|

A Publication of the National Association of Manufacturers

|

GLOBAL MANUFACTURING ECONOMIC UPDATE

December 12, 2014

It has become increasingly clear over the past few weeks that North America stands out as a bright spot in an ever-challenging global economic environment. Real GDP in the United States grew an annualized 4.2 percent in the second and third quarters, and U.S. manufacturers remain mostly optimistic about the next year. Indeed, the U.S. economy is expected to expand by around 3 percent, its fastest rate in a decade. Likewise, Canada and Mexico — our two largest trading partners — have made improvements in their respective economies since earlier this year. Canada has the distinction of having the highest purchasing managers' index (PMI) of any of our top 10 trading partners, holding steady in November at 55.3.

Along those lines, 5 of the top 10 markets for U.S.-manufactured goods experienced expanding levels of manufacturing activity in November, down from seven in October. In contrast to North America, a number of markets around the globe have economies that are softening, not strengthening. Germany, our fourth-largest trading partner, shifted back into contraction in November, and China stagnated, with output falling for the first time since May. Other areas with contracting levels of activity last month included Brazil, Hong Kong and South Korea. If we are to increase exports from U.S. manufacturers, we will need to see progress in each of these economies.

The relative health of the U.S. economy when compared to many of its main trading partners has helped to strengthen the U.S. dollar over the past few months. The Federal Reserve Board has ceased purchasing long-term and mortgage-backed securities, or quantitative easing, and the current speculation is as to when the Federal Open Market Committee will begin normalizing short-term interest rates. Conventional wisdom holds that rates might start rising as soon as the second or third quarters of 2015.

In contrast, central banks around the world have acted recently in an attempt to lift a sagging global economy. In late November, for instance, the European Central Bank (ECB) announced that it has begun purchasing asset-backed securities, finally beginning a quantitative easing program that some have long sought. ECB President Mario Draghi said that “we will do what we must” to spur economic growth. In addition, the People’s Bank of China surprised markets by cutting interest rates. These actions followed the Bank of Japan’s announcement on October 31 that it would increase the amount of its monthly asset purchases.

These currency moves could hurt the ability of manufacturers in the United States to grow exports, but the struggling economies themselves do not help either, dampening the demand for international sales. Indeed, exports have been sluggish so far in 2014, up just 1.1 percent using non-seasonally adjusted data through October relative to the same time frame in 2013. Nonetheless, despite such challenges, we have seen increases in our year-to-date export sales to each of our top five markets: Canada, Mexico, China, Japan and Germany. Of course, our ability to extend such gains will hinge on stronger global economic growth and our ability to expand into new markets, with trade policy among those areas most cited as ripe for possible compromise between the Administration and the new 114th Congress.

Congress will have a big trade agenda in 2015, as it failed to act on any key trade legislation, big or small, this year. By contrast, the World Trade Organization (WTO) concluded its first multilateral trade agreement as it approaches its 20-year anniversary and is making progress on small sectoral deals as well. U.S. negotiations with Europe and the Asia-Pacific continue and see some renewed signs of progress. Late last night, Congress also passes Russia sanctions legislation.

Chad Moutray
Chief Economist
National Association of Manufacturers

Share The Global Manufacturing Economic Update with your social network:

Global Economic and Trade Trends

The global economic environment remains mixed for manufacturers in November, with a number of challenges.

The J.P. Morgan Global Manufacturing PMI edged lower, down from 52.2 in October to 51.8 in November. While this suggests somewhat modest growth in manufacturing activity, it also indicates a continued deceleration in the rate of expansion and marks slowest pace since September 2013. New orders (down from 52.9 to 52.2), exports (down from 51.0 to 50.3) and output (down from 53.0 to 52.3) eased in November. Employment (unchanged at 51.2) also ticked slightly positive. Export sales slowed to being just barely above neutral, their slowest rate since June 2013.

The good news is that half of the top 10 markets for U.S.-manufactured goods experienced expanding levels of manufacturing activity in November. Our top two trading partners, in particular, have seen some improvements of late. Canada (unchanged at 55.3) has the fastest pace of the top 10, with stronger production and export figures in the November report. In addition, Mexican manufacturing activity (up from 53.3 to 54.3) grew to its strongest since January 2013 on higher demand and output. Indeed, North America as a whole looks relatively healthy in comparison to other regions of the world.

