



The Fresh Produce Industry in Santa Cruz County, Arizona: Local, State, & National Economic Contributions

Dari Duval, Ashley Bickel, & George Frisvold

Department of Agricultural & Resource Economics, University of Arizona Cooperative Extension
July 2022

About the Study

Fresh fruit and vegetable commodities became the highest-value category of imports through the Nogales port of entry as of 2020, surpassing motor vehicles and vehicle parts as the top category. This study examines the importance of Santa Cruz County's fresh produce industry to the county's economy and to the Arizona state economy in 2019 and 2020. It provides an overview of the industry, estimates of its direct economic activity, and estimates of the total economic contribution, including multiplier effects. Finally, the study presents survey results regarding the operating environment in Santa Cruz County and recent produce industry investments.

In 2020, the total economic contribution (including multiplier effects) of the fresh produce industry to Santa Cruz County was

- \$726 million in output (sales)
- \$385 million in value added (the equivalent of GDP)
- \$277 million in labor income (business operator income & employee compensation)
- 3,788 county jobs supported

In 2020, the fresh produce industry's contribution to the Arizona economy (including multiplier effects) was approaching a billion-dollars in sales

- \$944 million in output (sales)
- \$522 million in value added
- \$362 million in labor income
- 4,927 jobs supported statewide

Nationwide forward-linked economic activity of produce imports through Nogales approaches \$5 billion

- Produce that has been imported through the Nogales port of entry and handled by the fresh produce industry in Santa Cruz County supports economic activity in forward-linked industries throughout the United States that are involved in transporting, distributing, and selling this produce to end-consumers or foodservice businesses.
- The value of these forward linkages, occurring in U.S. wholesale, retail, and foodservice industries, totaled more than \$4.5 billion in 2019 and nearly \$5 billion in 2020.

The fresh produce industry is a major source of income and high-paying jobs in Santa Cruz County

- Direct employment in fruit and vegetable wholesaling accounts for nearly **1 in 9 private sector jobs** in the county.
- Although employment in the fresh produce industry has seasonal swings, average **annual salaries are more than 50% greater than the county average for all private sector jobs**.

Despite challenges, industry stakeholders report making investments in business expansion/improvements and expect employment to grow

- Half of survey respondents rated labor availability and trucking availability as the top two challenges they face.
- More than 72% of respondents expected industry employment to increase in the next five years, with 27% expecting it to increase by 20% or more. About 18% expected employment to remain the same, with the remainder unsure of trends.
- Recent research suggests 3.5% of all U.S. commercial buildings have rooftop solar panels. Analysis of aerial photography showed there were solar panels on 16.4% of Santa Cruz County produce industry buildings, **more than 4 ½ times greater** than the national average for commercial buildings.

How was the study done?

This study relies on primary data from a survey of businesses within the fresh produce industry in Santa Cruz County, Arizona as well as secondary data from government and proprietary sources. Economic contribution analyses were performed using the IMPLAN 3.1 model and data.

The study is an update to the fresh produce industry-related portions of the 2013 study “Bi-National Business Linkages Associated with Fresh Produce and Production Sharing: Foundations and Opportunities for Nogales and Santa Cruz County”, which itself built upon a 1997 study of the region’s fresh produce industry. This study presents industry estimates for both 2019 and 2020. While the value of fresh fruit and vegetable imports through Nogales was higher in 2020 than in 2019, considering the many irregularities resulting from the Covid-19 pandemic in 2020, both years are presented for comparison.

To access the full report, please visit:

<https://economics.arizona.edu/fresh-produce-industry-santa-cruz-county-arizona>