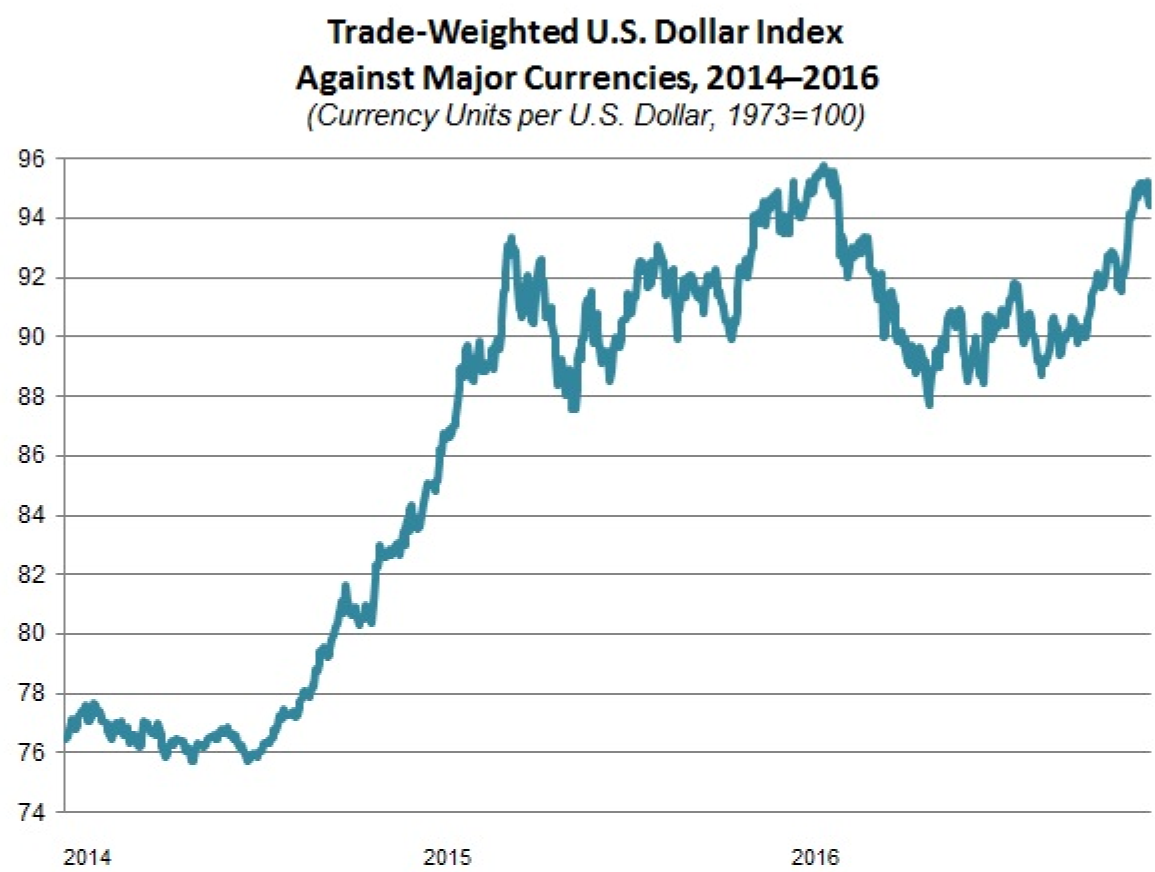
A Publication of the National Association of Manufacturers

GLOBAL MANUFACTURING ECONOMIC UPDATE

December 8, 2016



Much like what we are seeing in the United States, global manufacturing activity appears to have turned a corner, stabilizing from softness over much of the past two years. Indeed, the J.P. Morgan Global Manufacturing PMI grew in November at its fastest pace since August 2014, representing notable progress after essentially stagnating as recently as May. Along those lines, 11 of the top 15 markets for U.S.-manufactured goods exports experienced growth in their manufacturing sectors in November, matching the level in October and up from just seven in August. The strongest manufacturing growth among our top trading partners was in the Netherlands, Taiwan, Germany, Australia and the United Kingdom. With that said, ongoing challenges continue to keep growth less than desired, and there were three nations in the top 15 that remain frustratingly mired in contraction: Brazil, Hong Kong and South Korea.