In contrast to North America, a number of markets around the globe have economies that are softening, not strengthening. Germany (down from 51.4 to 49.5), our fourth-largest trading partner, shifted back into contraction in November, and China (down from 50.4 to 50.0) stagnated, with output falling for the first time since May. Other areas with contracting levels of activity last month included Brazil (down from 49.1 to 48.7), Hong Kong (down from 49.8 to 47.7) and South Korea (up from 48.7 to 49.0). If we are to increase exports from U.S. manufacturers, we will need to see progress in each of these economies.

The U.S. dollar has strengthened.

The relative health of the U.S. economy when compared to many of its main trading partners has helped to strengthen the U.S. dollar over the past few months. The Federal Reserve Board has ceased purchasing long-term and mortgage-backed securities, or quantitative easing, and the current speculation is when the Federal Open Market Committee will begin normalizing short-term interest rates. Conventional wisdom holds that rates might start rising as soon as the second or third quarters of 2015.

In contrast, central banks around the world have acted recently in an attempt to lift a sagging global economy. In late November, for instance, the European Central Bank (ECB) announced that it has begun purchasing asset-backed securities, finally kicking off a quantitative easing program that some have long sought. The ECB President Mario Draghi said that “we will do what we must” to spur economic growth. In addition, the People’s Bank of China surprised markets by cutting interest rates. These actions followed the Bank of Japan’s announcement on October 31 that it would increase the amount of its monthly asset purchases.

As a result, the U.S. dollar has appreciated relative to other currencies. According to the Federal Reserve Board, the trade-weighted U.S. dollar index against major currencies has risen from 75.6968 on July 1 to 84.2232 on December 5. As this index reflects currency units per U.S. dollar, it suggests that the U.S. dollar can now purchase more than just a few months ago, and vice versa. Along those lines, the euro has fallen to its lowest level in two years. It peaked in May 2014 at 1.3924 euros to the U.S. dollar. Yesterday, that exchange rate had changed to 1.2411 euros to the U.S. dollar. These developments could hurt the ability of manufacturers in the United States to grow exports.

Europe's economy has come to a standstill.

The Markit Eurozone Manufacturing PMI dropped from 50.6 to 50.1, which suggests that it is essentially stagnant. This marks its weakest PMI figure since June 2013, when the Eurozone was emerging from its deep two-year recession. New orders (down from 49.5 to 48.7) have contracted for three straight months, with the pace of decline hitting its lowest level in 20 months. Fortunately, output (down from 51.5 to 51.2), exports (unchanged at 50.7) and employment (down from 50.5 to 50.2) remain positive, albeit not overwhelmingly so.

The contraction in Germany (down from 51.4 to 49.5), Europe's largest economy, led the headline figure lower, declining for the second time in three months. German new orders (down from 49.8 to 47.1) fell to their slowest pace since December 2012, with output growth (down from 52.8 to 50.9) easing. As Europe's largest economy, it serves as a bellwether, making its sluggishness discouraging. Austria (up from 46.9 to 47.4), France (down from 48.5 to 48.4), Greece (up from 48.8 to 49.1) and Italy (unchanged at 49.0) remain weak. On the other hand, Ireland (down from 56.6 to 56.2), the Netherlands (up from 53.0 to 54.6), Spain (up from 52.6 to 54.7) and the United Kingdom (up from 53.3 to 53.5) continue to experience decent levels of growth in new orders and output, with Spain's PMI reaching a seven-year high.

Real GDP inched up a meager 0.2 percent in the third quarter in the Eurozone, with 0.8 percent growth year-over-year. Nonetheless, retail sales increased 0.4 percent in October, rebounding from the 1.2 percent decline in September, and industrial confidence edged slightly higher (but remained negative) in November. The unemployment rate has held steady at 11.5 percent for five straight months and remains quite elevated. Of course, the largest concern has been the sluggish pace of price growth, with inflation slipping to an annual rate of just 0.3 percent in November, down from 0.4 percent in October. This morning, we learned that industrial production grew 0.1 percent in October, edging down from the 0.5 percent pace in September On a year-over-year basis, industrial output has grown just 0.7 percent.

