

# **MEXICO AND UTAH**

## ***A COMPLEX ECONOMIC RELATIONSHIP***

**REVISED DRAFT  
CIRCULATED FOR COMMENTS AND USE  
SUGGESTIONS FOR FURTHER RESEARCH  
WELCOMED**

**A SUMMARY PUBLICATION WILL BE RELEASED IN  
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The initial impetus for the study came through the Consul General of Mexico in Salt Lake City, Salvador Jimenez, with the encouragement of Senator Jeffrey Jones of the Mexican Senate. We thank both of them, as well as Adam Bishop whose internship with Sen. Jones was an added spark to the study.



SECRETARÍA DE RELACIONES EXTERIORES  
M É X I C O

February 2006

I would like to express my appreciation to the University of Utah for the useful and insightful research done in producing the "Economic Impact of the Mexico-Utah Relationship". The document speaks very highly of the prestige of the University of Utah and its researchers, who participated with remarkable effort and capacity in assembling the study.

The enthusiastic support of the University in doing this work reflects its awareness of the vital contribution of Mexico to the social and economic reality of Utah.

Likewise, this study confirms the disposition and wisdom of the University in embracing the young members of the Mexican community residing in Utah, for whom the value of access to higher education is undeniable. In doing this, the University is participating in shaping a more integrated and diverse future for the State of Utah.

The "Economic Impact of the Mexico-Utah Relationship" follows similar studies completed in states such as Arizona, California, Nevada and North Carolina. I am convinced that all these studies will raise the awareness of the U.S. society as a whole to the benefits and opportunities derived from the relationship with Mexico and of the substantial contributions of the Mexican community in the United States through their work, purchasing power, rich culture and traditions.

I would not want to exclude thanking Zions Bank, which helped to sponsor this study. With its support, Zions Bank is helping to promote a better basis of knowledge and understanding between Utah and Mexico and to ensure that this friendship grows stronger in years to come.

I firmly believe that the importance of our relationship and the fluent, intense and friendly cooperation among us, provide solid ground to move ahead looking to our promising future based on the opportunities given by our neighborhood.

Luis Ernesto Derbez Bautista  
Secretary of Foreign Affairs of Mexico



**IPIA**  
INSTITUTE OF PUBLIC &  
INTERNATIONAL AFFAIRS  
THE UNIVERSITY OF UTAH

16 December 05

Salvador Jiménez Muñoz  
Cónsul Titular de Mexico en Salt Lake City, Utah

I am very pleased that The Institute of Public and International Affairs (IPIA), University of Utah, has been the institutional base for the scholarship carried out in completing this project on the economic impact of the Mexico – Utah relationship. The intellectual capabilities, expertise and energy of our faculty are the core resources of the IPIA and the University. The report is wholly due to the research team's efforts. We hope and expect that further research related to the relationships involving Mexico and Utah will be carried out under the aegis of the IPIA.

The Institute of Public and International Affairs was established in June 2005 as a new institute in the College of Social and Behavioral Science. IPIA will energize and expand the University of Utah's activities and programs in: public policy, applied politics, socio-political-economics, security, government, and governance in the U. S. and internationally. IPIA will be a center of excellence at the University that provides expanded and exciting new opportunities for students and faculty to participate in innovative inter-disciplinary research, learning, civic engagement, and service. This project is very much in the spirit of the IPIA.

Sincerely,



J. Steven Ott, Dean, College  
of Social and Behavioral Science and  
Interim Director of IPIA



Consulado de México

Salt Lake City, Utah

December 18, 2005.

How thankful I am to the University of Utah for having opened its doors to me when I came asking for its support to do research on the economic impact of the relationship between Mexico and Utah.

The first specific instruction I received from the Mexican Secretary of Foreign Relations, Dr. Luis Ernesto Derbez, upon being designated Consul of Mexico in Salt Lake City, was to promote with the University of Utah the elaboration of such a research paper.

In addition to providing consular services to Mexican nationals, such as issuing passports, matriculas consulares, powers of attorney, birth registrations and, most importantly, protection, an important aspect of our work is to promote a closer and stronger relationship between our country and the states of our jurisdiction.

However, how can we do this when the knowledge and information is based on misconceptions about our people who come to live and work in places like Utah?

That is why it is so important to us, when we are trying to build a strong relationship with Utah, that we use objective and reliable information that describes the reality of the many contributions of Mexican immigrants to the society of Utah with their hard work, rich culture, traditions and family values.

That is why we asked the University of Utah to do this research using its renowned human resources to gather all the meaningful data using the most reliable methodology. The result is an informative document that speaks very highly of the prestige of the University.

