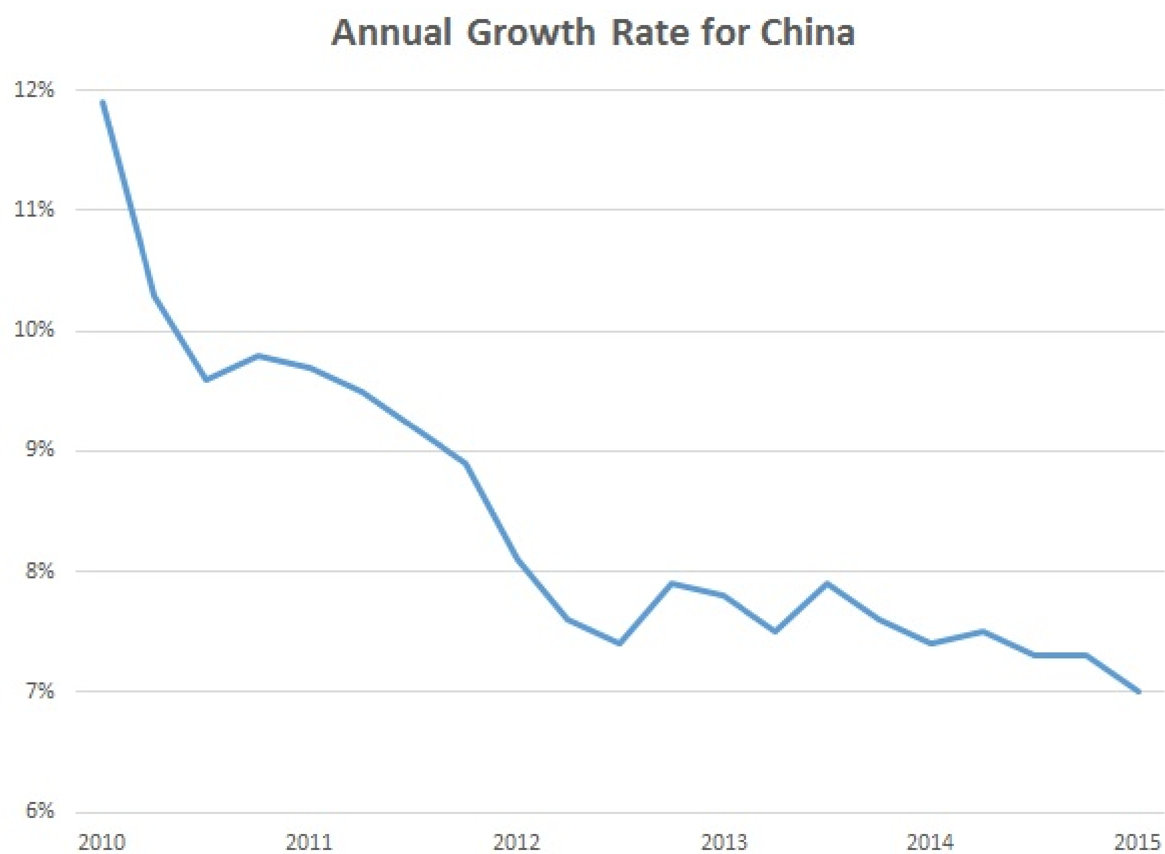
A Publication of the National Association of Manufacturers

GLOBAL MANUFACTURING ECONOMIC UPDATE

April 17, 2015



The global economic environment remains challenged, even as it continues to experience modest growth overall. The J.P. Morgan Global Manufacturing PMI, for instance, observed the highest production levels since August. Yet, the overall pace of expansion has clearly eased over the past few months. Along those lines, manufacturers in half of the top 10 markets for goods manufactured in the United States reported declining levels of activity in March, up from just two countries in February. Three Asian economies shifted into contraction territory for the month: China, Hong Kong and South Korea. In addition, Brazil and Canada remained challenged, with the latter struggling on lower crude oil prices. Manufacturing in the emerging markets also stagnated in March, with weaknesses in a number of nations counteracting progress in others.