The boost in the headline global manufacturing number described above was buoyed by stronger data in both China and Europe. Accelerating new orders and exports helped to lift the Markit Eurozone Manufacturing PMI to its highest level since January 2014. In fact, Eurozone manufacturing activity has trended higher over the past nine months, and consumers in Europe appear to be in a better mood for spending, with retail sales up 2.4 percent year-over-year in October. In addition, real GDP grew 0.3 percent in the third quarter, mirroring the pace in the second quarter, and increased 1.7 percent over the past 12 months. The unemployment rate was also encouraging, dropping from 9.9 percent in September to 9.8 percent in October, its lowest level since July 2009.

Looking toward the forthcoming surveys, it will be interesting to see how the referendum loss in Italy and Prime Minister Matteo Renzi's subsequent resignation impact sentiment for that country and for the Eurozone, especially with a number of key elections slated for 2017. Along those lines, French President François Hollande, whose country has continued to struggle economically, opted not to seek re-election next year. In light of better figures but also lingering challenges, the European Central Bank voted today to extend its quantitative easing program through December 2017, but it also reduced the amount of its monthly purchases from €80 billion to €60 billion.

Meanwhile, the official manufacturing PMI data from the National Bureau of Statistics of China rose to its fastest pace since July 2014. To put that in perspective, this measure was contracting as recently as July. The Caixin China General Manufacturing PMI was also quite favorable despite easing a bit in November, off only slightly from its highest level in more than two years. The Caixin measure has now expanded for three consecutive months, which is reassuring after contracting for 16 straight months from March 2015 to June 2016. Despite such good news, it is important to keep in mind that growth will continue to decelerate in China. Real GDP grew 6.7 percent year-over-year in the third quarter, the same as the second quarter. We expect 6.6 percent growth in the fourth quarter. With better data in China and elsewhere, manufacturing activity in the emerging markets was higher for the fifth straight month.

Such positive developments in the global economy should help boost international demand down the line, but for now, U.S.-manufactured goods exports continue to struggle. Using non-seasonally adjusted data, U.S.-manufactured goods exports have fallen 6.5 percent year to date through October. They are also on pace to decline for the second consecutive year, with exports lower so far in 2016 to the top-six markets. Beyond economic weaknesses abroad, the strong dollar has also dampened our ability to grow exports. The trade-weighted index of the U.S. dollar relative to other major currencies has increased nearly 25 percent since the end of June 2014. Of particular note, we have seen some dramatic shifts in currencies since the U.S. presidential election, with the trade-weighted index up 2.6 percent since November 8.

Beyond foreign exchange shifts, financial markets have responded with cautious optimism since the election, with equity markets hitting a number of all-time highs. Year to date, the Dow Jones Industrial Average has risen 12.2 percent, or 6.6 percent since November 8. Business leaders are mostly upbeat about the prospects for tax and regulatory reform and for major infrastructure spending in the new year. At the same time, markets are also assuming that increased spending will translate into more debt, and as a result, the bond market has weakened significantly, pushing up interest rates. To illustrate this, the average yield of a 10-year Treasury bond has grown from 1.88 percent on November 8 to 2.39 percent on December 6, its highest level since July 2015.

Trade policy focus is largely directed at the incoming Trump administration, which has specific plans to withdraw from the Trans-Pacific Partnership (TPP), withdraw from or renegotiate the North American Free Trade Agreement (NAFTA) and address foreign market-distorting activities, with China oftentimes topping the list. In addition, the NAM has been working on restoring the U.S. Export-Import (Ex-Im) Bank to full functionality, Transatlantic Trade and Investment Partnership (TTIP) negotiations with Europe and talks to reach an Environmental Goods Agreement (EGA), as well as a Miscellaneous Tariff Bill (MTB) process, customs, standards and other issues.

Chad Moutray, Ph.D., CBE
Chief Economist
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Global manufacturing activity expanded at its fastest pace since August 2014.
The J.P. Morgan Global Manufacturing PMI edged up from 52.0 in October to 52.1 in November, its highest level in more than two years. It represented notable progress after essentially stagnating as recently as May. The slight uptick in the headline number in November stemmed from marginal improvements in new orders (up from 52.8 to 52.9) and exports (up from 51.0 to 51.3), with still-decent growth in output despite some easing for the month (down from 53.6 to 53.4). The employment index remained the same at 50.7, expanding for the fourth time in the past five months and at its quickest rate since May 2015.

