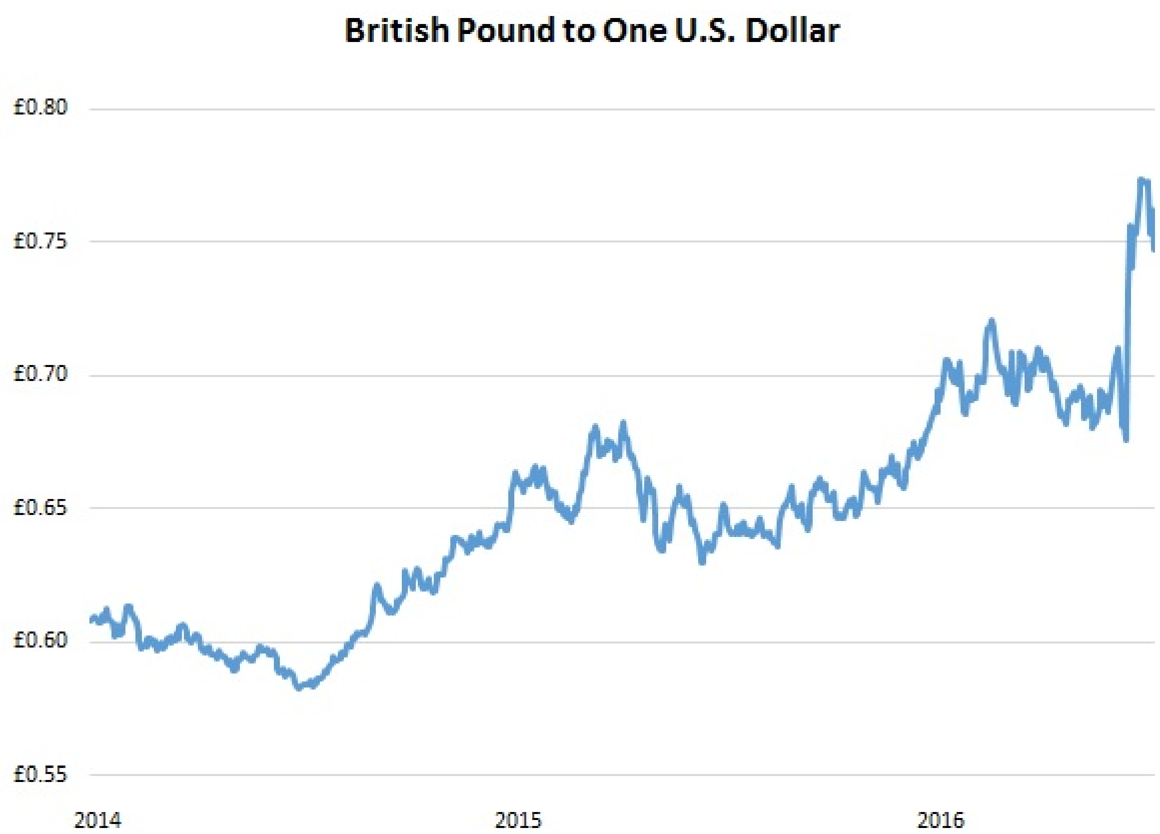
A Publication of the National Association of Manufacturers

July 14, 2016



It has been a momentous couple weeks in the global economy, spurred by a tremendous amount of volatility in financial markets following the United Kingdom's vote on June 23 to leave the European Union (EU). In the aftermath of that election, equity markets around the world moved lower and international investors flocked to "safe havens" — including the United States — to park their money. This has pushed 10-year Treasury yields to historic lows, which should benefit homeowners, many of whom are taking advantage of the opportunity to refinance or purchase a new home. But, it also pushed the U.S. dollar higher. Indeed, the dollar appreciated 14.5 percent versus the British pound in the two weeks following the U.K. election, with the pound falling to its lowest level since 1985. Since then, things have calmed down a bit, helped along by the selection of a new U.K. Prime Minister Theresa May, who took over on July 13. In addition, the surprise decision by the Bank of England this morning to keep rates unchanged sent the pound higher. All told, the British pound has now appreciated around 10 percent over the past three weeks, as of this morning.

Interestingly, the rest of Europe was more upbeat in the latest Markit Eurozone Manufacturing PMI, which increased to its highest reading since December. The survey was conducted from June 13 to 23, which means that all responses were collected before results from the British vote to leave the EU were known. With that in mind, it will be interesting to see how sentiment has shifted post-election, both in Britain and the Eurozone. Despite the more-positive sentiment survey readings, Eurozone industrial production fell 1.2 percent in May, nearly offsetting the 1.4 percent gain seen in April. On a year-over-year basis, industrial production grew 0.5 percent, a very modest pace. Nonetheless, retail sales were stronger, and the unemployment rate fell to 10.1 percent, its lowest level since July 2011.

