

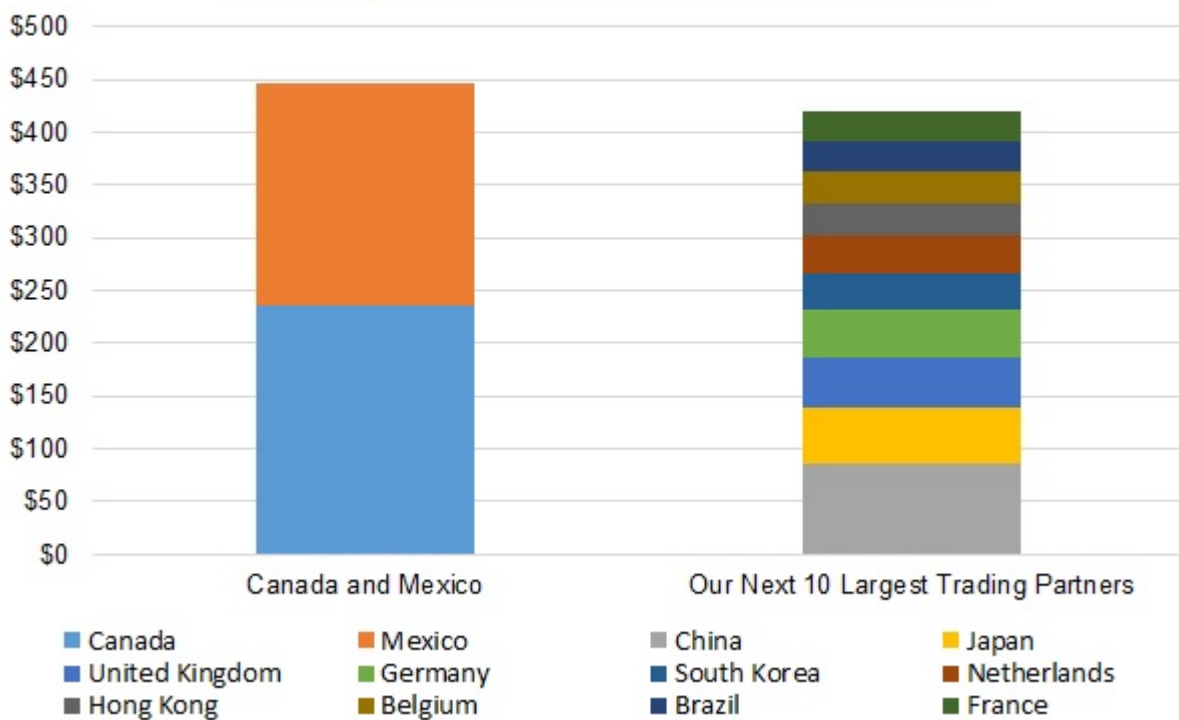


GLOBAL MANUFACTURING ECONOMIC UPDATE

April 13, 2017

Manufacturers in the U.S. Sell More to Canada and Mexico Than to Our Next 10 Largest Trading Partners Combined

(U.S.-Manufactured Goods Exports, 2016, in Billions of Dollars)



As outlined in a [speech](#) by International Monetary Fund (IMF) Managing Director Christine Lagarde this week, the global economy is faring better this year, especially when compared to the multitude of challenges seen at this point last year. Specifically, she said:

For advanced economies, the outlook has improved with stronger manufacturing activity. This upswing is broad-based across countries—including in Europe—although some countries here still face high debt and weaknesses in some banks. The prospects for emerging and developing economies also bode well for global growth. These countries have driven the global recovery in recent years, and they will continue to contribute more than three-quarters of global GDP growth in 2017.

With that said, the IMF—which will release its quarterly World Economic Outlook next week—noted that there might be even more robust growth if it were not for political uncertainty and slower productivity growth.