Eleven of the top markets for U.S.-manufactured goods exports experienced growth in their manufacturing sectors in November, matching the level in October and up from just seven in August. (There is no manufacturing PMI for comparison purposes for Belgium, which is our 10th-largest trading partner.) On the flipside, that meant that three nations continued to see contracting levels of manufacturing activity: Brazil (down from 46.3 to 46.2), Hong Kong (up from 48.2 to 49.5) and South Korea (unchanged at 48.0). Of those three markets, each of which has contracted for much of the past two years on ongoing challenges, Hong Kong stands out as seeing signs of stabilization, likely lifted by better data coming out of mainland China. With that said, it was still the 21st straight month with negative growth.

The strongest manufacturing growth among our top trading partners was in the Netherlands (up from 55.7 to 57.0), Taiwan (up from 52.7 to 54.7), Germany (down from 55.0 to 54.3), Australia (up from 50.9 to 54.2) and the United Kingdom (down from 54.2 to 53.4).

The U.S. dollar remains elevated, making it harder to grow U.S.-manufactured goods export sales.
The trade-weighted index of the U.S. dollar relative to other major currencies has increased nearly 25 percent since the end of June 2014. Of particular note, we have seen some dramatic shifts in currencies since the U.S. presidential election, with the trade-weighted index up 2.6 percent since November 8. Looking at some specific examples, the U.S. dollar has appreciated against the following over that time frame: the Mexican peso (up 11.8 percent), the Japanese yen (up 8.4 percent), the euro (up 3.5 percent) and the Chinese yuan (up 1.5 percent).

Beyond foreign exchange shifts, financial markets have responded with cautious optimism since the election, with equity markets hitting a number of all-time highs. Year to date, the Dow Jones Industrial Average has risen 12.2 percent, or 6.6 percent since November 8. Business leaders are mostly upbeat about the prospects for tax and regulatory reform and for major infrastructure spending in the new year. At the same time, markets are also assuming that increased spending will translate into more debt, and as a result, the bond market has weakened significantly, pushing up interest rates. To illustrate this, the average yield of a 10-year Treasury bond has grown from 1.88 percent on November 8 to 2.39 percent on December 6, its highest level since July 2015.

Eurozone manufacturing activity accelerated in November to its highest level since January 2014.
The Markit Eurozone Manufacturing PMI increased from 53.5 to 53.7, boosted by better data on new orders (up from 53.8 to 54.4) and exports (up from 53.4 to 54.1). Output (down from 54.6 to 54.1) and hiring (down from 53.7 to 53.3) also grew at a modest pace in November, albeit with some easing from October. Looking at the country-by-country figures, Austria (up from 53.9 to 55.4) and the Netherlands (up from 55.7 to 57.0) were standouts, buoyed by strong growth in demand and production and both reaching multiyear highs. Activity also picked up in Ireland (up from 52.1 to 53.7), Italy (up from 50.9 to 52.2) and Spain (up from 53.3 to 54.5) but decelerated—even with modest growth in each—for France (down from 51.8 to 51.7), Germany (down from 55.0 to 54.3) and the United Kingdom (down from 54.2 to 53.4). In contrast to those markets, Greece contracted for the third straight month and for the eighth time year to date (down from 48.6 to 48.3).

Overall, the headline PMI has trended higher since bottoming out earlier in the year at 51.2 in February, and more recently, manufacturers in Europe have mostly brushed off post-Brexit worries. Looking toward the forthcoming December surveys, it will be interesting to see how the referendum loss in Italy and Prime Minister Matteo Renzi's subsequent resignation impact sentiment for that country and for the Eurozone, especially with a number of key elections slated for 2017. Along those lines, French President François Hollande, whose country has continued to struggle economically, opted not to seek re-election next year.

Real GDP grew 0.3 percent in the third quarter, mirroring the pace in the second quarter. That translated to 1.7 percent growth year-over-year. We will get October industrial production data on December 14, which we hope will improve upon the decline in September. On a year-over-year basis, industrial output grew 1.2 percent in the Eurozone. Perhaps a sign of better production data, retail sales rebounded in October, up 1.1 percent, with 2.4 percent growth over the past 12 months. The unemployment rate was also encouraging, dropping from 9.9 percent in September to 9.8 percent in October, its lowest level since July 2009. Meanwhile, the European Central Bank has worried about deflationary pressures over much of the past year, but the annual inflation rate rose to 0.6 percent in November, its highest level since April 2014.