While the currency impacts of the British EU exit, or Brexit, have been largest for the U.K., it exacerbates a strong-dollar trend that continues to challenge manufacturers in the U.S. Indeed, the trade-weighted U.S. dollar index against major currencies from the Federal Reserve Board has increased nearly 20 percent since the end of June 2014. That continues to represent a significant appreciation in the dollar in a two-year period, making it more difficult for manufacturers to sell abroad. Using non-seasonally adjusted data, U.S.-manufactured goods exports totaled $431.45 billion year-to-date in May, down 7.5 percent from $466.49 billion in May 2015. Moreover, exports were lower to the top five markets for U.S.-manufactured goods: Canada, Mexico, China, Japan and the U.K.

On the positive side, the J.P. Morgan Global Manufacturing PMI edged higher in June, expanding ever-so-slightly after being stagnant in May, and we have seen some progress in terms of the number of key markets experiencing manufacturing growth. Nine of the top 15 markets for U.S.-manufactured goods had expanding levels of manufacturing activity for the month, up from five in April and eight in May.

Yet, there were five countries experiencing contractions in June — all with long-running challenges. Those markets were Brazil, China, France, Hong Kong and Japan. We will get new data on Chinese industrial production, retail sales and fixed asset investment on July 15, but recent data have reflected a continued deceleration in activity. At the same time, the Caixin China General Manufacturing PMI has now contracted in 18 of the past 19 months. Meanwhile, Brazil — which will be in international spotlight next month with the Olympics — remains mired in a deep recession. In Brazil, first quarter real GDP was off 5.4 percent year-over-year, with industrial production down 8.9 percent over the past 12 months in May, using seasonally-adjusted data. Meanwhile, France remained the weakest economy in the Eurozone, contracting for the fourth consecutive month on weaker orders and production.

Trade policy issues continue to be front and center in the public discourse, which the NAM is addressing through multiple avenues. Efforts continue to move forward the Trans-Pacific Partnership (TPP) and a fully functioning Export Import (Ex-Im) Bank on the Hill, along with gearing up for the new Miscellaneous Tariff Bill (MTB) process. Talks on the Transatlantic Trade and Investment Partnership (TTIP) negotiations and the environmental goods talks continue this month. A new World Trade Organization (WTO) case against China's market-distorting export taxes on nine raw materials was launched this week. Manufacturers are also watching closely new developments on direct flights to Cuba and on conflict minerals in the United States and the EU.

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Global Economic and Trade Trends

Global manufacturing activity expanded ever-so-slowly in June, but with ongoing challenges.
The J.P. Morgan Global Manufacturing PMI edged up from 50.0 in May to 50.4 in June. As such, activity remained quite sluggish, with a year-to-date average of just 50.3 for the headline number through the first half of 2016. The slight improvement in June stemmed from somewhat better growth for new orders (up from 50.3 to 50.8) and output (up from 50.0 to 50.5). At the same time, exports (up from 48.9 to 49.9) and

employment (up from 49.7 to 49.9) declined at a slower pace, with each now essentially stagnant for the month. In addition, the better global number was likely assisted by a recovery in manufacturing production in the United States, according to Markit. As noted in the prior releases, the U.S. accounted for one-quarter of the weighting in the global index, and output (up from 49.4 to 50.4) had contracted in May for the first time since September 2009.

There has also been progress in terms of the number of key markets experiencing growth in June. Nine of the top 15 markets for U.S.-manufactured goods had expanding levels of manufacturing activity for the month, up from five in April and eight in May. (Belgium does not have a manufacturing PMI for comparison purposes.) Taiwan (up from 48.5 to 50.5) was the one nation that shifted to positive territory this time on better output and hiring. Interestingly, the Eurozone (up from 51.5 to 52.8) data were also stronger in June, brushing off Brexit concerns, at least in the run-up to the vote. Indeed, manufacturers in Germany (up from 52.1 to 54.5) and the United Kingdom (up from 50.4 to 52.1) were more positive in their assessments of activity in June. With that said, the Markit survey responses were received the British election results were known.