The IMF's assessment is consistent with other indicators, as well. For instance, the [J.P.Morgan Global Manufacturing PMI](#) was unchanged at 53.0 in March, which remained its fastest growth rate since May 2011. New orders reflected a modest expansion for the month, with growth at its quickest clip in just more than three years. In addition, 11 of the top 15 markets for U.S.-manufactured goods exports experienced growth in their manufacturing sectors in March, unchanged in each of the past 2 months but up from just 7 in August. The strongest manufacturing growth among our top trading partners in March were [Germany](#), the [Netherlands](#), [Taiwan](#), the [United Arab Emirates](#) (UAE) and [Canada](#). German activity was the fastest since April 2011, with Taiwan, the UAE and Canada also hitting multiyear highs.

The most recent sentiment data in North America, home to our largest two exports markets, has been favorable. For instance, manufacturing activity in Canada expanded at levels not seen since October 2013. That represents continued progress after activity nearly stalled in September, with six consecutive improvements in the headline number since then. In March, the pace of expansions for new orders, output and employment accelerated, with exports also continuing to expand at a very modest pace. In addition, [manufacturing sales](#) in Canada increased for the third straight month, up 0.6 percent in January, with year-over-year growth of 2.7 percent, and manufacturers [added](#) 24,400 workers in March, with flat employment growth year-over-year.

At the same time, Mexican activity improved to its best reading since October. The [Markit Mexico Manufacturing PMI](#) rose from 50.6 to 51.5. That represents some progress after slowing to a near-halt in December. The higher headline number was boosted by strength in new orders to a six-month high, with output also shifting positive. Despite the improvement in the overall PMI figure, it is worth noting that manufacturing activity remained subpar. Indeed, Mexican [industrial production](#) declined for the fifth time in the past six months, down 1.7 percent year-over-year in February. Manufacturing output also slowed, down from 4.3 percent growth in January to 1.1 percent in February, even as it expanded year-over-year for the fourth straight month.

Mirroring the global numbers, [Markit Eurozone Manufacturing PMI](#) expanded at its best growth rate since April 2011, boosted by improved activity across-the-board. There was notable strength in [Germany](#), with manufacturing activity at a 71-month high, and [Italy](#), which rose to levels not seen in 6 years. Robust growth was also seen for manufacturing in the [Netherlands](#) and [Austria](#), each of which remained not far from recent multiyear highs, with modest growth in most of the other European markets outside of [Greece](#). With that said, Eurozone [industrial production](#) edged down 0.3 percent in the Eurozone in February, with 1.2 percent growth over the past 12 months. At the same time, manufacturing production ticked up by 0.2 percent for the month and increased by 0.9 percent year-over-year. On the positive side, the [unemployment rate](#) in January dropped to 9.5 percent, its lowest level since January 2009.

With just three months under our belt, it is still too early to say too much about trade trends for 2017. Yet, so far, the manufactured goods exports picture has already reflected better data than what has been seen over the past two years. Using non-seasonally adjusted [data](#), U.S.-manufactured goods exports totaled \$166.89 billion year-to-date in February 2017, up 3.18 percent from \$161.75 billion one year ago. Meanwhile, the U.S. trade deficit pulled back from a nearly 5-year high, down from \$48.17 billion in January to \$43.56 billion in February. The lower figure stemmed mainly from a drop in goods imports, with goods exports little changed. The pace for goods exports was its fastest since April 2015.

On the policy front, President Donald Trump issued two trade-related executive orders and met with the German and Chinese leaders to discuss commercial and broader strategic issues. The United Kingdom (UK) formally began the process for Brexit negotiations to leave the European Union (EU). The National Association of Manufacturers (NAM) launched a new coalition to grow U.S. leadership in global institutions to tackle the proliferation of activities that harm U.S. competitiveness and jobs, while also continuing to advance priorities on the Export-Import (Ex-Im) Bank, the North American Free Trade Agreement (NAFTA), the miscellaneous tariff bill (MTB) and other key issues.

Global Economic and Trade Trends

Global manufacturing continued to expand at a decent pace.

The [J.P.Morgan Global Manufacturing PMI](#) was unchanged at 53.0 in March, which remained its fastest growth rate since May 2011. Similarly, new orders (unchanged at 54.2) reflected a modest expansion for the month, with growth at its quickest clip in just over 3 years. Despite that progress, many of the other underlying data points eased a bit in the latest release. This included output (down from 54.3 to 54.2), exports (down from 52.8 to 52.5) and employment (down from 51.8 to 51.5). The good news is that activity remained positive in each of these measures. In addition, the index for future output remained quite elevated, even while declining from 64.6 in February, a 2-year high, to 63.7 in March. This would seem to indicate healthy gains moving forward.

