AMBASSADOR EVENT

Europe Insights

Overview

Greater Phoenix has emerged as one of the most strategically significant business destinations in North America. European firms, anchored by semiconductor giants, manufacturers, software security & technology, and aerospace leaders, are forging both prime connections and deep supply chain linkages in the region. This report examines some of the dimensions of the bilateral relationship, including Foreign Direct Investment (FDI) and the corporate footprint, supply chain ecosystems, workforce and innovation alignment, trade logistics, and strategic growth opportunities.

European FDI & Supply Chain Ecosystem in Greater Phoenix

170	130	$10.78B	16,829
European FDI Projects to Arizona Since 2015	**Total Companies**	**Total Investment to Arizona**	**Jobs from European Companies**

Arizona's trade and investment trajectory has accelerated significantly, signaling a structural shift toward globally integrated, high-value industrial and technology activity. In 2025, the state recorded $101.8 billion in international trade with European markets, with imports increasing by 36% and exports by 37% year-over-year, outpacing the previous year's growth of 19% and 12%, respectively. Since 2015, Arizona has attracted approximately 170 European FDI projects totaling over $10 billion and generating roughly 16,000 jobs. Greater Phoenix accounts for most of this activity, with more than 140 projects representing over $8 billion in investment and nearly 15,000 jobs.

Within this expansion, Europe has emerged as a cornerstone partner, particularly in sectors tied to advanced manufacturing, semiconductors, aerospace, security and high-value industrial supply chains. This is reflected in export composition: the top products shipped from Arizona to Europe in 2025 were computer equipment, aerospace components, navigational and medical instruments, medical devices, and semiconductors, which mirror the region's core industrial capabilities and reinforce the bidirectional nature of these supply chains.

Source for Arizona FDI stats: FDI Markets data, January 2015 to December 2025, Source Markets- Europe; Destination Market- Arizona; Numbers are estimates

142	111	$8.12B	14,997
European FDI Projects to Maricopa & Pinal Counties Since 2015	**Total Companies**	**Total Investment to Maricopa & Pinal Counties**	**Jobs from European Companies**

This transatlantic integration is occurring despite the absence of a formal U.S.–EU free trade agreement, instead operating through targeted cooperation frameworks such as the U.S.- EU Trade and Technology Council (TTC) and the EU - U.S. Data Privacy Framework. The TTC, established in 2021, has functioned as a coordination mechanism on supply chains, semiconductor policy, digital trade and regulatory alignment, with explicit goals including reducing technical barriers, harmonizing standards and supporting collaborative research. However, its trajectory in 2026 remains uncertain amid evolving U.S. tariff policies and shifting approaches to AI and digital governance.

At the state level, Arizona has taken more deliberate steps to formalize and reduce risk in its engagement with European partners. A key example is the January 2025 Memorandum of Understanding with the Netherlands, which establishes new avenues for collaboration in economic development, research and workforce initiatives, particularly within the semiconductor sector. This builds on prior trade missions to both the Netherlands and Belgium's Flanders region, reinforcing ties with one of Europe's most important semiconductor hubs. The establishment of the Netherlands Business Support Office (NBSO) in Phoenix further embeds this relationship, creating a formal channel for bilateral deal flow, investment facilitation and ongoing corporate engagement.

European FDI in Greater Phoenix is clustering into a highly interdependent industrial system where upstream suppliers, core manufacturers and downstream service providers are co-locating. In semiconductors, this is most evident in the alignment between global anchor investments, and European equipment and materials firms. Arizona now leads the United States in semiconductor investment, with more than $210 billion in announced capital and over 25,000 projected jobs.