In this context, the U.S. economy remains a bright spot in the world despite significant headwinds that dampened activity in the early months of 2015. Manufacturing production has been soft over the past four months, but edged marginally higher in March, boosted by strong automotive output. Business leaders tend to be more upbeat about the coming months, and the Markit U.S. Manufacturing PMI rose to its highest level since October. I continue to forecast roughly 2.8 percent growth in real GDP for 2015, even as first quarter growth will be very soft on the before-mentioned headwinds.

Yet, a healthier economy (and differing monetary policy actions) also comes with a cost—a strengthened U.S. dollar. Measured against a broad range of currencies, the U.S. dollar has appreciated more than 22 percent over the past nine months. Already, the data suggest that the exchange rate has begun to dampen the demand for exports orders. While the U.S. trade deficit narrowed to its lowest level since October 2009, much of that was the result of a weaker global economy and reduced petroleum flows. Indeed, crude oil imports hit their slowest pace since February 1994. Year-to-date manufactured goods exports this year have been lower than at the same point last year. (Granted, it is just two months so far.)

There are a few regional highlights of note. First, the Chinese economy continues to decelerate. Real GDP rose 7.0 percent year-over-year in the first quarter, down from 7.3 percent growth in the fourth quarter. Moreover, industrial production, retail sales and fixed asset investments have each slowed materially in the first quarter. These data points are likely to lead the Chinese government to pursue new stimulative measures. Second, Canadian manufacturers have reported weaker conditions in the past two months due to energy markets, particularly in Alberta and British Columbia. In January, manufacturing output fell 0.7 percent. The Canadian unemployment rate held steady at 6.8 percent in March, but the manufacturing sector had 2,400 fewer workers for the month.

In contrast to what we see in Canada and China, European manufacturers have reported modest progress of late. The Markit Eurozone Manufacturing PMI increased to its highest level since May 2014 on notable gains in output, new orders, exports and employment. Moreover, industrial production rebounded in February in the Eurozone, and economic sentiment marginally improved in its most recent survey. Nonetheless, other data highlight continuing challenges. The unemployment rate ticked up slightly to 11.3 percent. Many observers continue to worry about deflation, and annual inflation declined 0.1 percent in March. As a result, the European Central Bank is spending 1 trillion euros over the next 18 months to spur greater economic growth as part of its quantitative easing program.

The resistance felt by the global economy, from the strong dollar to continued weak demand, accentuate the need to drive forward key trade policies and agreements that will help make manufacturers in the United States more competitive. Trade Promotion Authority (TPA) legislation was introduced this week on a bicameral and bipartisan basis, as was new Miscellaneous Tariff Bill (MTB) process legislation and an extension of U.S. preference programs. Movement is expected as well on other key pieces of trade legislation. Congress continued to debate the reauthorization of the Export-Import (Ex-Im) Bank, with bills introduced in both the House and Senate. Both the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) negotiations are ongoing, with the TPP expected to conclude as early as this summer. Issues related to Cuba and Iran are also under discussion.

Chad Moutray
Chief Economist
National Association of Manufacturers

Global Economic and Trade Trends

Despite modest growth overall, global manufacturing was very soft in March.
The J.P. Morgan Global Manufacturing PMI dipped marginally, down from 51.9 in February to 51.8 in March. This index has changed little over the past five months, averaging 51.8 since October, and slightly eased from the average of 52.3 for 2014 as a whole. In February, the pace of growth for new orders (down from 52.3 to 52.2), exports (down from 50.9 to 50.8) and employment (down from 51.0 to 50.7) each decreased a little. On the positive side, the production index (up from 53.2 to 53.4) increased to its highest level since August.

Looking at the top 10 markets for goods manufactured in the United States, half had expanding levels of manufacturing activity in March, down from eight in February. Manufacturers in three Asian countries reported activity levels shifting from positive growth in February to declines in March. These included China (down from 50.7 to 49.6), Hong Kong (down from 50.7 to 49.6) and South Korea (down from 51.1 to 49.2). Moreover, Brazil (down from 49.6 to 46.2) and Canada (up from 48.7 to 48.9) continued to contract. Japan (down from 51.6 to 50.3) also slowed to a near standstill, with new orders falling for the first time in 10 months. In contrast to these markets, the top markets in Europe each recorded some modest gains for the month, including Germany (up from 51.1 to 52.8), the Netherlands (up from 52.2 to 52.5) and the United Kingdom (up from 54.1 to 54.4). Meanwhile, our second-largest trading partner, Mexico (down from 54.4 to 53.8), eased slightly but continued to expand at a decent pace.