Eleven of the top 15 markets for U.S.-manufactured goods exports experienced growth in their manufacturing sectors in March, unchanged in each of the past 2 months but up from just 7 in August. (There is no manufacturing PMI for comparison purposes for Belgium, which is our 10th-largest trading partner.) The strongest manufacturing growth among our top trading partners in March was seen in [Germany](#) (up from 56.8 to 58.3), the [Netherlands](#) (down from 58.3 to 57.8), [Taiwan](#) (up from 54.5 to 56.2), the [UAE](#) (up from 56.0 to 56.2) and [Canada](#) (up from 54.7 to 55.5). German activity was the fastest since April 2011, with Taiwan, the UAE and Canada also hitting multiyear highs.

In contrast to those markets, [Brazil](#) (up from 46.9 to 49.6), [Hong Kong](#) (up from 49.6 to 49.9) and [South Korea](#) (down from 49.2 to 48.4) continued to contract. Each has been mired in negative territory for much of the past two years. With that said, Brazilian manufacturing activity has begun to stabilize, with new orders and output expanding for the first time since January 2015. Hong Kong has also improved, with its headline number almost in neutral territory and output marginally positive for the month.

Manufacturing activity in Canada, our largest trading partner, expanded at levels not seen since October 2013.

The [Markit Canada Manufacturing PMI](#) increased from 54.7 to 55.5. That represents continued progress after activity nearly stalled in September (50.3), with 6 consecutive improvements in the headline number since then. In March, the pace of expansions for new orders (up from 56.0 to 56.4), output (up from 55.2 to 56.7) and employment (up from 54.3 to 54.6) accelerated, with exports (unchanged at 51.0) also continuing to expand at a very modest pace. The headline number was boosted by increased strength in Quebec (up from 51.0 to 53.6) and the rest of Canada (up from 50.5 to 52.8). At the same time, there were slight decelerations in growth—but still encouraging figures overall—in Alberta and British Columbia (down from 59.1 to 58.7) and Ontario (down from 53.8 to 53.5).

[Real GDP](#) grew 0.6 percent in the fourth quarter, extending a 0.9 percent gain in the third quarter. That translated into 2.6 percent growth at the annual rate in the fourth quarter, with the Canadian economy boosted by consumer spending but slowed by drags from business investment and net exports.

[Manufacturing sales](#) in Canada increased for the third straight month, up 0.6 percent in January, with year-over-year growth of 2.7 percent. Likewise, [retail spending](#) rebounded in January, up 2.2 percent, led by strength among motor vehicle and parts dealers. Over the past 12 months, retail sales have jumped 4.5 percent. While the [unemployment rate](#) ticked higher, up from 6.6 percent in February to 6.7 percent in March, the longer-term trend has been positive. For their part, manufacturers [added](#) 24,400 workers in March, with flat employment growth year-over-year.

Mexican activity improved to its best reading since October.

The [Markit Mexico Manufacturing PMI](#) rose from 50.6 to 51.5. That represents some progress after slowing to a near-halt in December (50.2). The higher headline number was boosted by strength in new orders (up from 50.9 to 52.8) to a 6-month high, with output (up from 49.8 to 51.1) also shifting positive. In contrast, hiring (down from 51.3 to 50.4) and new export orders (down from 53.2 to 51.0) slowed in March, and the future output measure (down from 66.2 to 64.5) also eased for the month. Despite the improvement in the overall PMI figure, it is worth noting that manufacturing activity remained subpar. For instance, 1 year ago, it stood at 53.8, with the index of future output at 74.9.

[Real GDP](#) increased 2.4 percent year-over-year in the fourth quarter. This was better than the 2.1 percent growth rate during the third quarter but below the 2.6 percent pace in the second quarter. Manufacturing grew 1.9 percent in the fourth quarter, but the primary driver of growth was the agricultural sector, up 6.4 percent. At the same time, the [unemployment rate](#) has trended lower, down from 4.1 percent in September to 3.4 percent in February. In contrast to those figures, however, Mexican [industrial production](#) declined for the fifth time in the past 6 months, down 1.7 percent year-over-year in February. Manufacturing output also slowed, down from 4.3 percent growth in January to 1.1 percent in February, even as it expanded year-over-year for the fourth straight month.