Photo Credit: Intel

Source for Maricopa and Pinal counties FDI stats: FDI Markets data, January 2015 to December 2025, Source Markets- Europe ; Destination Market- Maricopa & Pinal Counties; Numbers are estimates

TSMC's three fabs in Phoenix, Intel's Chandler campus, and Amkor's advanced packaging facility in Peoria collectively form a near complete domestic chip production stack. European firms are embedded across this value chain: ASML anchors lithography, ASM provides deposition technologies, and firms like BASF supply critical process materials. This ecosystem is further reinforced by Research & Development (R&D) infrastructure such as Arizona State University's (ASU) Materials-to-Fab (MTF) Center at MacroTechnology Works, which collaborates with European-aligned partners to shorten the innovation-to-production cycle and deepen transatlantic technology transfer.

A similar pattern is emerging in aerospace and defense, where European firms are integrating into both commercial and military-aligned supply chains. Arizona's major installations, including Luke Air Force Base, Mesa Gateway and Marine Corps Air Station Yuma, create sustained demand for maintenance, repair, and overhaul (MRO), avionics, and advanced platform systems.

Companies such as Airbus and Safran have established operations aligned with these needs, while Leonardo DRS and other defense-linked firms contribute to a growing dual-use technology base. The launch of the Arizona Office of Defense Innovation in 2025 formalizes this strategy by supporting companies pursuing federal defense contracts, accelerating applied research in areas such as AI and advanced propulsion, and explicitly targeting collaboration with European firms. Workforce development is being structured in parallel: The Future48 Aerospace Workforce Accelerator at Chandler-Gilbert Community College, developed in partnership with Boeing and Honeywell, will begin training technicians in 2026 in skill areas directly aligned with both U.S. and European aerospace production requirements.

Beyond these flagship sectors, European companies are contributing to a broader, multi-layered industrial base that reinforces supply chain resilience. Firms such as NXP Semiconductors (Netherlands), EMD Electronics (Germany), DSV (Denmark), Bosch (Germany) and others are not only operating independently but also functioning as connective tissue across logistics, engineering and production systems. The result is an ecosystem that is diverse in sector composition yet unified in production logic, where the output of one firm or industry becomes the input of another. As this system matures, it becomes increasingly resistant to offshoring due to the density of supplier relationships, embedded technical expertise, and localized infrastructure. In this context, European FDI is no longer simply additive; it is foundational to how Greater Phoenix's industrial economy is being constructed, scaled, and globally positioned.

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Workforce Alignment

Arizona's higher education and research institutions already serve as a strong domestic engine for workforce development and innovation, while increasingly positioning themselves as transatlantic collaborators aligned with European industry needs. This capacity has been strengthened by $100 million in ARPA funding directed to university infrastructure, within which the Arizona Commerce Authority invested more than $80 million to expand university partnerships, concentrated heavily in advanced manufacturing. Key allocations include $30 million to establish the MTF Center at ASU to support shared R&D and prototyping for semiconductor innovation; $17.5 million to enhance ASU's research, workforce training, and a gallium nitride (GaN) manufacturing and research ecosystem advancing 6G wireless communications with NXP Semiconductors; and $35.5 million to support the University of Arizona's Micro/Nano Fabrication Center in Tucson, advancing semiconductor and chip manufacturing and research, along with work in optical devices and quantum computing systems.

ASU, in particular, operates at the intersection of workforce development and applied R&D, with facilities such as MacroTechnology Works, the Eyring Materials Center, and NanoFab enabling direct collaboration with global equipment manufacturers without requiring companies to build proprietary research infrastructure. This model, in which universities serve simultaneously as talent pipelines and embedded R&D partners, is further reinforced by federally backed programs such as SHIELD USA (Substrate-based Heterogenous Integration Enabling Leadership Demonstration for the USA) and the Southwest Advanced Prototyping (SWAP) Hub, which align research priorities with national security and allied supply chain resilience. Complementing this at the technician level, the Maricopa County Community College District provides a scalable workforce backbone through accelerated programs like the Semiconductor Technician Quick Start and the Maricopa Accelerated Semiconductor Training (MAST) initiative, collectively designed to produce thousands of job-ready technicians for semiconductor and aerospace manufacturing environments.