The U.S. economy, which began 2015 with a number of headwinds, remains a bright spot in the world.
The Markit U.S. Manufacturing PMI increased from 55.1 to 55.7, its highest level since October. As such, the Markit data reflect a rebound in sentiment in March after some easing in recent months. New orders (up from 55.8 to 57.3) and output (up from 57.3 to 58.8) expanded rather strongly in March, with modest growth in hiring (up from 52.8 to 53.8). Exports (down from 51.7 to 50.0) stagnated on weaknesses abroad and a stronger U.S. dollar. Still, it is worth noting that the competing survey from the Institute for Supply Management continues to show challenges. In addition, other economic indicators also reflect less-than-desired levels of activity since November in the U.S. market, even as manufacturers continue to have a more positive outlook moving forward.

Beyond these data points, what matters most has been the health of the U.S. economy relative to its foreign counterparts. As other nations struggle, this negatively impacts our ability to sell products and services to them. Monetary policy also matters, with the Federal Reserve likely to begin increasing short-term rates later this year. As a result, the U.S. dollar has continued to strengthen relative to other currencies. The trade-weighted U.S. dollar index against major currencies from the Federal Reserve has risen from 75.6968 on July 1 to 92.5394 on April 17, an increase of 22.2 percent. Along those lines, the U.S. dollar peaked in 2014 at $1.3924 for each euro. On April 16, it closed at $1.0768 to the euro, with some expectations that it will move to parity soon for the first time since November 2002.

Europe's manufacturers made modest progress in February, but the overall economic climate remains weak.

The Markit Eurozone Manufacturing PMI increased from 51.0 to 52.2, its highest level since May 2014. Output (up from 52.1 to 53.6), new orders (up from 51.0 to 52.5), exports (up from 51.8 to 52.7) and employment (up from 50.7 to 51.6) made notable gains. Export sales reached their fastest pace in 11 months, likely lifted by the weaker euro relative to the U.S. dollar and other currencies *(see above)*.

Economic health varies by country. Ireland (down from 57.5 to 56.8) and the United Kingdom (up from 54.1 to 54.4) remain two of the stronger markets in the Eurozone. Even with some easing in Ireland's new orders and output, activity expanded steadily in March, with employment jumping to its highest level since the survey began in 1999. Germany (up from 51.1 to 52.8) and Italy (up from 51.9 to 53.3) both recorded their best PMI performances in 11 months, with the latter buoyed by export gains. Similarly, both the Netherlands (up from 52.2 to 52.5) and Spain (up from 54.2 to 54.3) saw slight improvements, with each growing modestly. In contrast, Austria (down from 48.7 to 47.7), France (up from 47.6 to 48.8) and Greece (up from 48.4 to 48.9) have each contracted now for at least seven straight months.

The good news was that industrial production in the Eurozone rose 1.1 percent in February, rebounding from a decline of 0.3 percent in January. Economic sentiment also marginally improved in its most recent survey. Nonetheless, other data highlight continuing challenges. Retail sales were off 0.2 percent in February, and the unemployment rate ticked up slightly to 11.3 percent. Of course, many observers continue to worry about deflation, and annual inflation declined 0.1 percent in March. That was actually an improvement from the 0.3 percent decline seen in February; yet, it was also the fourth straight monthly decline in annual inflation on the continent. As a result, the European Central Bank is spending 1 trillion euros over the next 18 months to spur greater economic growth as part of its quantitative easing program.

The Chinese economy continues to decelerate.

The HSBC China Manufacturing PMI returned to negative territory, falling from 50.7 to 49.6. New orders (down from 51.2 to 49.8) slipped back into contraction, albeit barely. Exports (up from 48.5 to 49.8) declined by less, with growth essentially becoming stagnant, whereas employment (down from 49.8 to 47.4) decreased even further. Hiring has been negative for 17 straight months. Still, output growth (down from 51.7 to 51.3) was positive, with some easing for the month. Meanwhile, the official manufacturing PMI figures from the National Bureau of Statistics in China indicated ever-so-slight progress, up from 49.9 to 50.1. The other trends largely followed suit.