Mirroring the global numbers, manufacturers in the Eurozone reported their best growth rates since April 2011.

The [Markit Eurozone Manufacturing PMI](#) edged up from 55.4 to 56.2, a 71-month high, boosted by improved activity across-the-board. This included strong growth for new orders (up from 56.1 to 57.1), output (up from 57.3 to 57.5), exports (up from 55.5 to 56.7) and employment (up from 54.3 to 55.1), each of which achieved multiyear highs. Likewise, survey respondents remained upbeat about output over the next 6 months despite some easing in the latest release (down from 66.7 to 66.6).

As noted earlier, [Germany](#) (up from 56.8 to 58.3) had the best PMI reading among our trading partners, with that figure at its highest level since April 2011, mirroring the Eurozone data. [Italian activity](#) (up from 55.0 to 55.7) was also at a 6-year high. Rather robust growth continued for manufacturing in the [Netherlands](#) (down from 58.3 to 57.8) and [Austria](#) (down from 57.2 to 56.8), each of which remained not far from recent multiyear highs. In addition, there were also modest expansions in [France](#) (up from 52.2 to 53.3), [Ireland](#) (down from 53.8 to 53.6), [Spain](#) (down from 54.8 to 53.9) and the [United Kingdom](#) (down from 54.5 to 54.2), even with some easing in many of these markets. In contrast to those markets, [Greece](#) (down from 47.7 to 46.7) contracted for the seventh straight month.

Eurozone [real GDP](#) grew 0.4 percent in the fourth quarter, down from 0.5 percent in preliminary data but unchanged from the third quarter. That translated to 1.7 percent growth year-over-year. [Industrial production](#) edged down 0.3 percent in the Eurozone in February, with 1.2 percent growth over the past 12 months. At the same time, manufacturing production ticked up by 0.2 percent for the month and increased by 0.9 percent year-over-year.

For its part, [retail sales](#) rose for the second consecutive month, up 0.7 percent in February. Over the past 12 months, spending has risen 1.8 percent. Meanwhile, the [unemployment rate](#) in January dropped to 9.5 percent, its lowest level since January 2009. Meanwhile, much like in the United States, pricing pressures have started to pick up. Nonetheless, the [annual inflation rate](#) decreased from 2.0 percent in February, its highest level since January 2013, to 1.5 percent in March.

Chinese manufacturing sentiment softened a little in March.

The [Caixin China General Manufacturing PMI](#) declined from 51.7 to 51.2, but more importantly, it was the ninth straight month in which the headline number was 50 or greater. Over the past 6 months, that figure has averaged 51.3, and overall, the data continue to suggest that the Chinese market has stabilized and has begun to trend in the right direction, especially relative to the contracting environment seen 1 year ago. Nonetheless, the underlying data in March indicated easing in activity across-the-board for the month, including new orders (down from 53.0 to 52.7), output (down from 52.5 to 52.1) and exports (down from 53.8 to 51.9). In addition, the index for future output (down from 60.3 to 59.2) pulled back somewhat from its

fastest pace since May 2015, even as it remained elevated. On the other hand, hiring (down from 49.3 to 49.2) has been in negative territory for more than 3 years.

The Chinese economy [grew](#) 6.8 percent year-over-year in the fourth quarter, with 6.7 percent growth for 2016 as a whole. As such, we continue to see decelerated activity in China from more robust expansions in prior years. For instance, fourth-quarter growth in 2010 in China was 10.0 percent. We will get an update on first quarter GDP on April 16, the same day that updates on March industrial production, fixed asset investment and retail sales will be released.

As a reminder, [industrial production](#) picked up a little in January/February, increasing 6.3 percent year-over-year in January after being up 6.0 percent in December. Likewise, [fixed-asset investment](#) grew from 8.1 percent year-over-year in December to 8.9 percent in January/February. Each is a further sign of stabilization for Chinese manufacturers. However, [retail sales](#) slipped somewhat, from 10.9 percent year-over-year growth to 9.5 percent.