Meanwhile, there were five countries experiencing contractions in May — all with long-running challenges. Those markets were Brazil (up from 41.6 to 43.2), China (down from 49.2 to 48.6), France (down from 48.4 to 48.3), Hong Kong (down from 47.2 to 45.4) and Japan (up from 47.7 to 48.1).

Post-Brexit anxieties pushed the dollar higher, with the U.S. being a safe haven for investors to park their money.

After financial markets were surprised by the United Kingdom’s vote to leave the European Union, the largest impact in currency markets was with the British pound itself. One British pound exchanged for $1.48 on June 23, the day of the vote, but fell to just over $1.29 on July 6, representing a 14.5 percent appreciation in the dollar in a nearly two-week period. Since then, things have calmed down a bit, helped along by the selection of a new Prime Minister Theresa May, who took over on July 13. The British pound has strengthened somewhat as well, currently trading for $1.34, or an appreciation against the dollar of 10.1 percent since the vote. This includes a notable increase this morning due to the surprise decision by the Bank of England to not increase rates at this time – saving that possibility for their August meeting.

Beyond the U.K., U.S. securities have been a “safe haven” for international investors — their traditional role during times of uncertainty. This has pushed 10-year Treasury yields to historic lows, which should benefit homeowners, many of whom are taking advantage of the opportunity to refinance or purchase a new home. Looking more closely at overall exchange rates, the trade-weighted U.S. dollar index against major currencies from the Federal Reserve Board has increased nearly 20 percent since the end of June 2014. That continues to represent a significant appreciation in the dollar in a two-year period, making it more difficult for manufacturers to sell abroad.

Canada's manufacturing growth slowed somewhat in June, but remained expansionary.

The RBC Canadian Manufacturing PMI declined from 52.1 to 51.8, its slowest pace of growth since March. Even with this easing, it marked the fourth consecutive monthly expansion in manufacturing activity — a sign of progress following energy-related declines seen over much of the past year or so. The underlying data for June were mixed. Exports (up from 49.1 to 50.2) returned to positive territory, albeit only barely. At the same time, new orders (down from 51.9 to 50.8), output (down from 52.8 to 51.5) and hiring (down from 52.2 to 52.0) slowed, albeit with each measure continuing to expand quite modestly. As in prior months, manufacturers in Alberta and British Columbia (up from 45.7 to 46.2) continued to struggle; whereas, other regions of Canada grew at a more decent pace despite some deceleration for the month.

Real GDP edged up 0.1 percent in April, boosted by increased manufacturing output (up 0.4 percent) and strength in the service-producing and utilities sectors. Reduced mining, quarrying and oil and gas extraction served as one of the larger drags on growth for the month, down 1.4 percent. On a year-over-year basis, real GDP has risen 1.5 percent, with manufacturing output up 1.4 percent over the past 12 months. Meanwhile, retail sales grew 0.9 percent in April, enough to offset the 0.8 percent decline experienced in March. Over the past 12 months, retail spending in Canada has risen 4.6 percent, or 2.9 percent when adjusted for inflation. The unemployment rate dropped from 6.9 percent in May to 6.8 percent in June, its lowest level in 11 months. Yet, manufacturing employment fell by 12,900 in June, with 30,300 fewer workers year-over-year.

Mexican manufacturing activity grew at its slowest rate since October 2013.
The Markit Mexico Manufacturing PMI decreased from 53.6 in May to 51.1 in June. The irony is that the May reading had been the highest since April 2014, illustrating a quick turnaround in confidence in the latest survey. The drop stemmed largely from a decline into contraction territory for output (down from 53.8 to 49.8). The Markit report explained this by saying, “Anecdotal evidence suggested that manufacturers had responded to signs of a slowdown in client demand by cutting back on production schedules.” At the same time, new orders (down from 56.0 to 52.3), exports (down from 52.5 to 50.4) and employment (down from 51.9 to 50.8) were each off sharply for the month.

Overall, real GDP increased by 2.6 percent year-over-year in the first quarter, up from 2.4 percent in the fourth quarter of 2015. Growth in Mexico is expected to remain around 2.5 percent in 2016, but is predicted to pick up to 3.0 percent in 2017. With that said, industrial production slowed in May, easing from 1.9 percent year-over-year in April to 0.4 percent in May. Manufacturing output also decelerated, down from 2.9 percent year-over-year in April to 0.8 percent in May.