China continues to improve despite activity easing a bit in November.
The Caixin China General Manufacturing PMI decreased from 51.2 in October, its fastest pace in more than two years, to 50.9 in November. Yet, the overall data remained mostly positive, with activity expanding for the third consecutive month. That represents notable improvement after contracting for 16 straight months from March 2015 to June 2016. New orders (down from 52.6 to 51.9) and output (down from 53.3 to 52.7) both decelerated slightly in the latest survey. At the same time, there were lingering weaknesses, including exports (up from 49.7 to 49.9) and employment (up from 47.8 to 48.1), both of which stabilized somewhat in November, particularly the former. Still, exports have contracted in 11 of the past 12 months, whereas employment has now been negative for more than three years.

Meanwhile, the official manufacturing PMI data from the National Bureau of Statistics of China rose from 51.2 in October to 51.7 in November, its fastest pace since July 2014. To put that in perspective, this measure was contracting as recently as July. This latest survey reflected improved sentiment for large firms, whereas medium-sized manufacturers were essentially stagnant, and small enterprises continued to struggle.

Real GDP grew 6.7 percent year-over-year in the third quarter, the same as the second quarter. We expect 6.6 percent growth in the fourth quarter. On December 12, we will receive updates on industrial production, retail sales and fixed-asset investment for October. Much of the underlying data continue to reflect decelerating activity. For instance, industrial production increased 6.1 percent year-over-year in September, down from 6.8 percent in March. Similarly, retail sales (10.0 percent) and fixed-asset investments (8.3 percent) year-over-year have also eased substantially in their growth rates relative to the paces at the end of last year. With that said, fixed-asset investments appeared to have stabilized, with the year-over-year pace picking up from 8.1 percent in both July and August.

Emerging markets have also improved, expanding for the fifth straight month.
The Markit Emerging Markets Manufacturing Index declined slightly from 50.9, its fastest pace in more than two years, to 50.7. In November, there was modest, but easing, growth for both new orders (down from 51.7 to 51.3) and output (down from 52.4 to 52.0), and exports pulled to almost neutral territory (up from 49.6 to 49.9). Hiring also stabilized slightly despite continuing to contract (up from 48.7 to 49.1). Meanwhile, the forward-looking composite index for future output remained mostly positive about activity over the next six months (up from 59.6 to 59.9).

The country-by-country data were mixed. Russia (up from 52.4 to 53.6), South Africa (up from 50.5 to 50.8), Taiwan (up from 52.7 to 54.7) and Vietnam (up from 51.7 to 54.0) achieved multiyear highs on stronger growth. At the same time, China (down from 51.2 to 50.9), the Czech Republic (down from 53.3 to 52.2) and India (down from 54.4 to 52.3) each eased a little in November. A number of other emerging markets accelerated their growth in November, including Kenya (up from 52.0 to 53.3), the Philippines (up from 56.3 to 56.5), Poland (up from 50.2 to 51.9), Saudi Arabia (up from 53.2 to 55.0) and the United Arab Emirates (up from 53.3 to 54.2). Meanwhile, Myanmar expanded for the first time in six months (up from 49.0 to 50.2).

Other emerging markets remain stuck in contraction, even as a few saw the rate of decline slow in November. Those countries included Hong Kong (up from 48.2 to 49.5), Indonesia (up from 48.7 to 49.7), Lebanon (up from 43.8 to 46.9) and Nigeria (up from 47.5 to 47.7). Activity in South Korea also remained negative (unchanged at 48.0), which was notable in light of the ongoing political developments with President Park Geun-hye. Meanwhile, economic conditions in Brazil (down from 46.3 to 46.2), Egypt (down from 42.0 to 41.8), Malaysia (down from 47.2 to 47.1) and Turkey (down from 49.8 to 48.8) remained quite worrisome.

Canada's manufacturers reported stronger growth for the second straight month.
The Markit Canada Manufacturing PMI increased from 51.1 to 51.5, its strongest reading since July. It also marked a continuation of the rebound started in September after slowing to a near crawl in August (50.3), and perhaps more importantly, activity has now expanded for nine consecutive months. In November, there were stronger data for new orders (up from 50.4 to 52.2), output (up from 49.9 to 51.0), exports (up from 49.9 to 50.6) and hiring (up from 50.9 to 52.1). Note that both output and exports returned to positive growth in this month’s report.