Japanese manufacturing continued to expand modestly in March.

The [Nikkei Japan Manufacturing PMI](#) decreased from 53.3, its fastest pace since March 2014, to 52.4. After contracting from March through August of last year, the latest data show activity expanding for seven straight months. Index readings reflected slower growth across the board in March, even as activity remained modest overall. This included new orders (down from 54.7 to 52.9), output (down from 54.3 to 53.4), exports (down from 54.2 to 52.7) and employment (down from 54.2 to 53.7). Looking ahead, the index of future output (down from 62.8 to 57.7) continue to reflect a mostly upbeat assessment of the coming months even as it pulled back from its highest level since May 2013.

[Real GDP](#) in Japan increased 0.3 percent in the fourth quarter, unchanged from the third quarter. On a year-over-year basis, the Japanese economy expanded 1.2 percent. The bright spots in the fourth-quarter report were private, nonresidential investments and exports, with government spending a drag on growth and household consumption flat. Meanwhile, [industrial production](#) rebounded in March, up 2.0 percent, after edging down by 0.4 percent in February. The longer-term trend was more favorable, with industrial production up 4.8 percent since February 2016.

Manufacturing activity in the emerging markets expanded at its fastest pace since July 2014.

The Markit Emerging Markets Manufacturing Index rose from 51.3 to 51.6, expanding for the ninth consecutive month. This suggests that the emerging markets have stabilized somewhat from recent challenges and have begun to strengthen, much like the China story described above. The headline number was boosted by strength in new orders (up from 52.4 to 53.0) and output (up from 52.4 to 52.9), with the latter growing at rates not seen since January 2013. At the same time, exports (down from 52.3 to 51.4) decelerated somewhat in March, and employment (unchanged at 49.6) continued to contract, albeit with some stabilization from prior months. The hiring index figure—while reflecting negative growth—was at its highest point since February 2015. Meanwhile, the forward-looking index for future output (down from 64.2 to 63.6) eased a bit from February's 2-year high, but remained elevated.

The country-by-country data were mixed. [Taiwan](#) (up from 54.5 to 56.2), the [UAE](#) (up from 56.0 to 56.2) and [Vietnam](#) (up from 54.2 to 54.6) each expanded at their quickest paces in at least a couple of years; whereas, the [Czech Republic](#) (down from 57.6 to 57.5) and [Saudi Arabia](#) (down from 57.0 to 56.4) continued to grow at decent rates despite easing in March from multiyear highs in February. In addition, [Myanmar's](#) headline PMI reading (up from 51.9 to 53.1) rose to its highest point in the survey's short 16-month history. Meanwhile, [India](#) (up from 50.7 to 52.5), [Nigeria](#) (up from 52.2 to 53.0), [Philippines](#) (up from 53.6 to 53.8), [Poland](#) (up from 53.5 to 54.2) and [South Africa](#) (up from 50.5 to 50.7) experienced accelerating levels of activity in March, but [China](#) (down from 51.7 to 51.2) and [Russia](#) (down from 52.5 to 52.4) both expanded by slightly less than in the prior month. Encouragingly, both [Indonesia](#) (up from 49.3 to 50.5) and [Turkey](#) (up from 49.7 to 52.3) shifted into positive territory in March.

U.S.-manufactured goods exports improved in January, but the trade deficit rose to its highest level since March 2012.

The [U.S. trade deficit](#) rose from \$44.26 billion in December to \$48.49 billion in January. The higher figure

stemmed largely from a jump in goods imports, up from \$192.56 billion to \$197.64 billion, which was the most since March 2015. That was more than enough to offset the increase in goods exports, up from \$126.85 billion to \$127.95 billion, a level not seen since April 2015. At least some of that gain could be explained by higher petroleum imports, up from \$14.26 billion to \$16.87 billion, the highest level in 2 years. Meanwhile, the service-sector surplus slipped slightly lower, down from \$21.44 billion to \$21.19 billion.