Manufacturing activity in China pulled lower once again in June.
The Caixin China General Manufacturing PMI decreased from 49.2 to 48.6, a four-month low. More importantly, the headline number has contracted in 18 of the past 19 months, reflecting lingering challenges in the sector as China’s growth continues to decelerate. New orders (down from 49.7 to 49.0) contracted for the second straight month, with output (down from 49.8 to 48.1) also declining at a faster pace. On the other hand, exports (up from 47.7 to 47.9) and employment (up from 46.3 to 46.4) both decreased at a slightly slower rate for the month, even as each remained solidly negative. Hiring has now contracted in every month since October 2013. Meanwhile, the official manufacturing PMI numbers from the National Bureau of Statistics of China were neutral in June, down from 50.1 to 50.0. Small and medium-sized manufacturing enterprises continued to report contractions, however.

We will get new data on industrial production, retail sales and fixed asset investment on July 15. Recent data have reflected decelerating activity, with industrial production expanding by 6.0 percent year-over-year in May, unchanged from April but down from 6.8 percent in March. Two years ago, production in the sector grew 8.8 percent year-over-year. Fixed asset investment (down from 10.5 percent year-over-year in April to 9.6 percent in May) and retail sales (down from 10.1 percent to 10.0 percent) followed a similar trend. In the first quarter of 2016, the Chinese economy grew 6.7 percent year-over-year, down from 6.8 percent in the fourth quarter. My forecast is for real GDP to expand 6.5 percent, using official estimates, in 2016.

Eurozone manufacturers report fastest growth in six months.
The Markit Eurozone Manufacturing PMI increased from 51.5 to 52.8, its highest reading since December. The survey was conducted from June 13 to 23, which means that all responses were collected prior to the Brexit election results were known. In the run-up to that vote, European manufacturers were encouraged by stronger new orders (up from 51.7 to 53.6), exports (up from 50.9 to 52.8), output (up from 52.4 to 53.9) and hiring (up from 51.2 to 52.4). The underlying data points mirror the headline number, with demand and production expanding at their fastest paces so far this year.

Moreover, this growth carried through in most of the country-by-country data, including the United Kingdom (up from 50.1 to 52.1), as noted earlier. Still, manufacturing activity has weakened significantly of late among Brexit anxieties, with the U.K.’s manufacturing PMI decelerating from 55.2 in October. With that in mind, it will be interesting to see how sentiment has shifted post-election, both in Britain and the Eurozone. Other markets reporting faster growth in June included Austria (up from 52.0 to 54.5), Germany (up from 52.1 to 54.5), Ireland (up from 51.5 to 53.0), Italy (up from 52.4 to 53.5) and Spain (up from 51.8 to 52.2). Greece (up from 48.4 to 50.4) expanded for only the second time in nearly two years, largely from decent gains in output and employment. In contrast to those positive developments, activity in the Netherlands (down from 52.7 to 52.0) slowed, with exports contracting in June. At the same time, France (down from 48.4 to 48.3) remained one of the weaker markets in Europe, contracting for the fourth consecutive month on weaker orders and production.

Despite the more-positive sentiment survey readings, there were signs of ongoing challenges seen in the so-called real economy. For instance, industrial production fell 1.2 percent in the Eurozone in May, nearly offsetting the 1.4 percent gain seen in April. On a year-over-year basis, industrial production grew 0.5 percent, a very modest pace. On the other hand, retail sales increased 0.4 percent in May, extending the 0.2 percent gain seen in April, with year-over-year growth of 1.6 percent. The unemployment rate fell to 10.1 percent, its lowest level since July 2011. Overall, the European Central Bank continues to worry about sluggish growth and deflation risks, with policymakers pushing additional stimulative measures to spur the Eurozone economy, including negative interest rates. Indeed, the annual inflation rate was 0.1 percent in June, improving from a decline of 0.1 percent in May.

Emerging markets continued to struggle, contracting again in June.

The Markit Emerging Markets Manufacturing Index dipped again, down from 49.5 to 49.3, its lowest level since February. It has been in negative territory in 14 of the past 15 months, illustrating the challenges for manufacturers in these markets. New orders (down from 50.0 to 49.7) and output (down from 50.0 to 49.3) both shifted from stagnation to contraction for the month. At the same time, exports (up from 48.6 to 48.7) and employment (unchanged at 47.9) continued to contract in June. Despite the slowing activity in the current environment, the forward-looking composite index for future output indicates cautious optimism for the months ahead (up from 60.4 to 50.5).