Simultaneously, Arizona's institutions are beginning to extend this ecosystem outward through more deliberate engagement with European partners, signaling a shift from domestically anchored capacity to globally integrated collaboration. ASU's expansion into the United Kingdom through ASU London, building on the TEDI-London model, creates a formal academic bridge between two of the world's leading higher education systems, enabling dual-degree pathways and embedding Arizona within European talent and research networks. This outward-facing strategy is reinforced by the state's extensive research infrastructure, including the Arizona Core Network, ASU and University of Arizona core facilities, and hubs such as the Phoenix Bioscience Core and Mayo Clinic's research ecosystem, all of which provide shared, industry-accessible platforms across fields like nanotechnology, biotechnology and advanced materials.

Logistics and Trade Corridors

Logistics is the circulatory system of any industrial economy. Greater Phoenix's freight infrastructure has historically been built around domestic U.S. flows and cross-border trade. What is changing rapidly is the emergence of direct and semi-direct international air connectivity, particularly to Europe, driven by the high-value, and time-sensitive demands of the semiconductor and aerospace supply chains.

Phoenix Sky Harbor: The Europe Connection

The single most commercially significant logistics development for the Europe-Phoenix corridor in recent years is Air France's launch in May 2024. This enhanced route offers three weekly direct flights connecting Paris Charles de Gaulle to Phoenix Sky Harbor, making Phoenix the airline's 17th U.S. destination.

Phoenix Sky Harbor surpassed 52 million passengers in 2024,[1] ranking 11th in the U.S. by boardings.[2] The airport's nonstop Asia routes to Taiwan launched in late 2025 and January 2026 combined with the Air France Paris and British Airways London routes begin to sketch a Europe-Phoenix-Asia freight triangle that is critical for semiconductor supply chains spanning all three geographies.

Photo Credit: Mesa Gateway Airport

Mesa Gateway Airport: The Cargo Innovation Hub

DSV launched a private-label cargo airline at Mesa Gateway in 2023, partnering with Cargolux (Luxembourg) and Atlas Air on routes focused on Luxembourg-Phoenix and Asia (Hong Kong and Taipei) connectivity. DSV's strategy of using a secondary airport to gain priority ground handling, direct airside terminal control and faster customs clearance responds directly to the semiconductor and electric vehicle industries' demand for tight, predictable freight cycles.

Photo Credit: Visit Phoenix

Ground, Rail, and the Foreign Trade Zone (FTZ)

Greater Phoenix sits within a single-day truck haul of over 35 million consumers and is connected to the Union Pacific and BNSF rail networks. This connectivity offers intermodal access to the Ports of Long Beach and Los Angeles. FTZs in Phoenix, Mesa and western Maricopa (FTZ #75, #221 and #277) allow for the establishment of user-driven sites in Maricopa County and parts of Pinal and Yavapai counties, permitting European manufacturers to defer or reduce customs duties on imported components used in domestic production.

1 Phoenix Sky Harbor, passenger statistics, 2025
2 FAA, Cy2024 Enplanements at All Commercial Service Airports (by rank)

This mechanism offers meaningful financial value for semiconductor and aerospace manufacturers importing European-made equipment. The I-19 corridor's direct access to the Nogales border crossing enables European firms to integrate Greater Phoenix into broader North American manufacturing networks under USMCA frameworks.