Looking more closely at the underlying data, goods exports were mostly higher. The largest increases included industrial supplies and materials (up \$2.08 billion), automotive vehicles and parts (up \$1.33 billion) and foods, feeds and beverages (up \$594 million). In contrast, capital goods fell sharply in January (down \$1.89 billion), somewhat counteracting the other gains. At the same time, goods imports grew strongly, including healthy gains for consumer goods (up \$2.41 billion), industrial supplies and materials (up \$1.00 billion), automotive vehicles and parts (up \$899 million) and capital goods (up \$668 million).

It is still early into 2017, but the manufactured goods exports picture is already better this year than the past two years. Using non-seasonally adjusted data, U.S.-manufactured goods exports totaled \$83.09 billion in January, up 4.87 percent from \$79.23 billion in January 2016.

International Trade Policy Trends

President issues new executive orders on trade, while U.S. Trade Representative issues annual report on trade barriers in more than 60 markets around the world.

On March 31, President Trump signed two trade executive orders (EO). One EO directed the Office of the U.S. Trade Representative (USTR) and the Commerce Department to issue a report within 90 days on [foreign market barriers and trade deficits](#), focusing on 16 countries with which the United States has a \$10 billion or greater deficit. The report is to detail the major causes of trade deficits by country and product, including the extent to which the deficit is due to trade cheating or other inappropriate behavior; free trade agreements that have not lived up to their forecasted benefits; lax U.S. enforcement, currency manipulation or misalignment; World Trade Organization (WTO) constraints; systematic overcapacity; and other issues. The intent is to use the findings of this report to provide the basis for appropriate trade enforcement and action. The second EO seeks to [improve collection of trade remedy duties](#). This EO directs the Department of Homeland Security (DHS), working with other agencies, to improve the collection of antidumping duty (AD) and countervailing duty (CVD) orders at the border by improving bonding requirements and to take other measures to address risk assessments. This EO responds to the findings of a July 2016 [General Accounting Office \(GAO\) report](#) that found \$2.3 billion in AD and CVD duties went uncollected through May 2015, citing inadequate bonding and risk assessment procedures.

NAM launches coalition with 13 other associations to tackle global institution activities that harm U.S. competitiveness and jobs.

The NAM joined 13 other industry groups from diverse manufacturing sectors on April 6 to launch [Engaging America's Global Leadership \(EAGL\)](#), a new coalition to address a rising tide of activities at global institutions such as the United Nations, World Health Organization (WHO), and Organisation of Economic Cooperation and Development that [undermine American manufacturing](#) competitiveness and jobs. Many of these initiatives are out of line with these institutions' core missions, are not transparent or accountable to all stakeholders and are not based on good regulatory practice or sound science, but are being used to pressure national governments to adopt specific policies that harm manufacturers in the United States and the high-paying jobs they create. The coalition [will seek](#) robust U.S. leadership in these institutions, including through work with the Trump administration and Congress to hold these institutions accountable, improve U.S. oversight and coordination, and expand the efforts of the U.S. and other governments to speak with one voice. For more information about EAGL and the NAM's work on global institutions, contact NAM Director of International Business Policy [Ryan Ong](#).

Timmons highlights manufacturing priorities during Ex-Im Bank conference.

During the annual Ex-Im Bank conference, NAM President and CEO Jay Timmons [highlighted](#) the

importance of manufacturing and called for Congress and the administration to work together to ensure that the Ex-Im Bank can function properly. “At a time when manufacturing has captured the imagination of our leaders and the American people, I know our policymakers are eager to implement a strategy that will make our companies as competitive as possible in every market,” Timmons said in his [remarks](#). On stage, Mr. Timmons was joined by NAM SMM Vice Chair and President of [BTE Technologies](#) Charles Wetherington to speak to the importance of Ex-Im Bank to small businesses. BTE Technologies has utilized Ex-Im Bank to grow its exports of physical therapy and sports medicine equipment, which now reach more than 40 countries. Vacancies on the Ex-Im Bank Board of Directors have handicapped the agency and blocked more than \$20 billion in potential export sales. The agency needs at least three Board members to function at its full potential. Once President Trump names the nominees to the Board, the U.S. Senate must swiftly confirm those officers. Visit www.nam.org/exim to learn more and www.exportersforexim.org to use the updated Call to Action to contact your members of Congress. To learn more about the NAM’s advocacy efforts on this issue, contact NAM Director of Trade Facilitation Policy [Lauren Wilk](#).