Overall, China's economic data reflect slower—but still sizable—growth. Real GDP rose 7.0 percent year-over-year in the first quarter, down from 7.3 percent growth in the fourth quarter. This was consistent with the new target for 2015. More importantly, other data show just how much activity has eased of late. Industrial production (down from 7.9 percent year-over-year in December to 5.6 percent in March), retail sales (down from 11.9 percent to 10.2 percent) and fixed asset investments (down from 15.7 percent to 13.5 percent) have each slowed materially in the first quarter. Investments from manufacturers have fallen from 13.5 percent year-over-year in December to 10.4 percent in March. These data points are likely to lead the Chinese government to pursue new stimulative measures.

Canadian manufacturers report weaker conditions due to energy markets.

The RBC Canadian Manufacturing PMI contracted for the second straight month, up from 48.7 to 48.9. Much of this stemmed from lower crude oil prices, particularly in Alberta and British Columbia. Still, the underlying data notched slight improvements in March, declining at a slower rate, including new orders (up from 48.1 to 48.4), output (up from 48.2 to 48.5) and exports (up from 47.2 to 48.5). It is perhaps notable that manufacturing activity varied widely across the country. Manufacturing PMIs contracted for Alberta and British Columbia (down from 46.5 to 43.6) and Quebec (up from 48.5 to 49.9)—just barely for the latter. At the same time, both Ontario (up from 50.5 to 53.3) and the rest of Canada (up from 49.9 to 52.8) grew modestly.

Real GDP grew 2.4 percent in the fourth quarter of 2014, slowing from 3.8 percent and 3.2 percent growth in the second and third quarters, respectively. In January, manufacturing output fell 0.7 percent. Retail sales also dropped, down 1.7 percent. “Lower sales at gasoline stations represented the majority of the decline,” according to Statistics Canada, with retail spending excluding gasoline falling by 0.8 percent. The unemployment rate held steady at 6.8 percent in March, but the manufacturing sector had 2,400 fewer workers for the month. Over the past 12 months, manufacturing employment has declined by 30,300.

Meanwhile, the HSBC Mexico Manufacturing PMI declined from 54.4 to 53.8. This reflects some deceleration since peaking at 56.6 in January, which had been its highest point since December 2012. Yet, new orders (down from 57.5 to 56.7) and output (down from 55.8 to 55.0) continued to expand at a decent pace, and employment (up from 52.7 to 53.2) grew modestly for the month. Mexican industrial production increased 1.6 percent year-over-year in February, with manufacturing output up 4.0 percent. Still, despite these figures, Mexican economic growth still has room for improvement.

The emerging markets experienced stagnant growth overall in March.

The HSBC Emerging Market Index fell from 51.9 to 51.6, with the manufacturing component dropping from 51.2 to 50.1. New orders (down from 51.8 to 50.3) and output (down from 52.0 to 50.9) slowed significantly, with export orders (up from 49.6 to 49.8) contracting ever so slightly. Exports have declined on net for two consecutive months, dropping for the first time since August 2013. Employment growth (down from 50.6 to 49.1) also turned negative, reversing three straight months of gains. Overall, however, business leaders remained mostly positive about the coming months, with the future output index measuring 63.7. The weaknesses in the headline measure for emerging markets can also be seen in the country-level data. Brazil (down from 49.6 to 46.2), China (down from 50.7 to 49.6), Indonesia (down from 47.5 to 46.4), Russia (down from 49.7 to 48.1), South Korea (down from 51.1 to 49.2) and Turkey (down from 49.6 to 48.0) each had contracting levels of manufacturing activity in March, with Brazil and South Korea notching multiyear lows and the Indonesian figure setting an all-time low in the four-year history of its survey. Taiwan (down from 52.1 to 51.0) and Vietnam (down from 51.7 to 50.7) continued to expand slightly but mirrored their Asian counterparts with eased demand and production. Meanwhile, India (up from 51.2 to 52.1) and South Africa (up from 50.0 to 51.5) experienced modest growth. Czech Republic (up from 55.6 to 56.1) and Poland (down from 55.1 to 54.8) held their place as the strongest emerging markets, particularly the Czech Republic, with solid growth in new orders and hiring.