On the bright side, a number of emerging markets continue to experience slight expansions, including the Czech Republic (down from 53.3 to 51.8), India (up from 50.7 to 51.7), Indonesia (up from 50.6 to 51.9), Poland (down from 52.1 to 51.8), South Korea (up from 50.1 to 50.5) and Vietnam (down from 52.7 to 52.6). Of note, Indonesia's report achieved an all-time high for hiring growth in the survey's five-year history, and South Korea expanded for the second straight month despite essentially flat new orders. At the same time, Russia (up from 49.6 to 51.5) expanded for the first time since November on a rebound in new orders, with Taiwan (up from 48.5 to 50.5) also growing somewhat after two months of contraction.

Unfortunately, South Africa (down from 50.2 to 49.6) returned to contraction territory in June on declining output and employment, with virtually stagnant demand growth. Meanwhile, a number of emerging market nations have contracted for more than a year. This trend continued in June, including Brazil (up from 41.6 to 43.2), China (down from 49.2 to 48.6), Hong Kong (down from 47.2 to 45.4), Malaysia (down from 47.2 to 47.1), Nigeria (down from 49.2 to 47.3) and Turkey (down from 49.4 to 47.4).

U.S.-manufactured goods exports continue to struggle.

Overall, the data suggest that the international trade headwinds seen last year have continued. Using non-seasonally adjusted data, U.S.-manufactured goods exports totaled $431.45 billion year-to-date in May, down 7.5 percent from $466.49 billion in May 2015.

Moreover, exports were lower to the top five markets for U.S.-manufactured goods, including Canada (down from $119.04 billion to $109.82 billion), Mexico (down from $96.65 billion to $94.06 billion), China (down from $46.19 billion to $42.40 billion), Japan (down from $26.92 billion to $24.97 billion) and the United Kingdom (down from $22.94 billion to $22.65 billion).

The U.S. trade deficit widened in May.

The trade deficit rose from $37.39 billion in April to $41.14 billion in May, its highest level since February. The data have been quite volatile through the first five months of 2016, averaging $40.08 billion. That was lower than the $41.70 billion average for 2015 as a whole. The higher figure in May's report stemmed from an increase in goods imports (up from $178.62 billion to $182.06 billion) which coincided with a slight decline in goods exports (down from $120.04 billion to $119.82 billion).

Even with the pickup, it is worth noting that goods exports and imports have each decreased over the course of the past year, down from $127.61 billion and $189.95 billion in May 2015, respectively. That suggests that trade volumes have fallen overall; although, part of that reduction could be lower petroleum prices. Indeed, the May petroleum deficit of $2.89 billion was the lowest since February 1999.

Digging deeper into the data, goods exports were mixed in May. Increased exports for foods, feeds and beverages (up $544 million), other goods (up $489 million) and industrial supplies and materials (up $47 million) were offset by reduced exports for capital goods (down $835 million), automotive vehicles and parts (down $348 million) and consumer goods (down $263 million). At the same time, goods imports were generally higher, including industrial supplies and materials (up $2.32 billion), consumer goods (up $1.25 billion), automotive vehicles and parts (up $267 million) and foods, feeds and beverages (up $78 million). Capital goods imports were lower in May, down $864 million, largely from reduced activity for aircraft and computers.

International Trade Policy Trends

NAM continues to emphasize importance of a robust trade policy to growth of U.S. manufacturing.
Building on its #TruthontheTrail campaign that the NAM launched in May, the NAM has intensified its integrated social and earned media effort to engage and counter criticism on the impacts of trade and the importance of a robust trade policy that opens markets, improves U.S. competitiveness and enforces the rules. The NAM's campaign has generated substantial national and international television, radio and print coverage and has spurred engagement by influential voices across the digital landscape. Outlets covering the NAM's campaign include Associated Press, CNN , Fox News , CNBC, Washington Post, New York Times and NPR. Just this week, the NAM shared a trade and TPP package with all Hill offices to explain fundamentals about trade and U.S. manufacturing.

The United States files new WTO case against China on raw material export duties.
The U.S. government took another step to challenge Chinese policies that distort international markets, with an announcement yesterday of plans to file a WTO case targeting Chinese export duties on nine raw materials, including copper, graphite, lead, tin and tantalum. These raw materials are critical inputs for manufacturers in key sectors here in the United States. China's actions undercut fair competition for U.S. manufacturers while providing Chinese manufacturers an unfair competitive advantage both at home and abroad. In a press statement, NAM President and CEO Jay Timmons applauded the Obama administration for its efforts to make sure that China plays by global trading rules. This case represents an important step to make sure that China plays by global trading rules and builds upon two successful WTO cases brought by the United States on Chinese export restraints on raw materials and rare earths.