Regional data were mixed. The national headline number was boosted by improvements in Alberta and British Columbia (up from 50.7 to 53.4), and activity remained expansionary in Ontario despite some easing (down from 51.4 to 50.4). Nonetheless, sentiment drifted lower and back into contraction territory in both Quebec (down from 51.0 to 49.9) and the rest of Canada (down from 50.0 to 49.2).

Real GDP grew 0.9 percent in the third quarter, bouncing back from the 0.3 percent decrease in the second quarter. At the annual rate, Canada’s economy expanded 3.5 percent, its fastest pace since the second quarter of 2014. At the same time, manufacturing output increased 0.5 percent in September, rebounding after being unchanged in August, primarily on strength in the machinery and fabricated metal products segments. Similarly, retail sales jumped 0.6 percent in September after edging 0.1 percent lower in August, with 2.5 percent growth year-over-year. Meanwhile, the unemployment rate dropped from 7.0 percent in October to 6.8 percent in November, a five-month low. However, manufacturers lost 11,900 net workers for the month. The sector has lost 49,900 employees year-over-year.

Mexican manufacturing activity slowed in November.
The Markit Mexico Manufacturing PMI declined from 51.8 to 51.1, a three-month low. Despite continued expansion for manufacturers, overall growth remains somewhat subdued. In general, manufacturing activity has continued to decelerate from earlier this year, when the headline PMI measured 53.6 in May. Activity in the sector mostly eased in November, including new orders (down from 52.7 to 52.4), output (down from 53.0 to 50.9) and exports (down from 53.0 to 51.5). In contrast, employment growth ticked slightly higher for the month (up from 51.5 to 51.7).

Real GDP increased 2.0 percent year-over-year in the third quarter, down from 2.6 percent in the second quarter. As such, the Mexico economy continued to underperform. We will get new production figures for October on December 12, and we hope these will improve upon the soft data for September. Industrial production declined 1.3 percent year-over-year in September, with manufacturing output up just 0.4 percent over the past 12 months.

U.S.-manufactured goods exports continue to struggle.
Using non-seasonally adjusted data, U.S.-manufactured goods exports totaled $875.92 billion year to date in October, down 6.5 percent from $936.84 billion in October 2015.

Moreover, exports were lower to the top-six markets for U.S.-manufactured goods, including Canada (down from $236.63 billion to $223.93 billion), Mexico (down from $198.36 billion to $192.26 billion), China (down from $95.33 billion to $92.03 billion), Japan (down from $52.74 billion to $52.16 billion), the United Kingdom (down from $47.27 billion to $46.73 billion) and Germany (down from $41.86 billion to $41.12 billion).

The U.S. trade deficit rebounded in October after falling to a 19-month low in September.
The trade deficit rose from $36.17 billion in September to $42.60 billion in October. It has been highly volatile this year (ranging from $36.17 billion in September to $45.26 billion in February), but the year-to-date average of $40.90 billion in 2016 is somewhat lower than the $41.70 billion average for 2015 as a whole. The October increase in the headline number stemmed from reduced goods exports (down from

$126.63 billion to $123.11 billion) that corresponded with higher goods imports (up from $183.72 billion to $186.52 billion). The goods imports pace was the largest in 13 months.

Looking more closely at the underlying data, goods exports were mostly lower in October. The largest export declines included foods, feeds and beverages (down $1.40 billion), industrial supplies and materials (down $1.04 billion) and consumer goods (down $902 million). Exports for foods, feeds and beverages would have been marginally positive if not for large declines from soybeans (down $984 million) and corn (down $451 million), both of which were rebalancing from healthy gains in the prior month. At the same time, there were significant increases in goods imports for consumer goods (up $2.37 billion) and capital goods (up $1.07 billion), which were enough to offset decreases for automotive vehicles and parts (down $667 million) and industrial supplies (down $340 million).