U.S. trade deficit narrowed in February to its lowest level since October 2009.

The trade deficit declined from $42.68 billion in January to $35.44 billion in February. This sharp decline stemmed largely from a drop in goods imports from $191.07 billion to $180.81 billion, more than outstripping the decrease in goods exports from $128.54 billion to $125.64 billion. The trade surplus in the service sector changed little, down from $19.86 billion to $19.73 billion.

Much of the decrease in the trade deficit could be attributed to petroleum flows. The petroleum trade deficit dropped from $10.69 billion to $8.07 billion, with petroleum imports declining from $19.44 billion to $16.35 billion. Indeed, the United States imported just 192.05 million barrels of crude oil in February, down from 222.78 million in January and its slowest pace since February 1994. To put this figure in perspective, the petroleum trade deficit was $19.61 billion in February 2014. In addition, the unit price for crude oil ($49.53 per barrel) hit its lowest point since April 2009.

Of course, the data also reflect a weaker global environment, with the nonpetroleum trade deficit also lower, down from $50.83 billion to $45.99 billion. Along those lines, goods exports data were mostly lower. Nonautomotive capital goods (down $1.66 billion), industrial supplies and materials (down $1.41 billion), automotive vehicles and parts (down $1.09 billion) and foods, feeds and beverages (down $165 million) experienced reduced goods exports in February. Consumer goods (up $1.31 billion) marks the one bright spot.

Meanwhile, goods imports also dropped significantly, as noted above. Industrial supplies and materials (down $4.35 billion), nonautomotive capital goods (down $2.60 billion), automotive vehicles and parts (down $1.70 billion), consumer goods (down $1.45 billion) and food, feeds and beverages (down $319 million) all contracted. Crude oil and petroleum products accounted for roughly $3 billion of the industrial supplies and materials figure.

The data suggest that the stronger U.S. dollar, sluggish growth overseas and reduced energy prices have negatively impacted trade. Indeed, these headwinds have dampened demand for manufactured goods exports. Moving forward, policymakers can help by pursuing opportunities that will open up new markets, including passing TPA and enacting trade agreements in Asia and Europe. Moreover, the Ex-Im Bank needs to be reauthorized long term, ending financial uncertainty for manufacturers and their customers.

International Trade Policy Trends

Congress introduces a bipartisan, bicameral bill to renew TPA.
The NAM strongly welcomed the introduction of the Bipartisan Congressional Trade Priorities and Accountability Act yesterday by Senate Finance Committee Chairman Orrin Hatch (R-UT), Ranking Member Ron Wyden (D-OR) and House Ways and Means Committee Chairman Paul Ryan (R-WI). Committee markups are expected as early as the week of April 20, with floor action expected in late April or May. The NAM also posted a blog on the importance of this legislation. Click here for an overall summary of the legislation and here for a section-by-section summary. To develop greater support for TPA and ensure that Congress acts quickly and passes a strong bill that reflects manufacturing priorities, the NAM is engaging federal lawmakers and working on all fronts to build support, including raising the importance of TPA during district events throughout March and April and supporting and amplifying the voices of our manufacturers in local op-eds, such as found here and here. On March 18, the NAM hosted a Shopfloor briefing for congressional staff on trade and TPA featuring Rep. Henry Cuellar (D-TX) and Sen. John Thune (R-SD). In late March, the NAM released the results of a recent poll showing general election voters across the country overwhelmingly support trade and trade agreements. The poll results were highlighted in *Politico* and other publications. The NAM continues to update and refresh advocacy materials available on its TPA website, including blogs, state trade fact sheets and other content. Now is the time for interested companies to lend their voice to the debate. For additional information and to become involved, please contact NAM Director of International Trade Policy Ken Monahan.

Manufacturers welcome new MTB process.
The NAM welcomed the introduction yesterday of legislation authored by Sens. Rob Portman (R-OH), Claire McCaskill (D-MO), Pat Toomey (R-PA) and Richard Burr (R-NC) to establish a new process for congressional consideration of MTBs. As explained in the NAM's press release and blog post, the MTBs are important to correct outdated distortions in the tariff code that are undermining the competitiveness of manufacturers throughout the United States. The NAM and many member companies are working together to educate members of Congress and the media to promote action to ensure that a predictable and regularized MTB process can begin later this year. For additional information, please contact NAM Director of International Trade Policy Ken Monahan.