NAM President and CEO urges North American leaders to build on NAFTA growth.
Before the North American Leaders' Summit in June, NAM President and CEO Jay Timmons called on President Obama, Canadian Prime Minister Justin Trudeau and Mexican President Enrique Peña Nieto to take concrete efforts to expand on the economic partnerships our countries solidified with NAFTA more than 20 years ago. As reported in *The Hill*, Timmons challenged the leaders to advance and facilitate trade, eliminate regulatory barriers and promote a stronger innovation and investment climate to spur additional growth to benefit all three economies. Specifically, the NAM identified a number of top priorities relating to the Trans-Pacific Partnership, intellectual property and innovation, regulatory issues, customs and trade facilitation and energy. Canada hosted the summit in Ottawa, with these three North American leaders discussing policy initiatives that support an integrated, sustainable and competitive North American economy. The leaders issued several statements on key issues, including simplified border processing, trade and concerns on global overcapacity and energy and environment.

United Kingdom vote to exit EU creates uncertainly on trade and other policies going forward.
The United Kingdom's June 23 vote to exit the EU has raised many questions for manufacturers throughout the United States. The NAM moved quickly the morning Brexit results were released to discuss projected impacts, with both economic and trade analyses on Shopfloor.org and a live ShopTalk discussion on our social media platforms, including Facebook and Twitter. With this week's appointment of new Prime Minister Theresa May, the United Kingdom is expected to start talks by the fall on the terms of its exit from the EU, a process that could take years. Once it leaves the EU, the United Kingdom will then be able to negotiate new agreements with other countries, such as the United States. For more information on Brexit and the implications on manufacturers, contact NAM Director of International Trade Policy Ken Monahan.

NAM works to move forward the TPP.

Discussions continue between the Obama administration and Senate Finance and House Ways and Means committee members seeking to resolve outstanding issues while the industry expands efforts to educate members and the broader public on the importance of moving forward on the TPP. In June, NAM President and CEO Jay Timmons released an op-ed calling for a 'yes' vote on the TPP and joined a business leader letter urging President Obama and Hill leaders to redouble efforts to work together in order to enable TPP passage this year. Timmons further emphasized this message as well in his letter to the North American leaders. Additionally, the NAM is leading a coalition effort for interested companies and associations to voice their support for TPP in letters to each state congressional delegation. All fifty letters will be posted here. To join the NAM's TPP Task Force or for more information on the NAM's advocacy efforts on the TPP, contact NAM Director of International Trade Policy Ken Monahan.

NAM President urges Senate to act on Ex-Im Bank Board quorum.

The Ex-Im Bank remains closed for 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 was joined by U.S. Chamber of Commerce President and CEO Tom Donohue in calling on the Senate to ensure the Ex-Im Bank is available for U.S. exporters. The statement, issued June 30 to mark one year since the Ex-Im Bank became fully operational, emphasized that manufacturers need every available tool to secure jobs at home and sell products to customers overseas. According to *The New York Times*, more than 30 transactions worth more than $20 billion to American businesses are stuck in the pipeline until the agency is fully operational. Visit www.nam.org/exim to learn more or www.exportersforexim.org to contact your senator. To learn more about the NAM's advocacy efforts on this issue, contact NAM Director of Trade Facilitation Policy Lauren Wilk.

TTIP talks continue this week.

The 14th round of U.S.-EU TTIP talks is taking place this week in Brussels, where the United States and European Union will seek to consolidate as much text as possible and continue to move forward each of the various chapter negotiations. For more information on the NAM's TTIP advocacy efforts, contact NAM Director of International Trade Policy Ken Monahan.

U.S. International Trade Commission (ITC) Requests Public Comment on New MTB Process.

On June 15, the ITC issued a notice in the Federal Register requesting public comment on two proposed MTB Petition System forms: Information for Petitions and Information for Comments. Comments on the two draft forms will be accepted via the ITC's electronic docket (EDIS) through Aug. 16, 2016, and these comments may be incorporated into the forms issued by the ITC during the MTB process that will be initiated no later than Oct. 15, 2016. To participate in the NAM's MTB task force and for more information on the new ITC process, contact NAM Director of International Trade Policy Ken Monahan.

Conflict minerals issues arise in both the United States and EU.