In having conducted this research, the University of Utah is reaffirming its commitment to promote a better understanding of those minorities that are now part of the diversified society of this state. In doing so, it is helping to shape a harmonious and promising future for the great state of Utah.

My special appreciation to Zions Bank for its generous sponsorship of this study.

Sincerely,

Salvador Jimenez Muñoz  
Consul of Mexico

October 2005

From Zions Bank

Zions Bank is honored to sponsor this important piece of economic research done by scholars of the University of Utah. The growing Hispanic community in Utah, and particularly the importance of the Mexican community, is significant not only to the social and economic development of the state but in the cultural development of our own communities.

That is why Zions Bank is a sponsor of this research project entitled "*The Economic Impact of the Utah-Mexico Relationship*" which measures the social and economic impact of the Mexican community in Utah, their contributions to our state, and the value of the relationship of our state with the Republic of Mexico.

Zions Bank is committed to serve all communities in Utah; that is why we have invested significantly in events, festivals, programs and projects that promote the richness of Hispanic and Mexican culture throughout the state. Through the new Zions Bank Su Banco branches, Zions is serving and meeting the financial and banking needs of our Spanish speaking communities.

I hope that the citizens of this State of Utah will read and analyze this research document and value the importance of the Mexican community in our state and of our diplomatic relationship with Mexico. We reiterate our commitment to serve the Hispanic community and we welcome their social and economic contributions to this great State of Utah.

Sincerely,  


**A. Scott Anderson**  
President & CEO  
Zions Bank

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## INTRODUCTION

In 2002, Utah and Salt Lake City proudly declared “The World is Welcome Here.” The resounding success of the Olympic Games validated the statement and seemed to signal the state’s openness to that complex process popularly termed “globalization.”

By 2005, the welcome certainly has more conditions attached and the popular press reflects concern about many aspects of globalization: the growth of China’s exports and its role in world production; the transmission of diseases such as avian flu; the relation of US laws to international law; the dramatic price increase in international oil imports; or the influx of migrants, especially undocumented migrants from Latin America.

The physical presence of migrants throughout Utah often makes them the focus of the disaffection with globalization’s effects. The “English-only Law” was the first reaction, followed by restrictions on drivers’ licenses and new proposals to reverse undocumented students’ in-state tuition eligibility.

Since Mexicans are by far the largest segment of the migrant population, they have become the focal point of efforts to put conditions on the welcome to the world. One irony is that US relations with Mexico have been the standard-bearers of globalization since 1994 when NAFTA (North American Free Trade Agreement) came into effect. Focusing only on the population movements since that time misses the breadth and depth of the developments in our relations with Mexico since 1994.

The main goal of this study is to examine the complex relationship between Utah and Mexico, concentrating on broadly defined economic linkages. It mirrors earlier studies for Arizona and Texas that examined their economic relations with Mexico. Given the often inflated rhetoric in debates about economic integration, free trade, and immigration, and their obvious policy implications, it is important to understand what impact these larger processes are having locally. We hope to contribute to these policy debates by providing objective data and information that provide a clearer picture of the reality of closer ties between Utah and Mexico.

Two publications emerged from this undertaking: a longer analytical study that examines the Utah-Mexico relationship in great detail, and this publication, which highlights the most important elements of that longer study. What you have in your hands omits much of the detail and analysis of the longer study. However, it should give the reader a tangible sense of the complex, multi-faceted, and sometimes ambiguous relation between Mexico, the US, and Utah, a relation that has evolved over the years since NAFTA and that continues to evolve. It should be clear that migration is only one element in the increasingly important relation between Mexico and Utah.

## **EXECUTIVE SUMMARY**

The study concentrated on five linkages that are central to the Utah-Mexico relationship: Mexicans who are physically in Utah; trade relations between Utah and Mexico; financial relations linking Utah and Mexico; the tourism link; and access by undocumented students to university education.

In all cases, the main effort was to scout out and report the most up-to-date and most reliable information related to the issue. At the same time, we were asking questions about the explanations and reasons for the patterns that we found in the data. Several examples can illustrate. In the case of the Mexican immigrants to Utah, comparison between the US pattern, the pattern in surrounding states, and the Utah immigrants shows clearly that the Utah immigrants are more recent and exhibit a pattern that can be termed “a leading immigrant community.” The trade relations show the growing importance of trade with Mexico, but also illustrate that Utah has developed a stronger relation with Mexico than any surrounding non-border state except Colorado. On the other hand, the Colorado pattern is dramatically more dynamic than Utah’s, and issue to be explored further. The financial sector study found a surprising number of businesses in Utah owned by Mexican nationals and immigrants, even though the data are from 1997. The numbers have certainly grown since. In addition, the importance of remittances is documented, noting that again Colorado’s level of activity is far higher. The tourism section documents the two-way flow of tourists, with Mexico the most popular destination for US tourists and Mexicans the second largest category of visitors to the US. In the case of Utah, this suggests almost 100,000 Mexican tourist visitors per year. The section also documents the centrality of the foreign born to staffing the tourist industry, particularly the ski industry—and a large percentage of these are Mexican. Finally, the HB 144 section describes the program whose purpose is to facilitate access to higher education for undocumented students, usually Hispanic. Based heavily on data from the University of Utah, the section suggests that the program most likely results in an increase in tuition revenues paid, since it encourages students to attend who could not do so if they had to pay out-of-state tuition.