Chinese manufacturing production declined in November.
The HSBC China Manufacturing PMI declined from 50.4 to 50.0, a neutral reading. As such, it ended five straight months of slight expansion for manufacturing activity in China, which began the year with a contraction. Output (down from 50.7 to 49.5) fell for the first time since May, and exports (down from 52.8 to 50.5) slowed considerably. Hiring (down from 48.9 to 48.7) has remained negative for a little more than one year. On the positive side, new orders (up from 51.2 to 51.3) continued to reflect very modest growth in November, expanding for the sixth consecutive month. Meanwhile, the official government manufacturing PMI data have also reflected an easing in growth, down from 51.7 in July to 50.3 in November.

Growth in real GDP decelerated from 7.5 percent year-over-year in the second quarter to 7.3 percent in the third quarter. The trend is expected to continue into 2015, with the Chinese economy slowing to 7.0 percent. Earlier today, we learned that Chinese industrial production decelerated for the second straight month, down from an annualized 8.0 percent in September to 7.7 percent in October to 7.2 percent in November. Similarly, fixed asset investments among manufacturers (down from 14.8 percent year-over-year in June to 13.5 percent in November) and retail sales (down from 12.5 percent year-over-year in May to 11.7 percent in November) have slowed in recent months. On the positive side, these rates of growth remain elevated—particularly by developed country standards—and the retail spending data in November were actually stronger than anticipated, up from 11.5 percent in October. Spending was higher for motor vehicles, food, furniture and consumer goods.

The emerging markets have improved from earlier in the year, but growth remains weak.
The HSBC Emerging Markets Index edged lower, down from 51.5 to 51.2, with the manufacturing component holding steady at 50.9. For manufacturers in the emerging markets, the pace of new orders (up from 51.8 to 52.3) accelerated slightly, rising to their highest level since the summer. Nonetheless, many of the other measures of activity eased a bit for the month, including output (down from 51.5 to 51.2) and exports (down from 51.2 to 51.0). Employment (down from 49.7 to 49.5) contracted further, declining in 16 of the past 19 months. Fortunately, manufacturers continue to remain mostly upbeat moving forward, despite the index for future output dropping from 64.3 to 61.7.

The emerging markets data are highly varied. At the one extreme, Brazil (down from 49.1 to 48.7), Indonesia (down from 49.2 to 48.0) and South Korea (up from 48.7 to 49.0) continue to experience contracting levels of manufacturing activity, with Brazilian output falling to a three-year low and Indonesia's PMI setting an all-time record low. China (down from 50.4 to 50.0), South Africa (down from 52.7 to 50.5) and Taiwan (down from 52.0 to 51.4) also experienced weaknesses across-the-board in their respective countries. Yet, there were also nations where manufacturers reported progress from earlier in the year. This included the Czech Republic (up from 54.4 to 55.6), India (up from 51.6 to 53.3), Poland (up from 51.2 to 53.2), Russia (up from 50.3 to 51.7), Turkey (up from 51.5 to 52.2) and Vietnam (up from 51.0 to 52.1).

In light of challenges elsewhere, North America stands out as a bright spot.
The RBC Canadian Manufacturing PMI remained unchanged at 55.3, continuing to reflect decent gains in activity. Moreover, it shows progress since earlier in the year, with PMI values averaging 54.6 so far in the second half of 2014 versus 52.8 for the first half of the year. The underlying November data were heartening. The pace of output (up from 56.0 to 56.5), exports (up from 51.3 to 54.5 and employment (up from 53.6 to 54.3) picked up for the month. In contrast, new orders (down from 56.4 to 56.2) eased ever so slightly but continued with decent rates of growth.

Real GDP grew by an annualized 2.8 percent in the third quarter. This was off somewhat from the 3.6 percent growth observed in the second quarter, which reflected rebounding levels of activity after softness in the first quarter (up 1.0 percent). Manufacturing output increased 0.8 percent in September, with notable gains in machinery and transportation equipment production. Retail sales also ticked up in September (up 0.8 percent), recovering from August weaknesses. With that said, manufacturing employment was off by 400 workers in November, with an increase of 9,700 observed year-over-year. The unemployment rate increased from 6.5 percent in October to 6.6 percent in November, but this still represents improvement from December’s 7.2 percent pace.

