaped the manufacturing landscape? The once-dominating manufacturing countries have shown us the vulnerability and dependency we have had as a region. Recent disruptions in supply chains, geopolitical skirmishes, and many other factors have exposed our dependency and reliance on foreign energy, manufactured goods, supply chains, and resources.

The CABC strongly believes that the most fertile ground to plant the seeds of innovative technologies in manufacturing is in the American Southwest with an emphasis on Arizona and Northern Mexico. This region has the capacity for growth, the capability of skilled and labor workforce, and the convenient proximity as a distribution hub and a mecca for manufacturing growth. To support this growth, new infrastructure will be required and there will be a need for public and private contracts to fulfill this requirement.

With the state's recent emphasis on job training in trades and technology that now begins at middle and high school levels and expands into our community colleges and trade schools, there will be readily trained higher-skilled manufacturing workers available for positions required for the new landscape in higher-level manufacturing.

Arizona, Canada, and Northern Mexico continue to strengthen and harness efforts, as a region, and as the USMCA. This relationship will give us more security and control of our economic future enhancing our potential to become a global powerhouse in advanced manufacturing! This ensures our ability to manage and mitigate supply chain risks, and costs while employing better environmental manufacturing standards not used in other locations around the world. This includes the environmental impact caused by shipping overseas back and forth, further adding more burden to an existing global climate concern.

Canada has continuously been a major foreign direct investor in this region with financial institutions, pension plans, private equity, corporations, mining, and supply chain businesses in Arizona and Northern Mexico. The country's existing financial investment in the area gives the region an opportune time for a huge growth spurt in manufacturing such as the TSMC plant and other semiconductor conductor-related companies that are part of that supply chain.

Historically Canadian companies set up manufacturing in other states, however, companies are re-evaluating their presence in states like California, Illinois, and New York and countries like China. The cost-effectiveness, along with the area's willingness to support these industries, has put the Arizona region on the radar of manufacturers and their supply chains worldwide. Arizona is now attracting the attention of many manufacturers that are in innovative and ground-breaking industries. Leading the trend of overseas manufacturing relocating to Arizona is the semi-conductor plant, TSMC. Which is one of many leading-edge chip factories joining the list of existing plants like Intel, On Semiconductor, and Microchip. Financial institutions have taken notice. Companies like Brookfield recently signed a joint investment agreement with Intel to invest up to \$30 billion in its chip factories in Arizona.

This new paradigm shift in manufacturing has created a new environment for distribution, development of infrastructure, and educational entities all feeding the machine of advanced technology, specifically those like semiconductor chips, artificial intelligence/robotics, cyber security, medtech, biotech, mining, EV assembly, aerospace, aviation, electronics, and technology.

With the close relationship between Canada, Arizona, and Mexico, it is only natural that we look into the future together as a collective. The CABC's goal is to raise a flag for Canadian manufacturers and to let them know that we are primed for our growth with proper infrastructure, workforce (skilled and labor), investment dollars, and a willing and able public and private sector community who are committed to our growth.

The CABC applauds the successful efforts of the city, state, and federal governments and business's thought leadership who are paving the way for future generations while contributing to the overall economic security, independence, and control of North America's future as it relates to the global markets.