The table below presents the major results obtained for those who would like a summary. We encourage you to read the full study, since it provides context and analysis of the particular results.

## THE MAIN LINKS BETWEEN MEXICO AND UTAH

<b>MEXICANS IN UTAH</b>	<b>TRADE RELATION</b>	<b>FINANCIAL FLOWS</b>	<b>TOURISM</b>	<b>EDUCATE UNDOC</b>
In 2003, Utah's Hispanic population was 233,425, 9.9% of the total.	In 2004, Mexico ranked 8 <sup>th</sup> in Utah exports at \$122 million.	Mexican nationals and immigrants own 1,834 businesses in Utah accounting for US\$227 million in annual sales.	Tourists spend an estimated \$4 billion per year in Utah.	In 2003-2004, HB144 students paid USHE tuition of \$119,962 and had \$299,905 waived.
67.7% of Hispanics are of Mexican ancestry	Transportation equipment and Chemicals are the largest exports.	These businesses employ 3,213 people in addition to immediate family members and average US\$ 123,773 in annual sales per business.	98,000 Mexican tourists visited Utah in 2002-2003.	At UofU net tuition most likely increased by \$22,381 for Fall, 2003 to Spring, 2005.
Mexican immigrants in 2000 were 42% of all foreign-born in Utah, and about 3% of total Utah population.	Only Colorado exports more to Mexico, among surrounding states(except Arizona).	37% of Hispanic business in Utah are in the service sector, 13% in retail, and 11% in construction.	Mexican skier-tourists spent US\$1million in Utah.	Utah's Hispanic 4 <sup>th</sup> graders are behind white students and national Hispanic students.
About half of Utah's Mexican immigrants are undocumented	In 2004, Utah imported \$308 million of goods from Mexico.	Hispanic owned businesses paid \$85 million in wages.	One-quarter of foreign visitors to the US are from Mexico.	Utah's Mexican Hispanics: over national average High School, below on higher education.
The demographics of Utah's Mexican immigrants are very similar to Colorado's.	Vehicles and Jewelry/Precious Metals are the largest imports.	65% of US Latinos have bank accounts; 68% of Utah Hispanics have a savings account.	Mexicans are one of the top three LDS nationalities.	5.2% of Utah HS graduates were Hispanic in 2002; in 2018 it will be 24%.

Mexican immigrants own property valued at \$984 million.	Only Colorado imports more from Mexico, among surrounding states(except Arizona).	US\$148 million in remittances from Utah to Mexico in 2004, for an average of US\$1,785 per individual.	Mexican immigrants are the working backbone of the tourist industry. High % service industry jobs held by Mexicans.	The rate of return to higher education is between 12% and 20%.
Mexican immigrants are concentrated in operative and laborer jobs.	Utah added 281,790 jobs between 1993 and 2005.	By comparison, Mexicans in Colorado sent approximately US\$463 million for an average of US\$2,008 per individual.	12 out of 25 top occupations held by foreign born are tourist related.	An Hispanic college grad will earn \$1.7 million compared to \$1.1 million for a HS graduate.
The purchasing power of Mexican immigrants in Utah exceeds \$1 billion.	Trade with China cost 12,765 jobs and trade with NAFTA 8,022 jobs.	Utah businesses captured at least US\$9 million in transaction fees. By comparison, Colorado businesses captured more than \$30 million in fees.	Foreign born are up to 5.5 times more concentrated in tourist service jobs.	A 1% increase in college graduates raises Utah per capita income by \$152.
Mexican immigrants paid about \$67 million in income, sales, and property taxes to Utah in 2000.	2,826 workers were eligible for NAFTA Adjustment Assistance, 1994-2004.	Growing migration presents significant economic opportunities for Utah and Mexico, but current policies create disincentives for investment.	The highest concentration of Mexican population lives in the largest tourist venues: Wendover, Park City and SLC.	One more high tech firm in Utah would raise per capita income significantly.