On June 16, the EU Commission, European Parliament and Council of the EU (the so-called "trialogue") reached a political agreement toward an EU conflict minerals regulation. Once final language is drafted, the regulation will then be sent to the Parliament and Council for final approval, which may occur in the next few months. It appears that the new regulation will require that EU smelters and refiners of tin, tantalum, tungsten and gold (3TG), as well as many direct importers into the EU of 3TG, conduct due diligence if they are sourcing these minerals from conflict-affected and high-risk areas. Unlike the U.S. Conflict Minerals Rule, which is limited to the Democratic Republic of the Congo and nearby areas, the EU regulation will apply to minerals sourced from conflict-affected and high-risk areas worldwide. Separately, the House approved on July 7 the Financial Services and General Government Appropriations Act of 2017 (H.R. 5485), which included an amendment from Rep. Bill Huizenga (R-Mich.) that would prevent the use of appropriated funds to enforce Section 1502 of the Dodd-Frank Act relating to conflict minerals. For more information on the NAM's activities on conflict minerals, contact NAM Director of International Trade Policy Ken Monahan.

Environmental Goods Agreement (EGA) talks intensify since June.

At a July 9-10 G20 trade ministers' meeting in Shanghai, China, ministers issued a statement in which they agreed to seek to achieve a so-called "landing zone" for the Environmental Goods Agreement (EGA) negotiations by the September G20 Summit in Hangzhou, China, and conclude an ambitious EGA by the end of 2016 that seeks to eliminate tariffs on a broad range of environmental goods. In advance of the Shanghai meeting, the NAM released a blog post and joined more than 40 global organizations in a letter urging China to demonstrate leadership that results in the conclusion of a commercially meaningful EGA. At the 14th round of EGA negotiations, which took place the week of June 20 in Geneva, Switzerland, the NAM led business delegation discussions pressing for an ambitious agreement that eliminates as soon as possible tariffs on a wide range of products. 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.

EU-U.S. Privacy Shield Framework.

On July 12, the EU and United States announced the approval of the EU-U.S. Privacy Shield Framework, a data transfer arrangement that will replace the longstanding U.S.-EU Safe Harbor framework. The new framework provides enforceable protections for EU individuals' personal data by providing U.S. government oversight and enhanced cooperation with EU data protection authorities. The framework will enter into force immediately following the EU Commission's July 12 notification of its Privacy Shield adequacy decision to the 28 EU member states. The U.S. will publish the new framework in the Federal Register, and companies will be able to certify compliance with the framework starting on Aug. 1. A U.S. Department of Commerce fact sheet is provided here. The NAM has worked closely with its members during the U.S.–EU Privacy Shield negotiations and EU approval of the framework. For more information on the framework, contact NAM Director of International Trade Policy Ken Monahan.

U.S. Department of Transportation (DOT) announces plans for direct flights to Havana.

The DOT recently selected eight U.S. airlines to begin scheduled flights between Havana and Atlanta, Charlotte, Fort Lauderdale, Houston, Los Angeles, Miami, Newark, New York City, Orlando and Tampa as early as this fall. In February, DOT and State Department officials signed an arrangement with their Cuban counterparts opening the way for scheduled air service between the two countries. This new arrangement will facilitate visits for travelers that fall under one of 12 categories currently authorized. DOT expects to reach a final decision later this summer, at which time airlines will be allowed to begin selling tickets. To learn more about the NAM's efforts to facilitate trade and travel with Cuba, visit the NAM's website or contact NAM Director of Trade Facilitation Policy Lauren Wilk.

State Department report highlights investment climates, challenges in 170 countries.

On July 5, the U.S. Department of State released its 2016 Investment Climate Statements — a global report that analyzes investment trends and challenges facing U.S. companies seeking to invest in foreign markets, and also provides individual reports on the investment climate in each of 170 countries (*e.g.*, China, India, Canada, Colombia, and the United Kingdom). The report covers a wide range of factors that may impact the investment and operations of U.S. manufacturers abroad, including market access barriers, investment approval processes, regulatory challenges, and the risk of corruption. Many of the individual company reports also highlighted major priority policy concerns for manufacturers in the United States, including challenges in the regulatory environment, weak intellectual property enforcement, and forced localization requirements. This year's report also included a survey of trends in the investment climate, showing the greatest optimism about improving investment climates in East Asia and Africa — and the greatest concerns in the Middle East. To hear NAM Vice President of International Economic Affairs Linda Dempsey discuss the report and the importance of open investment climates overseas to grow U.S. manufacturing, please see her remarks at the Center for Strategic and International Studies launch event. For more information on foreign investment policy issues, please contact NAM Director of International Business Policy Ryan Ong.

U.S. government analysis shows significant impact of foreign technical regulations on U.S. manufacturing, goods exports.