Strategic Opportunities

Build a European Buyer-Market Ecosystem

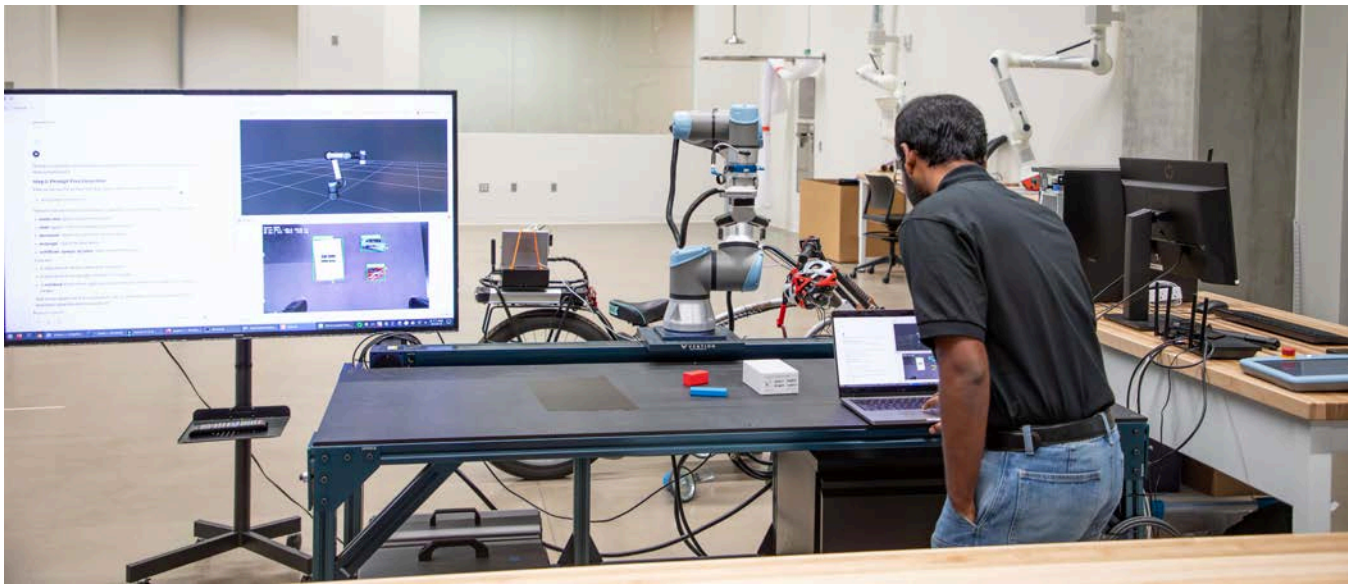
Greater Phoenix has an opportunity to position itself as a buyer-oriented entry gateway for European firms seeking access to the U.S. and broader North American markets. European companies are increasingly driven by supply chain diversification, geopolitical risk mitigation and the need to localize production closer to end markets. These dynamics align closely with the region's strengths in semiconductors, aerospace and advanced manufacturing, as well as its geographic advantage linking California, Texas, Canada and Mexico. By anchoring market entry through economic development organizations, the region can reduce barriers through coordinated soft-landing services, including site selection, regulatory navigation, workforce integration and operational setup. Formalizing and branding these capabilities through targeted European-facing programs would strengthen Arizona's value proposition as a low-friction, high-efficiency destination for FDI.

Beyond initial entry, Greater Phoenix can deepen its competitive advantage by strengthening ecosystem integration and reinforcing a "buyer's market" dynamic in which European firms perceive Arizona as offering flexibility, speed and strategic leverage. This includes expanding structured partnerships between European companies and local universities, embedding firms within existing industry clusters, and leveraging supply chain linkages tied to major investments like TSMC, Honeywell, Intel, Northrup Grumman and cross-border manufacturing in Mexico.

Over time, successful European investments can generate a compounding effect by attracting additional firms, suppliers and capital from the same countries, thereby creating dense, trust-based business networks. With continued policy alignment, international branding, and European-specific support infrastructure, Greater Phoenix can evolve from a competitive investment location into a preferred and repeatable entry point for European firms scaling into the U.S. market.