Meanwhile, the HSBC Mexico Manufacturing PMI increased from 53.3 to 54.3, its highest level since January 2013. New orders (up from 55.5 to 56.9) and output (up from 53.9 to 56.4) suggest healthy gains, with exports (up from 49.7 to 51.8) shifting from a slight contraction to modest growth. Industrial production grew 3.0 percent year-over-year in September, its fastest pace in six months, with manufacturing output up 4.8 percent. Real GDP has also made some progress, up from an annualized 1.6 percent in the second quarter to 2.2 percent in the third quarter. Nonetheless, despite better numbers overall, Mexican economic growth remains slower than desired.

The U.S. trade deficit narrowed ever so slightly in October.
The U.S. trade deficit edged marginally lower, down from $43.60 billion in September to $43.43 billion in October. The increase in goods exports (up from $136.04 billion to $138.05 billion) essentially matched the gain in goods imports (up from $198.74 billion to $200.72 billion), with service sector goods surplus rising from $19.10 billion to $19.24 billion.

Petroleum exports have fallen from $14.13 billion in August to $10.98 billion in October. Much of this decline can be explained by lower crude oil costs. Interestingly, however, petroleum imports have declined by less, down from $27.26 billion in August to $26.22 billion in October. As a result, the petroleum trade deficit has risen from $13.13 billion in August to $15.24 billion in October, its highest point in five months.

Outside of petroleum, growth in goods exports was somewhat better than the headline figure might suggest. Non-automotive capital goods (up $1.74 billion), consumer goods (up $433 million) and automotive vehicles and parts (up $163 million) experienced monthly gains, whereas, foods, feeds and beverages (down $147 million) and industrial supplies and materials (down $86 million) declined. However, these could be attributed to reduced exports for soybeans and corn and for fuel oil and petroleum products, with the broader categories faring better.

Goods imports also grew, with the exception of consumer goods (down $759 million). The other major segments experienced increases, including automotive vehicles and parts (up $1.31 billion), non-automotive capital goods (up $1.11 billion), industrial supplies and materials (up $277 million) and foods, feeds and beverages (up $226 million).

Manufactured goods exports to the top five markets have been positive this year.
We have seen increases in this same data year-to-date for the top five markets for U.S.-manufactured goods exports: Canada (up from $252.17 billion to $261.84 billion), Mexico (up from $188.68 billion to $201.72 billion), China (up from $95.67 billion to $99.60 billion), Japan (up from $54.10 billion to $56.11 billion) and Germany (up from $39.34 billion to $41.67 billion).

Still, one consistent trend has been the sluggish growth of manufactured goods exports so far this year. Using non-seasonally adjusted data, U.S.-manufactured goods exports have increased from $987.08 billion year-to-date in 2013 to $998.38 billion in 2014, or a gain of 1.1 percent.

International Trade Policy Trends

WTO reasserts its ability to move a strong pro-growth trade negotiating agenda, although significant challenges remain.
For the first time in several years, the WTO is moving forward a stronger and more concrete agenda, with the decision to implement the Trade Facilitation Agreement (TFA). Progress on finalizing the product list on the expansion of the 17-year old Information Technology Agreement (ITA) has, however, encountered challenges from South Korea and Taiwan. As the National Association of Manufacturers (NAM) found during its visit to the WTO headquarters last week, there is renewed optimism, but also a requirement for all-in global leadership. Key WTO developments include:

- Trade Facilitation Act moves to implementation: On November 27, the WTO General Council adopted a decision to implement the TFA and open it up for ratification. The TFA contains provisions for expediting the movement, release and clearance of goods, and it outlines measures for effective cooperation on trade facilitation and customs compliance issues. The protocol of amendment formally inserted TFA the into Annex 1A of the WTO Agreement, clearing the way for the TFA to come into force as soon as two-thirds of WTO members have completed their domestic ratification process. The TFA was the centerpiece of the Bali Package accepted at the Ministerial level in December 2013. Implementation of the TFA, however, was derailed earlier this year when India sought to tie it to its own demands on public stockholding of foodstuffs. Earlier in November, the United States and India announced a bilateral agreement allowing for the implementation of the TFA to proceed and providing for a more permanent “peace clause” for India's food subsidy program.
- Expansion of ITA down to the wire. The WTO parties negotiating to expand the ITA were still in talks, as South Korea and Taiwan resisted finalizing the list of new products on which tariffs would be eliminated. South Korea is seeking the inclusion of flat-panel displays, and Taiwan has requested the addition of machine tools, but both are facing resistance by other WTO members. If a deal on product coverage is reached this month, participating countries will then need to negotiate tariff phase-out schedules in 2015 before the expanded ITA is finalized and opened for implementation. Manufacturers strongly support this expansion and urge finalization of the product list as soon as possible given the benefits for both producers of new high-tech equipment, and also for manufacturers that, as consumers, would benefit from lower costs and greater innovation.
- Environmental goods: The WTO environmental goods negotiators held their third round of talks the first week of December, focusing on environmental technologies. The next round will take place January 25–30, with a focus on energy and energy efficiency. The fifth round will take place March 16–20 and focus on environmental monitoring and analysis and other environmental products. As co-chair of the Coalition for Green Trade, the NAM is continuing

to push hard on an expansive list of products and worked with companies and negotiators at the third round in Geneva for strong outcomes.

- Broader trade liberalization activity: WTO Director-General Roberto Azevêdo is consulting with members on how to proceed on the outstanding issues from the Doha Development Agenda to develop a work program by July 2015.

U.S. trade agreement negotiations in the Asia-Pacific and Europe continue to advance.

- TPP talks move forward without a new deadline. Negotiators, trade ministers and leaders of the 12 Trans-Pacific Partnership (TPP) nations met several times during the past several months to make progress on the talks, including ongoing meetings this week in Washington, D.C., among the TPP chief negotiators. On November 10, the TPP leaders met and issued this statement, emphasizing their commitment "to ensuring that the final agreement reflects our common vision of an ambitious, comprehensive, high-standard and balanced agreement that enhances the competitiveness of our economies, promotes innovation and entrepreneurship, spurs economic growth and prosperity, and supports job creation in our countries." The leaders urged negotiators to continue to work to achieve "an outcome that will generate the greatest possible benefit for each of our countries," but did not set a specific timetable for discussions. Given elections in Japan and the lack of Trade Promotion Authority, efforts to conclude the discussions are expected to take additional time. The NAM continues to press hard for an ambitious and comprehensive TPP that includes concrete and strong market-opening provisions for all our TPP partners and has high-standard outcomes for all industries on key issues, including trade secrets and other intellectual property, investment, e-commerce and enforceability in the final TPP agreement.

- U.S. and European Union seek "fresh start" on trade talks. U.S. and EU leaders met on the sidelines of the G-20 Summit on November 16 "to reaffirm [the] commitment to comprehensive and ambitious" Transatlantic Trade and Investment Partnership (T-TIP) negotiations. On November 21 in Brussels, Belgium, and December 8 in Washington, D.C., United States Trade Representative, Ambassador Michael Froman and new EU Trade Commissioner Cecilia Malmström met to discuss "a fresh start" and inject new energy into the negotiations. The next round will take place in Europe in February. Trade Commissioner Malmström said that the EU would release the results of its consultations on the investor –state dispute settlement (ISDS) consultation in January and would consult further with Parliament and member states on next steps. On December 4 in Brussels, the NAM co-hosted with the Trans-Atlantic Business Council (TABC) a T-TIP event to discuss further the ISDS issue, bringing representatives from the EU Parliament, EU Commission, academia, think tanks and arbitration experts and businesses. In additional meetings in Brussels, NAM Senior Director for International Business Policy Chris Moore engaged European Parliament and Commission officials, the U.S. Mission and European business associations to advance manufacturing T-TIP priorities and to step up joint advocacy toward an ambitious and comprehensive deal — including issuing a strong call for the United States and European Union to "make 2015 a year of action and results on T-TIP." The European Parliament plans to pass a resolution outlining its T-TIP priorities in the first half of next year. More broadly, former Polish Prime Minister Donald Tusk became president of the European Council on December 1 and expressed strong enthusiasm for stronger ties with the United States.

Key trade legislation awaits action in 2015.