International Trade Policy Trends

The NAM lays out detailed "Competing to Win" agenda for the incoming Trump administration and 115th Congress.
In January, the NAM released its “Competing to Win” agenda focusing on policy issues to grow manufacturing in the United States, including robust trade policies to open markets and level the playing field, improve domestic competitiveness and bolster trade enforcement. This week, the NAM released detailed policy blueprints building on that initial document. These pieces highlight the challenges and solutions in our key policy areas, including international trade. For more information on the international economic aspects of this agenda, please contact NAM Vice President of International Economic Affairs Linda Dempsey.

Discussions on NAFTA expected in new year.
Given statements on the campaign trail, President-Elect Donald Trump’s 100-day “Contract with the American Voter” and discussions with key officials, there is a strong expectation that a review and potential renegotiation of, or withdrawal from, NAFTA will be part of the incoming administration’s initial areas of focus. The NAM has been reaching out to key transition team members, meeting with our members and holding discussions with other interested stakeholders on the path forward. The NAM looks forward to identifying concerns with the existing NAFTA framework and potential ways to improve it, while ensuring that the approximately 2 million manufacturing workers and thousands of manufacturers in the United States that rely on a strong North American commercial environment are not harmed by any changes to be made. For more information and to become involved in the NAM’s work in this area, please contact NAM Vice President of International Economic Affairs Linda Dempsey.

Manufacturers urge Congress to ensure a fully functioning Ex-Im Bank.
The Ex-Im Bank remains unable to process certain transactions, undermining the ability of U.S. exporters and their supply chains to compete and win in a tough global marketplace. NAM President and CEO Jay Timmons issued a statement to urge Congress to act on the Ex-Im Bank before it adjourns for the year. “Voters just reaffirmed the importance they place on strengthening manufacturing, and manufacturers need a fully functional Ex-Im Bank to compete and win again in the global economy. Anything less means manufacturers in the United States will lose,” Timmons said. Visit www.nam.org/exim to learn more and www.exportersforexim.org to use the updated Call to Action to contact your members of Congress. To learn more about the NAM’s advocacy efforts on this issue, contact NAM Director of Trade Facilitation Policy Lauren Wilk.

Congressional leaders confirm no action on TPP during lame duck, and President-elect Trump reiterates that he will withdraw from TPP on first day in office.
Following the November 8 U.S. election, congressional leaders declared that the TPP would not be considered during the lame-duck session. President-elect Trump reiterated his promise to withdraw from the TPP in his November 21 video statement and his 100-day “Contract with the American Voter” on his first day of office. While some members of Congress have indicated continuing interest in the TPP, no further

formal U.S. action on the TPP is expected at this time. Other TPP partners, however, have been moving forward with their own ratification of the TPP, including Australia, Japan and New Zealand. The TPP as currently drafted, however, cannot enter into force unless the United States implements it. For more information, contact NAM Director of International Trade Policy Ken Monahan.

MTB petition deadline ends on December 12.

The U.S. International Trade Commission (ITC) is accepting MTB petitions on its web portal through December 12 at 5:15 p.m. EST. These petitions must be focused on the elimination or reduction of U.S. import tariffs for three years on those products not made in the United States or available in sufficient commercial quantities and that will result in an annual revenue loss that will not exceed $500,000 per product. Additional details on the new MTB process are included in a recent ITC Federal Register notice, the ITC's "Handbook on MTB Filing Procedures," the ITC's "Before You File: How to Prepare for Filing a Miscellaneous Tariff Bill Petition or Comment," the ITC's recent webinar "Article Descriptions for MTB Petitions: Getting It Right the First Time," the ITC's "Crafting an Article Description for Your Miscellaneous Tariff Bill (MTB) Petition" and the ITC's interim rules. If you have any questions about the MTB and the new MTB process, contact NAM Director of International Trade Policy Ken Monahan.

EGA minister-level talks fail to conclude deal.

Last week's 18th round of EGA negotiations and minister-level meetings in Geneva broke down on December 4 following intensive efforts to agree to an ambitious list of products that would have boosted innovation and manufacturing of a wide range of environmental technologies in the United States. To conclude an ambitious agreement, it was critical that major countries, including China, were fully engaged; unfortunately, China was not supportive of an ambitious outcome, and no deal could be reached. For more information on the NAM's role as co-chair of the U.S.-based Coalition for Green Trade, contact NAM Director of International Trade Policy Ken Monahan.

U.S.–EU trade deal essentially paused.