Announcement on NAFTA renegotiations still expected, but scope and timing remain unclear.

On March 30, the Trump administration sent to Congress the [draft notification letter](#) declaring its intention to renegotiate NAFTA in accordance with Trade Promotion Authority (TPA) procedures. In the letter, which is similar to past notification letters from the Obama and Bush Administrations, Acting U.S. Trade Representative Stephen Vaughn writes that “most (NAFTA) chapters are clearly outdated and do not reflect the most recent standards in U.S. trade agreements, saying that “digital trade was in its infancy in 1994” and “rules for intellectual property rights, state-owned enterprises, rules of origin, customs procedures, and ensuring the benefits of trade benefit small and medium businesses have all been improved in newer trade agreements.” Vaughn also underscores that “effective implementation and enforcement of trade agreements is also much more critical today than a generation ago, and an area where much can be done.” This letter is a draft and the administration is seeking congressional input before finalizing. As well, the administration has additional Hill consultations to complete before it can send the actual letter that starts the 90-day period before negotiations can formally begin. White House Press Secretary Sean Spicer [said this week](#) that the notification will not be made until U.S. Trade Representative-designee, Ambassador Robert Lighthizer is confirmed. Some groups such as the [AFL-CIO](#) have argued that the draft objectives do not go far enough, while bipartisan Hill leaders are [stepping up their messaging](#) on the importance of the commercial and strategic partnership with Mexico in particular. The NAM continues to work with members, administration officials and Capitol Hill to grow the North American economy as a source of opportunity and growth for manufacturers. For more information and to become involved in the NAM’s NAFTA work, contact NAM Vice President of International Economic Affairs [Linda Dempsey](#) or NAM Director of International Trade Policy [Ken Monahan](#).

MTB process moves ahead with April submission of Commerce report.

Based on requirements laid out in the [American Manufacturing Competitiveness Act of 2016](#), the Commerce Department, in consultation with U.S. Customs and Border Protection and other federal agencies, [was required to submit a report](#) on April 11 to the U.S. International Trade Commission (ITC) and the Senate Finance and House Ways and Means committees on each of [2,598 pending MTB petitions](#). The report, which has not yet been made public, will include information on whether or not domestic production of an article that is the subject of the petition exists and, if such production exists, whether or not a domestic producer of the article objects to the petition, among other elements. If you have any questions about the MTB process, contact NAM Director of International Trade Policy [Ken Monahan](#).

UK delivers letter to launch EU Brexit negotiations, Parliament responds with redlines.

On March 29, British Prime Minister Theresa May delivered a [letter](#) to Donald Tusk, the president of the European Council, announcing the British government’s intention to leave the EU. In the notice, the UK formally triggered the Lisbon Treaty’s [Article 50](#) procedure to launch Brexit negotiations, saying that the country does not seek membership of the EU single market and that “we know that UK companies will, as they trade within the EU, have to align with rules agreed by institutions of which we are no longer a part—just as UK companies do in other overseas markets.” The UK government proposed “a bold and ambitious” FTA between the UK and EU with “greater scope and ambition than any such agreement before it so that it

covers sectors crucial to our linked economies such as financial services and network industries.” The UK-EU Brexit agreement will be concluded by the European Council, which issued a [statement](#) on March 29, and will ultimately vote on the agreement following the consent of the European Parliament. On April 6, the European Parliament, by a vote of 516 to 133, adopted a [resolution](#) that sets out the Parliament’s key principles and conditions for the approval of the UK’s Brexit agreement. These include: the importance of securing equal and fair treatment for EU citizens living in the UK and British citizens living in the EU; a warning against any trade-off between security and the future EU-UK economic relationship; opposition to a piecemeal economic relationship based on sector-specific deals; the indivisibility of the four freedoms of the single market (free movement of goods, capital, services and people); and that any transitional arrangements must not last longer than three years. For further information, please contact NAM Director of International Trade Policy [Ken Monahan](#).

President Trump meets with German Chancellor Angela Merkel in Washington.