Congress failed to move forward on key trade legislative priorities, which will be top priorities for manufacturers in 2015.

- Trade Promotion Authority. Expected incoming committee chairman, Rep. Paul Ryan (R-WI) and Sen. Orrin Hatch (R-UT), have both indicated strong support for moving forward on Trade Promotion Authority (TPA), as have Speaker John Boehner and incoming Senate Majority Leader Mitch McConnell. President Barack Obama has also called in recent weeks for movement on TPA and indicated a willingness to work with House and Senate members to move this legislation forward. Ways and Means Ranking Member Sander Levin (D-MI) indicated he does not believe TPA can move forward before strong outcomes on the Trans-Pacific Partnership (TPP) talks and Senate Finance Committee Chairman Ron Wyden (D-OR) is still pushing undisclosed changes to the original TPA bill introduced nearly a year ago on a bipartisan basis. Work will intensify in early 2015 as efforts continue to move this critical legislation forward, without which a strong and comprehensive TPP will prove elusive. Contact Chris Moore if you would like to become more involved in the NAM's TPA activities.

- Miscellaneous Tariff Bill. Congress also failed to act on the widely supported Miscellaneous Tariff Bill that eliminates border taxes on manufacturing inputs not produced in the United States. The NAM's efforts to unblock movement on this legislation, did, however receive attention, and the NAM was pleased to see that Sen. Hatch emphasized the need for a more "predictable and uniform way to provide temporary duty relief to U.S. manufacturers who use foreign inputs that do not compete with domestic products as part of their manufacturing process." The NAM will continue pushing Congress for action early in 2015 on this longstanding priority.

- Customs and Generalized System of Preferences legislation. The NAM continues to press for action on a host of other trade legislation, including an extension of customs reauthorization legislation to eliminate red tape and improve trade enforcement at the border and an extension of the now-expired Generalized System of Preferences legislation.

- Country of Origin Labeling Reform Country of Origin (COOL) labeling reform. In the Consolidated and Further Continuing Appropriations Act, 2015, released on December 9, language was included in the report on Division A (agriculture appropriations) requiring the Sectary of Agriculture to send a report to key Congressional committees on recommendations for changes to the U.S. COOL legislation once a final decision is issued by the WTO. While this language does not provide a full legislative contingency plan sought by the NAM and the COOL Reform Coalition that we co-lead, it does provide a positive step forward in Congressional understanding of this issue. The NAM and the COOL Reform Coalition will continue to press Congress to ensure a full contingency plan going forward to avoid the potential application of $2 billion in retaliatory tariffs on U.S. exports.

Work to ensure long-term reauthorization of the Export-Import Bank (Ex-Im) will continue in 2014; Ex-Im announces new customer contact center.

The Ex-Im Bank has helped thousands of U.S. exporters — most of them small businesses — grow jobs at home by offering competitive financing options for customers abroad. Last week, the Ex-Im Bank unveiled a new customer contact center that includes an improved 1-800 number experience and a new e-mail response system. The contact center will serve as a point of entry for current and potential customers who are either looking to increase their exports or who are relatively new to exporting. Customers can call 1-800-565-EXIM and speak with representatives in 1 of 20 languages or they may submit questions by web form. Online chat services will become available in early 2015. The NAM and the Exporters for Ex-Im Coalition are continuing a broad advocacy campaign to persuade Congress to provide a long-term reauthorization of the bank's charter before its extension expires on June 30, 2015. For additional information, contact Lauren Airey.

U.S.–India hold Trade Policy Forum; President plans January trip to India.

Ambassador Froman and Indian Commerce and Industry Minister Nirmala Sitharaman convened the U.S.–India Trade Policy Forum today in New Delhi, for the first time since 2010. During the forum, Ambassador Froman reportedly raised longstanding manufacturing concerns about India's discriminatory forced localization barriers and weak intellectual property protection — points he also addressed yesterday in a speech to the Confederation of Indian Industry. In a Joint Statement released following the forum, the two sides agreed on future work plans covering manufacturing, intellectual property and other matters. However, they do not appear to have made substantive progress toward resolving longstanding U.S. industry concerns. The NAM had long called for a resumption of the Trade Policy Forum to ensure opportunities for the type of high-level dialogue and problem-solving activity that is required to address barriers and improve the U.S.–India commercial relationship. In the lead up to the forum, the NAM along with 15 business association partners in the Alliance for Fair Trade with India (AFTI) sent a letter to Ambassador Froman urging that concrete action be taken to address longstanding bilateral trade problems and barriers imposed by the government of India. The NAM will continue working to promote an improved business environment for U.S. businesses in India, including as President Obama and Indian Prime Minister Narendra Modi prepare to meet in India on the country's Republic Day on January 26, 2015.

