

The Contribution of Agricultural Exports to Arizona's Economy

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What is the issue?

Foreign exports contribute to demand for Arizona-grown agricultural products, including primary agricultural production, agricultural input supplies, and food and fiber products. The main products exported by Arizona agriculture and agribusiness include crops such as grains (mainly Durum wheat), vegetables and melons (mainly lettuce, cauliflower, spinach, and celery), tree nuts (pistachios and pecans), fruit (dates), cotton, and alfalfa. Livestock exports, which are minor, are primarily comprised of beef cattle. Agricultural inputs like pesticides, fertilizers, and farm machinery are also exported, as well as processed food including dairy products, meat, and all other food products. The study estimates the direct contribution of exports in these industries to the state economy. In addition, it estimates economic activity supported through multiplier effects in industries outside of agriculture and agribusiness.

Since March 2025, Arizona agriculture is facing the prospect of new taxes on imported inputs (tariffs), along with retaliatory tariffs – new taxes on goods exported from Arizona to other countries. At the time of writing, the level and extent of these new taxes confronting Arizona businesses remains uncertain. The economic modeling approach used in this study is **not** designed to estimate the myriad impacts of tariffs on Arizona's agricultural economy. However, it does identify agricultural sectors that depend more heavily on export revenues and those most sensitive to increases in input costs. This provides a baseline of data to inform future trade policy analysis.

What did the study find?

Including multiplier effects, Arizona exports of agricultural commodities and food and fiber products contributed \$1.85 billion in output (sales) to the state economy in 2022.

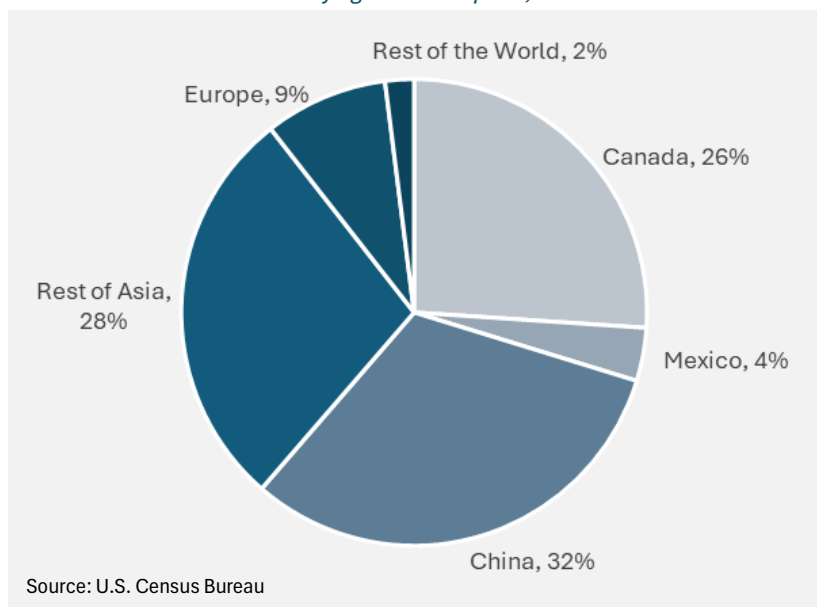
The direct contribution of agricultural exports includes \$571.4 million in sales by primary agriculture, \$111.6 million by agricultural input suppliers, and \$509.8 million by food and fiber processing industries. In addition, these exports directly and indirectly supported:

- 7,475 jobs and \$373.2 million in labor income (business owner income plus employee compensation);
- \$679 million in state GDP (value added); and
- \$167 million in tax revenues.

Combined, China, Canada, and Mexico accounted for 62% of Arizona's agricultural exports.

- The entire Rest of Asia accounts for 28% of export sales, followed by Europe (9%), Mexico (4%), and the Rest of the World (2%).
- Certain commodities have particularly specialized destinations. For instance, 100% of vegetables and melon (primarily lettuce) exports are destined for Canada and Mexico. Alfalfa is predominantly exported to China and Saudi Arabia, with 97% of total exports going to these two countries.
- While Mexico is not a major export destination for Arizona agriculture, agricultural imports from Mexico through Nogales contribute significantly to Arizona's economy, approaching a billion dollar industry in 2020.

Destination of Arizona's Primary Agriculture Exports, in 2022 USD



Agricultural industries in the state vary widely in their dependence on exports for sales revenues.

- Exports account for 88% of Arizona cotton sales, 39% of fruit sales, 24% of other crops and hay sales, and 9% of vegetable and melon sales.
- Overall, exports account for 8% of Arizona agricultural sales, including primary agriculture (on-farm crop and livestock production), agricultural input suppliers, and food and fiber manufacturers.
- 48% of Arizona’s agricultural exports come from primary agriculture, 43% from food and fiber manufacturing, and 9% from input suppliers.
- Because Arizona cotton production is the most export-dependent, this sector would be relatively more vulnerable to retaliatory tariffs or foreign import restrictions.

Estimated Foreign Exports of Agricultural Products by Arizona (Value), 2022 USD

	Estimated Exports	Share of Total Agricultural Export Sales	Total Sales	Exports as a Share of Total Sales
Primary Agriculture	\$571,370,000	48%	\$3,572,670,000	16%
Grains	\$45,213,000	4%	\$283,329,000	16%
Vegetables & melons	\$132,263,000	11%	\$1,432,139,000	9%
Fruit	\$35,442,000	3%	\$90,933,000	39%
Tree nuts	\$19,750,000	2%	\$142,228,000	14%
Cotton	\$165,905,000	14%	\$189,146,000	88%
All other crops & hay	\$167,232,000	14%	\$707,652,000	24%
Beef cattle	\$5,565,000	0.5%	\$727,243,000	1%
Food & Fiber Manufacturing	\$509,834,000	43%	\$10,926,429,000	5%
Agricultural Input Suppliers	\$111,562,000	9%	\$1,026,434,000	11%
Total Export Sales	\$1,192,766,000	100%	\$15,525,533,000	8%

While it is beyond the scope of this analysis to measure how proposed tariffs might affect agricultural business owner income, we can measure how increases in non-labor input costs from tariffs (holding prices and other factors constant) would reduce business owner income.

- A 5% increase in non-labor input costs would lower business owner income by 16% for primary agriculture, 63% for farm input suppliers, and 69% for food and fiber manufacturers.
- An 8% increase would erase all business owner income for agricultural input suppliers and food and fiber manufacturers and reduce farm income by 25%.
- These negative income effects would be reduced if farmers and food and fiber manufacturers pass higher costs on to consumers through price increases, and if farm input suppliers raise the prices they charge farmers. While raising prices for Arizona food and agricultural commodities would reduce the negative business income effects of input cost increases, this would also contribute to food price inflation.

How was the study done?

This study uses the IMPLAN input-output model to estimate the economic contribution of agricultural exports from Arizona. Modifications were made to IMPLAN’s industry production functions for primary agriculture industries in Arizona, as national averages do not accurately reflect local production practices and spending patterns. Value of state-level agricultural exports were estimated using data from the USDA Economic Research Service and USA Trade Online from the U.S. Department of Commerce to most accurately reflect export of Arizona-produced agricultural products, excluding commodities consolidated in Arizona but originating from other states and exported through Arizona.