On March 17, German Chancellor Angela Merkel met with President Trump to discuss trade, tax, workforce and other economic and security issues. In a [joint press conference](#), President Trump underscored the need to “work together towards fair and reciprocal trade policies that benefit both of our peoples.” While Chancellor Merkel acknowledged that “trade has to be rendered fairer,” she also emphasized the importance of capacity-building skills through apprentice programs and other vocational training programs. If you have any questions about U.S.-EU trade matters, contact NAM Director of International Trade Policy [Ken Monahan](#).

Trump–Xi summit results in new 100-day plan on trade, revised dialogue.

President Trump hosted Chinese President Xi Jinping at his Mar-a-Lago estate on April 6–7 for reportedly [friendly](#) and [frank](#) discussions on a range of economic and security issues. Though the two sides did not announce any specific policy outcomes, Trump raised “serious concerns” about China’s industrial, agricultural, technology, and cyber policies and the need for “reciprocal market access.” In a [follow-up press conference](#), Secretary of Commerce Wilbur Ross announced a new 100-day plan on trade issues that would boost exports and reduce the bilateral trade deficit, although he did not provide further details on the content or interim benchmarks of the new 100-day plan (which would be due by July 16). U.S. Cabinet officials also agreed on a future visit by President Trump to China as well as a revised bilateral dialogue structure with four pillars—including one on economic, trade and investment concerns. That pillar, which would be led by Ross and Treasury Secretary Steven Mnuchin, appears to replace existing dialogues such as the Strategic and Economic Dialogue (S&ED) and possibly the Joint Commission on Commerce and Trade (JCCT). For more information on the NAM’s work on China, contact NAM Director of International Business Policy [Ryan Ong](#).

WTO issues new trade forecasts for remainder of 2017 and 2018.

On April 12, the WTO [issued](#) updated forecasts stating that “trade is expected to rebound this year from its tepid performance in 2016, but only if the global economy recovers as expected and governments pursue the right policy mix.” The WTO forecast world growth at 2.4 percent in 2017, up from a weak 1.3 percent in 2016. Trade growth in 2018 is expected to pick up to between 2.1 to 4.0 percent. The WTO indicated that much of the sluggish trade growth in 2016 was due to a slowdown in emerging market economies, although these countries are expected to return to modest growth this year. Notably, the ratio of trade growth to GDP growth fell below 1:1 in 2016, for the first time since 2001. Historically, the merchandise trade has tended to growth 1.5 times faster than GDP.

Comments on conflict mineral rule due to State Department on April 28.

On March 27, the U.S. Department of State issued a [Notice of Stakeholder Consultations on Responsible Conflict Mineral Sourcing](#), where the State Department, along with other agencies and departments, is “seeking input from stakeholders to inform recommendations of how best to support responsible sourcing of tin, tantalum, tungsten and gold.” Parties may submit input or request stakeholder consultations by April 28 to [ConflictMineral@state.gov](#). If you have any questions about conflict minerals reporting requirements, contact NAM Director of International Trade Policy [Ken Monahan](#).

Exports in Action

Wastewater Business Development Mission to China

June 11–17

Contact [Pamela Kirkland](#) or [Jay Biggs](#) for more information. Application deadline: May 1. For more information, click [here](#).

Smart Cities Trade Mission to Poland and the Czech Republic

September 10–15

Contact [Gemal Brangman](#) for more information. Application deadline is June 1.

Cyber-Security Trade Mission to Canada

September 11–14

Contact [Gemal Brangman](#) for more information. Application deadline is June 30.

Sustainable Building and Construction Trade Mission to Mexico

October 16–20

Contact [Jeffrey Odum](#) for more information. Application deadline is September 1.

Trade Mission to Romania, Bulgaria, Croatia, Serbia and Greece in Conjunction with Trade Winds—Southeastern Europe Business Forum

October 16–24

Contact [Diego Gattesco](#) for more information. Application deadline is August 18.

Healthcare Trade Mission to South Africa and Kenya

October 22–27

Contact [Michelle Ouellette](#) for more information. Application deadline is June 30.

Renewable Energy Integration Trade Mission to Canada

October 30–November 2

Contact [Ethel Glen](#) for more information. Application deadline is July 28.

For a listing of other upcoming Commerce Department trade missions, click [here](#).

Connect with the Manufacturers



Questions or comments?

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