Congress passes Russia sanctions legislation and also condemns Russian aggression.
On December 11, both the Senate and House passed by voice vote a substitute version of the Ukraine Freedom Support Act of 2014 (S. 2828/H.R. 5859). The modified bill provides the President the discretionary authority to impose limits on exports to Russia's energy sector and to sanction "foreign persons" if the President "determines that the foreign person knowingly makes a significant investment in a special Russian crude oil project." On December 4, the House passed a resolution to strongly condemn the actions of the Russian Federation under President Vladimir Putin and its aggression against neighboring countries. H. Res. 758 also supports the efforts by Ukrainian President Poroshenko to establish a lasting peace for Ukraine and urges President Obama to provide Ukraine with necessary assistance to defend its territory. The House also passed on December 4 a National Defense Authorization Act (NDAA) that would limit military cooperation between the United States and Russia and bar the purchase of Russian-made rocket engines to launch U.S. military satellites. The Senate invoked cloture on the NDAA on December 11, with a final vote on the bill likely on December 12. Secretary of State John Kerry gave remarks last week in Brussels that underscored the importance of addressing jointly with the EU challenges to the sovereignty and territorial integrity of Ukraine. A new ceasefire brokered between Ukrainian authorities and pro-Russia rebels in eastern Ukraine, the so-called Minsk agreement, continues to hold tenuously.

Negotiators announce extension on Iran nuclear program negotiations.
Without a consensus agreement before the November 24 deadline, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) announced an extension of talks over the future of Iran's nuclear energy program to June 2015. From the meetings in Vienna, Secretary of State John Kerry said the negotiators had recently made "real and substantial progress" and clarified the joint goal of finishing the political agreement within four months. The negotiators have so far failed to compromise on a framework for a comprehensive deal, which is aimed at guaranteeing that Iran never produces a nuclear weapon in exchange for a lifting of international sanctions. For nearly a year, Iran has adhered to an interim agreement that froze and rolled back its nuclear program. As the negotiations continue, those limits remain in place. In return, Iran will continue to receive limited sanctions relief, which has brought the country about $700 million per month in money that was frozen abroad. Iran's supreme leader, Ayatollah Ali Khamenei, expressed support for the extension of talks.

Exports in Action

Export Opportunities in Central America Webinar Series

Date: January 7–March 18, 2015

This six-part webinar series will provide market insights to new and experienced exporters who want to learn about opportunities in Central America. Companies will hear about best prospects, legal considerations, logistics, export financing, e-commerce and export tax incentives in six countries, beginning with a webinar on Guatemala. Participants will also understand and appreciate the cultural differences, economic conditions and technological capabilities of potential partners. This series is also aimed at U.S. companies in an upcoming U.S. Department of Commerce trade mission and conference being held on June 21–26, 2015 in Guatemala City, Guatemala, with optional visits to Costa Rica, Honduras, El Salvador, Nicaragua and Belize. To learn more, click here.

Joint Energy Business Development Mission to China

Date: April 12–17, 2015
Location: Beijing, Shanghai and Guangzhou

U.S. Commerce Secretary Penny Pritzker and Energy Secretary Ernest Moniz will lead senior executives from about two dozen U.S. companies on a trade mission to China to explore opportunities for clean energy exports. The mission will include government and business-to-business meetings, market briefings and networking events. The application deadline for this mission will be Friday, January 23, 2015. To learn more, click here.

Trade Mission to Africa

Date: September 14–21, 2015
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 pre-arranged 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. For more information, click here.

Connect with the Manufacturers

Questions or comments?

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

To update your subscription profile, click here.

To unsubscribe from future Global Manufacturing Economic Report emails, click here.