A new report released in late June by the U.S. Department of Commerce's International Trade Administration (ITA) showed that 92 percent of U.S. goods exports in 2015 — more than $1.3 trillion — were potentially affected by foreign technical regulations. This news was reflected in remarks made by U.S.

Department of Commerce Assistant Secretary for Enforcement and Compliance Paul Piquado at a June 24 NAM roundtable on tracking and fighting global technical regulations. The biggest impacts of these regulations included several key manufacturing sectors, such as machinery and electronics, vehicles, chemicals, cosmetics, and food and beverage products. The European Union was the leading market notifying technical regulations, but other foreign countries actively drafting and notifying technical regulations include China, Israel, Uganda, South Korea, Brazil, and several Gulf Cooperation Council countries (*i.e*.,Saudi Arabia, Qatar, and Bahrain). For more information on global standards, regulatory and conformity assessment issues, please contact NAM Director of International Business Policy Ryan Ong.

G20 Trade Ministers seeks to reinvigorate trade, investment and growth.
While meeting in Shanghai, the group of G20 trade ministers approved a broad statement with commitments to reinvigorate growth in global trade, eliminate trade-restrictive measures, and align approaches on global investment rules. The G20 trade ministers also emphasized that overcapacity in key industries has distorted markets and had a negative impact on trade and workers.

Exports in Action

Webinar: Trans-Pacific Partnership Country Webinar Series

The International Trade Administration (ITA) will host a series of webinars to discuss how U.S. businesses will benefit from the TPP. Each webinar will focus on one or more of the 11 other TPP markets and provide insight into each market. These sessions will help businesses of all sizes better understand how the trade deal will improve competitiveness and expand market access in each nation.

Peru and Chile – *July 27*
Canada and Mexico – *August 10*
Japan – *August 24*
Malaysia, Singapore and Brunei – *September 7*
Australia and New Zealand – *September 21*
Vietnam – *October 5*

Trade Winds: Latin America

September 6-13
The U.S. Commercial Service will lead a trade mission designed to develop business opportunities for U.S. exporters in Latin America. The program will include participation in a business forum in Santiago, Chile (September 7-9) and additional mission stops to conduct business-to-business meetings with firms in Argentina, Bolivia, Chile, Mexico, Peru, Paraguay and Uruguay. The business forum will include sessions on regional and industry specific topics, as well as pre-arranged meetings with senior U.S. diplomats from 22 Western Hemisphere countries. The mission stops allow participants to meet with pre-screened firms in the countries listed above. For more information, click here.

Discover Global Markets: Healthcare Connections

Bellevue, Wash.
September 13-15
As part of their Business Forum Series, the U.S. Commercial Service will hold a two-day conference on the international healthcare industry. The agenda includes insight from industry leaders and global updates on healthcare opportunities, regulation and best practices. Panel topics will include the medical device sector, diagnostics, health IT, and global health. Additionally, U.S. Commercial representatives from more than 20 countries will be available for one-on-one market consultations. For more information, click here.

Transportation Technologies Trade Mission to Turkey

September 26-30
The International Trade Administration is organizing an executive-led trade mission for U.S. companies

interested in learning more about the Turkish transportation market. Participants will travel to Ankara, Izmir and Istanbul to meet with government officials, potential business partners and end users to understand the growth opportunities in the $250 billion market. Trade mission delegates will also tour completed and ongoing transportation infrastructure projects. For more information, click here.

SupplySide West

Las Vegas, Nev.
October 4-8
SupplySide West is the world's leading ingredient and solutions trade show with over one thousand exhibitors and more than 120 hours of education programming. The four-day exhibition highlights new innovations and products in the food, beverage, supplement, animal nutrition, pharmaceutical, cosmetic and personal care product markets. In addition to networking opportunities on the trade floor, participants will have access to various trainings, workshops and panel discussions related to the consumer packaged goods industry. For more information, click here.

Discover Global Markets: Building Smart Cities

Chicago, Ill.
November 1-3
The U.S. Commercial Service and the Illinois District Export Council will host a three-day conference focused on the development of more sustainable cities throughout the world. Participants will engage with trade experts, industry professionals, U.S. commercial service diplomats through panel presentations and executive meetings to learn more about the business opportunities and challenges as cities strive to become more sustainable. The conference will highlight modern infrastructure projects, green technologies, cybersecurity, disaster mitigation and a number of other critical components as cities strive to improve standards of living. For more information, click here.

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

Connect with the Manufacturers

Questions or comments?

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Center for Manufacturing Research