Preference legislation introduced and enforcement and customs legislation potentially moving as well.

Senate Finance Committee Chairman Orrin Hatch (R-UT) and House Ways and Means Committee Chairman Paul Ryan (R-WI), as well as Senate Finance Committee Ranking Member Ron Wyden (D-OR) and House Ways and Means Committee Ranking Member Sander Levin (D-MI), introduced the AGOA [African Growth and Opportunity Act] Extension and Enhancement Act of 2015 on April 16 to renew trade benefits for developing countries. In particular, the legislation extends (with retroactive application) the Generalized System of Preferences (GSP) program through December 31, 2017, which the NAM strongly supports. In addition, it extends and modifies the African Growth and Opportunity Act for 10 years and provides continued trade benefits for Haiti. A summary of the legislation is found here. The NAM continues to press for action on other key trade bills, including legislation to ensure strong enforcement of trade remedy orders against evasion and customs reauthorization legislation to eliminate red tape at the border. Movement on each of these pieces of legislation is still under consideration.

Manufacturers, governors call for Ex-Im Bank reauthorization over congressional recess.
On April 15, the House Financial Services Subcommittee on Monetary Policy and Trade and the House Oversight and Government Reform Subcommittee on Health Care, Benefits and Administrative Rules held a joint hearing, titled “Oversight of Efforts to Reform the Export-Import Bank of the United States.” The NAM submitted this statement for the record and led an association sign-on letter to the House in March. The NAM also sent a letter to all Senate offices in March in support of new legislation. The Export-Import Bank Reform and Reauthorization Act of 2015 (S. 819) was introduced on March 19 by Sens. Mark Kirk (R-IL), Lindsey Graham (R-SC), Roy Blunt (R-MO), Kelly Ayotte (R-NH), Heidi Heitkamp (D-ND), Joe Manchin (D-WV), Joe Donnelly (D-IN) and Mark Warner (D-VA). In addition, Sens. Jeanne Shaheen (D-NH), Richard Blumenthal (D-CT), Dianne Feinstein (D-CA) and Al Franken (D-MN) introduced the Promoting U.S. Jobs Through Exports Act of 2015 (S. 824). Over the congressional recess in April, manufacturers talked to members of Congress in town halls, during plant tours and in local roundtable discussions across the country about the need for action on an Ex-Im reauthorization. The Exporters for Ex-Im Coalition also highlighted manufacturers that use the Ex-Im Bank in a series of radio and digital advertisements in more than a dozen states. Letters from governors across the country who understand the importance of the Ex-Im Bank to their states’ economies buoyed these efforts. Govs. Robert Bentley (R-AL) and Jay Inslee (D-WA) led a bipartisan group of governors in sending a letter to congressional leaders to urge the long-term reauthorization of the Ex-Im Bank. In addition to the 28 governors who cosigned the joint letter, state leaders from North Carolina, Missouri and Maryland recently sent individual letters to congressional leaders requesting action to reauthorize the bank. In Texas, more than 500 businesses called on Congress this week to pass Ex-Im reauthorization legislation. You can also find additional details about Ex-Im users in every state, stories of local companies that have grown their business using the Ex-Im Bank and additional background information regarding the impact of the bank on American jobs and global competitiveness. Follow the Twitter conversation using the hashtag #ExIm4Jobs.

As potential retaliation nears over “Country of Origin” Labeling dispute, manufacturers push for elimination of provisions.
As the World Trade Organization (WTO) nears its final decision in the Country of Origin Labeling (COOL) dispute against the United States, which is expected in May, manufacturers in the United States are facing an increased risk of retaliation from our largest trade partners, Canada and Mexico. In the NAM’s ongoing and active work to avert such retaliation as a co-chair of the COOL Reform Coalition, NAM Vice President of International Economic Affairs Linda Dempsey testified before the House Agriculture Subcommittee on Livestock and Foreign Agriculture on March 25 and urged the elimination of WTO-inconsistent COOL provisions. The NAM amplified its message with the coalition and put out this blog to raise pressure on lawmakers to act soon.