Efforts to move forward on an ambitious and comprehensive TTIP agreement have been paused. The incoming Trump administration has not made any significant public pronouncements on the TTIP, and EU negotiators have been signaling some likelihood that action next year is unlikely with looming elections in major EU member states, including the Netherlands (March), France (April and May) and Germany (no later than October). Following the 15th round of talks, negotiators had sought to reach an agreement on some aspects of the TTIP, but major differences remain on a wide range of issues, from standards and regulatory disciplines, services and procurement to tariffs, investment, labor and environment and other issues. For more information on the NAM's TTIP advocacy efforts, contact NAM Director of International Trade Policy Ken Monahan.

Broad commitments, but limited manufacturing policy changes, reached in U.S.–China dialogue.

The November 21–23 annual meetings of the U.S.–China Joint Commission on Commerce and Trade saw limited progress on manufacturing issues, perhaps in line with low expectations for the last such dialogue of this administration. Outcomes included broad language on manufacturing-relevant issues, such as trade secrets and industrial policy and a few sector-specific areas of policy progress, but remained short on specific, concrete policy changes. Heading into the next administration, the NAM is urging the federal government to redouble U.S. efforts, working with the industry and global trading partners to hold China accountable to global trading rules and to its own trade commitments. China stands as one of the United States' largest commercial relationships but also persistently ranks as one of the most frequently cited trouble spots for manufacturers in the United States, with a range of market-distorting policies and practices, such as industrial overcapacity, insufficient intellectual property infringement and protectionist industrial policies. Manufacturers in the United States are committed to building a robust trading relationship with China but will not settle for anything less than a free and fair competitive landscape where both countries are playing by the same rules. For more on the NAM's work on China, contact NAM Director of International Business Policy Ryan Ong.

NAM details global standards priorities for incoming administration.

In a November 30 detailed submission to the U.S. Commerce Department, the NAM emphasized the growing importance of unique foreign standards, technical regulations and testing requirements as potential trade barriers facing manufacturers in the United States. NAM comments detailed the need for more aggressive efforts to reverse the proliferation of such rules. It also called for efforts that hold trading partners accountable to bilateral and international commitments and greater harmonization of international standards and requirements. In addition, the comments urged work to counter efforts by the European Union and other trading partners to exclude U.S. standards—including those developed by U.S. private-sector actors—that should be recognized as international standards. The NAM made a series of specific recommendations to address these concerns, such as designating these issues as explicit strategic priority in trade and commercial negotiations, improving U.S. government coordination and developing new monitoring and enforcement tools to track and act on these issues. For more information on this submission and the NAM's broader work on standards and technical regulations, please contact NAM Director of International Business Policy Ryan Ong.

Business associations urge action on U.S.–Canada preclearance agreement.
More than 20 business associations recently joined the NAM in urging Congress to implement the U.S.–Canada preclearance agreement that was announced in March 2015. The United States and Canada enjoy one of the largest bilateral economic relationships in the world. Each day, more than $1.8 billion in goods and services and nearly 390,000 people cross the U.S.–Canada border. The preclearance agreement will enable U.S. Customs and Border Protection officials to conduct security, facilitation and inspection activities in Canada before travelers embark to the United States. At present, such preclearance activities have been restricted to a limited number of airports in Canada and are not available for other forms of travel, such as rail, or to the movement of goods. To learn more about this issue, contact NAM Director of Trade Facilitation Policy Lauren Wilk.

Asia-Pacific leaders pledge support for trade liberalization and intellectual property.
President Barack Obama joined leaders from 20 other Asia-Pacific countries in supporting the value of open trade and investment during November 17–20 meetings of Asia-Pacific Economic Cooperation (APEC) leaders held in Peru. The meetings included the release of the 2016 leaders' declaration and a joint statement from trade ministers emphasizing support for free and open trade and investment in the region, including specific initiatives for a regional trade agreement (Free Trade Area of the Asia-Pacific), trade facilitation, regional infrastructure, global value chains, digital trade and standards and regulation. Leaders also released a set of best practices on trade secret protection—an NAM priority issue—and called for efforts to lower tariffs on environmental goods, along the lines of the then-ongoing EGA negotiations. APEC is an economic forum of 21 Pacific Rim member economies, including major U.S. trading partners, such as Canada, Mexico, Japan, China and South Korea.