Expand Direct Air Connectivity

Air connectivity is a binding constraint on European FDI. Direct flights to Greater Phoenix are a key factor for European companies considering expansion into the U.S., as they reduce travel time, lower costs, and make it easier to manage operations across continents. Nonstop routes allow executives, investors and technical teams to move efficiently between Europe and Arizona, supporting faster decision-making and stronger business relationships. Expanding direct service into Phoenix Sky Harbor should be seen as a strategic investment in economic growth, as it increases the region's attractiveness for foreign direct investment and helps Greater Phoenix compete with other major U.S. metros that already have strong transatlantic connectivity.



Innovation & Startup Environment

A key opportunity for Arizona is to strengthen transatlantic venture connectivity by building more cohesive syndication pathways between European capital and the region's growing deep tech ecosystem. While current venture relationships with Europe remain limited and episodic, Greater Phoenix has a foundational set of soft-landing and accelerator platforms that could be more strategically aligned across public, private and academic stakeholders. Programs such as AISLE (Arizona International Soft-Landing Experience), SkySong (The ASU Innovation Center), and Plug and Play provide international startups with market entry support, workspace and corporate access. Additional initiatives like SparkLabs Frontier-ASU and Venture Devils offer mentorship and early-stage funding pathways.

Workforce & Institutional Collaboration

A clear opportunity for Arizona lies in formalizing workforce and institutional collaboration models that peer states have already operationalized with European partners. Across the U.S., states such as South Carolina, North Carolina, Tennessee and Indiana have embedded German- and Swiss-style vocational education and training (VET) systems directly into their economic development strategies, creating predictable, industry-aligned talent pipelines that significantly de-risk market entry for European firms. These models, ranging from German dual-education consortia like ICATT (Industry Consortium for Advanced Technical Training) and GA CATT (Georgia Consortium for Advanced Technical Training) to Swiss-led programs such as ETH Zurich's CEMETS Education Systems Reform Lab, demonstrate the competitive advantage of aligning curriculum architecture, certification standards, and apprenticeship pathways with European industrial expectations. Arizona, despite hosting major European employers and a rapidly expanding semiconductor ecosystem, has yet to institutionalize a comparable framework. The existing Chandler – Magdeburg & Dresden semiconductor city to city exchange provides a strategic foothold, but the more immediate opportunity is to leverage this dialogue alongside the German American Chamber of Commerce to establish a formal dual VET consortium in Greater Phoenix, effectively translating European training systems into a localized, scalable workforce solution.

The region is uniquely positioned to accelerate progress by building on established pathways with the Netherlands and Switzerland. The state's partnership with NXP Semiconductors and the presence of ASML-linked training infrastructure already introduce Dutch-designed curriculum standards into Arizona's workforce ecosystem, while the 2025 Arizona - Netherlands MOU explicitly prioritizes workforce development and research collaboration. This creates a near-term opportunity to formalize a bilateral VET framework with relatively modest additional investment. In parallel, Switzerland represents a high-value strategic target, as its apprenticeship model is actively being exported to U.S. states through federal agreements and institutional partnerships, with proven implementation in states like Indiana. Given Arizona's alignment with precision manufacturing sectors and existing engagement channels with Swiss institutions and companies, a Swiss - Arizona workforce partnership could be rapidly advanced. Collectively, these pathways highlight a broader strategic opportunity: Arizona can shorten ramp-up timelines, enhance labor productivity, and position itself as a more competitive destination for European investment by transitioning to coordinated, internationally aligned workforce systems.

Tariff Policy & Trade Agreements

For the Europe-Phoenix technology corridor, proposed zero-for-zero tariff exemptions on strategic sectors such as semiconductors, aerospace components and chemicals could shield the most commercially relevant European exports, even as elevated tariffs on steel and aluminum continue to increase construction costs. At the same time, tariff pressure is actively driving European firms to localize production in Arizona, allowing them to shift from import-based cost structures to domestic manufacturing and reduce exposure.

The primary constraint is ongoing policy uncertainty. European companies must plan for multiple tariff scenarios and build flexibility into supply agreements, but those that move early can leverage this environment to secure first-mover advantages rather than delay investment.

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