TPP negotiations approach possible endgame.
During April, the United States is conducting bilateral TPP negotiations with Chile, Japan, Mexico and

Vietnam, and the TPP is expected to be discussed during Japanese Prime Minister Shinzo Abe's state visit later this month. Chief negotiators will meet April 23–26 in the United States, and trade ministers are tentatively planning to meet in late May. The NAM continues to emphasize publicly and with officials from the United States and other TPP countries its key priorities relating to concrete new market access and the elimination of barriers, strong intellectual property and investment protections, new disciplines on cross-border data flows and state-owned enterprises, and the full enforceability of the agreement for all products and sectors. The NAM emphasized the importance of a strong TPP and the relationship of intellectual property protections and higher-paying jobs in this op-ed in *The Hill*. For additional information, please contact NAM Director of International Trade Policy Ken Monahan.

TTIP talks move toward next round.

Negotiators from the United States and the European Union will meet in New York City from April 20 to 24 to move forward talks on a range of issues. NAM Director of International Trade Policy Ken Monahan will attend the negotiations and provide the NAM's views during a stakeholder presentation.

WTO environmental goods negotiations move forward.

The fifth round of talks to create an Environmental Goods Agreement (EGA) took place the week of March 16–20 in Geneva, Switzerland, where negotiators scoped out environmental monitoring and analysis, resource efficiency and environmentally preferable products. At the next round the week of May 4–8, negotiators will go through each of the products nominated by the United States and other countries participating in the talks and begin to determine where convergence may exist in terms of export priorities and countries' import sensitivities. As co-chair of the Coalition for Green Trade, the NAM is continuing to push for ambition in these talks. For additional information, please contact NAM Director of International Trade Policy Ken Monahan.

United States removes Cuba from terrorist watch list.

Earlier this week, President Obama notified Congress of his intent to remove Cuba from the list of countries that support terrorism—potentially opening the new market to high-tech U.S. exports. Cuba was first designated as a state sponsor of terrorism in 1982 when it supported Marxist rebellions in Latin America. The only other countries currently on the list are Iran, Syria and Sudan. According to a State Department briefing, Congress has an opportunity to enact a joint resolution prohibiting the rescission within 45 days after the receipt of the report from the President. Secretary of State John Kerry provided the President with a recommendation to rescind Cuba's designation after reviewing the country's record and receiving assurances from the Cuban government. In Panama City for the Summit of the Americas last weekend, President Obama met Cuban President Raúl Castro in the highest-level talks between the two countries in nearly 60 years. House Foreign Affairs Committee Chairman Ed Royce (R-CA) criticized the President's announcement.

White House announces framework for nuclear deal with Iran.

On April 2, the White House announced a framework for a Joint Comprehensive Plan of Action on Iran's nuclear program and released a fact sheet outlining the parameters. A background briefing provided additional context to the agreement, which will need to be finalized before June 30. As part of the agreement, Iran will receive sanctions relief if it verifiably abides by its commitments. U.S. and European Union nuclear-related sanctions will be suspended after the International Atomic Energy Agency (IAEA) has verified that Iran has taken all of its key nuclear-related steps outlined in the agreement. If at any time Iran fails to fulfill its commitments, these sanctions will snap back into place. U.S. sanctions on Iran for terrorism, human rights abuses and ballistic missiles will remain in place. Iran has agreed to reduce by approximately two-thirds its installed centrifuges, to limit uranium enrichment and to reduce its current stockpile of low-enriched uranium. All excess centrifuges and enrichment infrastructure will be placed in IAEA-monitored storage and will be used only as replacements for operating centrifuges and equipment. This week, the

Senate Foreign Relations Committee unanimously approved legislation to require congressional review of any final nuclear agreement reached with Iran. The Iran Nuclear Agreement Review Act of 2015 would require the President to submit to Congress within five days of concluding a comprehensive agreement with Iran the text of the agreement and all related materials. It would also require a verification assessment on Iranian compliance and a certification that the agreement meets U.S. nonproliferation objectives and does not jeopardize U.S. national security. The House Foreign Affairs Committee will examine the framework agreement in a hearing on April 22.