World Economic Forum (WEF) updates biannual trade report.
The WEF recently released its "Global Enabling Trade Report 2016," which evaluates 136 countries on domestic and foreign market access; border administration; transport and digital infrastructure; transport services; and operating environment reviews. The WEF ranked the United States 22 out of 136 countries in this year's report. Notably, the United States' lowest score was on access to foreign markets, where the United States ranked 120 out of 136 countries, meaning that U.S. goods and services face higher barriers in foreign markets than most other countries. On tariffs, the United States ranked 130 out of 136 countries behind most of our major competitors, such as China, every member state of the European Union, India, Brazil and Mexico. Much of this ranking is due to the fact that those other countries have more trade agreements than the United States, which provide their industries preferential access to foreign markets, while U.S. producers are left at an increasing competitive disadvantage.

The report found governments are making slow progress in improving the efficiency of customs and border procedures, and the biggest beneficiaries of those customs reforms are small and medium-sized companies. The new report compares each countries' self-assessment of trade performance against its commitments to the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA), which will cut red tape at global borders, increase transparency and decrease costs for consumers, companies and governments. At last count, 100 countries have ratified the TFA. The TFA will enter into force once two-thirds of WTO members—110 countries—domestically ratify the agreement. Earlier this year, more than 30 business associations joined the NAM to urge countries to ratify the TFA. For more on the NAM's work to support global trade facilitation, contact NAM Director of Trade Facilitation Policy Lauren Wilk.

Exports in Action

Webinar: Business Opportunities in Panama for U.S. Companies

January 11
The U.S. Commercial Service will host a webinar on business opportunities in Panama for U.S. companies. Participants will gain significant market insight by identifying export opportunities and best prospects in Panama's market. For more information, click here.

Webinar: Business Opportunities in the Dominican Republic for U.S. Companies

February 1
The U.S. Commercial Service will host a webinar on business opportunities in the Dominican Republic for U.S. companies. Participants will gain significant market insight by identifying export opportunities and best prospects in the Dominican Republic's market. For more information, click here.

Discover Global Markets: Advanced Manufacturing 2017

February 16–17
The U.S. Commercial Service and the Arizona District Export Council will host a conference in Scottsdale, Ariz., to bring together trade experts, industry professionals and U.S. commercial diplomats via panels, one-on-one meetings and extensive networking to address opportunities and demand for advanced manufacturing. Participants will gain knowledge about the critical next steps needed to transform market potential to market success in markets of interest across the world. For more information, click here.

Information and Communication Technologies (ICT) and Services Trade Mission to Singapore and Vietnam

March 6–10
Next March, the Commerce Department and International Trade Administration will lead a trade mission for U.S. ICT firms. The mission is designed to increase U.S. engagement in the region's rapidly expanding ICT sector. The agenda includes customized one-on-one business meetings with prescreened buyers, market briefings, networking events and meetings with industry leaders. For more information, click here.
Application deadline: January 8.

Power Technologies Trade Mission to Saudi Arabia and the United Arab Emirates

March 12–16
Next March, the Commerce Department and International Trade Administration will lead a trade mission for executives from U.S. companies in the power generation, transmission and distribution equipment industries. The mission will stop in four different cities and include customized one-on-one business meetings with prescreened buyers, market briefings, networking events and meetings with industry leaders. For more information, click here. Application deadline: December 31.

Trade Mission to Central America in Conjunction with the Trade Americas – Business Opportunities in Central America Conference

March 26–31
Contact Diego Gattesco or Jessica Gordon for more information. Application deadline: January 31.

HANNOVER MESSE 2017: World's Largest Industrial Technology Trade Fair

Hannover, Germany
April 24–28
Hannover Messe will host its annual trade show April 24–28, offering international exposure for U.S. companies, institutions and economic development organizations participating as exhibitors in the U.S. delegation. Hannover Messe is the world's largest industrial trade show, combined with an investment summit. Industry pavilions are available for digital factory, energy, industrial automation, industrial supply, motion/drive/automation, ComVac and research and technology, connecting exhibitors to potential customers across relevant industry sectors. For more information, click here.

For a listing of other upcoming Commerce Department trade missions, click here.

Connect with the Manufacturers

Questions or comments?

Contact Chief Economist Chad Moutray at cmoutray@nam.org.

Center for Manufacturing Research