State Department reviews export controls for aircraft and gas turbine engines.
The Departments of Commerce and State are seeking public comments on the recently implemented revisions to U.S. Munitions List (USML) Categories VIII (Aircraft) and XIX (Gas Turbine Engines). As the first USML revisions implemented pursuant to the Export Control Reform (ECR) initiative, the new rules for those categories took effect on October 15, 2013. Both the Commerce and State are seeking comments on the condition and efficacy of these categories and whether they are meeting ECR objectives. A similar review process for each revised USML category is expected, so comments should be limited to these two categories and the complementary Commerce Control List (CCL) sections. Comments are due to both the Commerce and State on May 1, 2015.

India promises more open economy, while proposing weak new investment treaty draft.
Earlier this week, Indian Prime Minister Narendra Modi gave remarks at the opening ceremony of the Hannover Messe trade fair. Surprising many, he emphasized that India would "nurture innovation and protect your intellectual property" and "remov[e] unnecessary regulations and simplify our procedures." As described in the NAM's Shopfloor blog and in more depth in the Administration's "2015 National Trade Estimate Report on Foreign Trade Barriers," India has increased, rather than decreased, barriers in areas important to many manufacturers. India also released a draft of its Model Bilateral Investment Treaty this month, providing a short window for input. As the NAM explained in its detailed comments, India's proposed new treaty deviates substantially from global standards and India's own investment treaty practice and does not form a positive basis to continue U.S.–Indian investment talks. The International Trade Commission is continuing its review of India's trade practices, and prehearing briefs and statements are due no later than April 23.

Brazilian President Dilma Rousseff is scheduled to meet with President Obama in Washington, D.C., on June 30.
President Rousseff will visit the White House for the first time since she canceled a trip in October 2013 in protest of National Security Agency activity. While trade was not explicitly mentioned in the announcement of the upcoming visit, trade and commercial engagement is a major issue in U.S.–Brazil relations as outlined in President Obama's 2015 Trade Policy Agenda. Brazil is currently the ninth-largest export market for the United States; however, significant trade barriers impede U.S. access to the largest economy in the region. Tariffs, nontariff barriers, forced localization and intellectual property enforcement are identified as top concerns in the United States Trade Representative's 2015 National Trade Estimate Report. Recent numbers show a decline in both U.S. goods exports and U.S. foreign direct investments to Brazil.

Exports in Action

Trade and Customs Update

April 29 – 1:00 p.m. (EDT)
Location: McLean, Virginia
KPMG LLP will host a half-day program to discuss relevant international trade topics, including customs

savings opportunities, global trade management solutions and import/export compliance. Presenters include Director James Swanson from Customs and Border Protection, Dee Ruilova of Avaya and KPMG issue experts. A reception immediately follows the event. For more information, click here.

Webinar: CCC Mark: Guidance for U.S. Exporters

April 23 – 1:30 p.m. (EDT)
The Department of Commerce and Eve O'Neil of UL will conduct a 60-minute webinar on China Market Access. The agenda includes a brief overview of the various mandatory certification schemes applicable to imports and additional details on recent changes to the China Compulsory Certification Scheme, including the regulators, testing labs and certification bodies. For more information, click here.

Global Commerce: New Trends and Opportunities in the Americas and Beyond

May 14 – 12:30 p.m. (CDT)
Location: Houston, Texas
The Atlantic Council and Baker and McKenzie will host leading experts in global policy and international affairs for a half-day event to discuss the latest developments in international economic affairs and the surrounding legal and policy issues. Discussion topics will include changes to the energy landscape, updates on international sanctions policy, the future of U.S.–Cuba relations and current top trade issues, including the TPP, the TTIP, data privacy and e-commerce. The event will also feature a high-level keynote address and conclude with a networking reception. For more information, click here.

Trade Mission to Africa

September 14–21
Location: Ethiopia, Tanzania, Mozambique, Angola, Ghana, South Africa, Nigeria and Kenya
Trade Winds–Africa is an official U.S. Department of Commerce/U.S. Commercial Service conference and multisector trade mission in Sub-Saharan Africa. The program includes an Africa-focused business forum consisting of regional and industry-specific conference sessions as well as prearranged consultations with U.S. Foreign Commercial Service officers representing commercial markets in 19 countries throughout the region. Participants will have the opportunity to conduct business-to-business meetings with firms during the multiple-stop trade mission. Application deadline is June 15. For more information, click here.

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

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Questions or comments?

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