NAM Manufacturers' Outlook Survey

Manufacturing Outlook

PERCENTAGE OF RESPONDENTS POSITIVE IN THEIR OWN COMPANY'S OUTLOOK

61.0%

(June: 61.7%)

Small Manufacturers: 48.7% (June: 56.1%)
Medium-Sized Manufacturers: 64.0% (June: 64.2%)
Large Manufacturers: 65.5% (June: 62.2%)

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41.8

(June: 42.3)

Expected Growth Rate Over the Next 12 Months

↑ 1.9%	**SALES** (June: Up 1.6%)	↑ 2.1%	**PRODUCTION** (June: Up 1.5%)
↑ 0.4%	**EXPORTS** (June: Up 0.2%)	↑ 0.8%	**CAPITAL INVESTMENTS** (June: Up 0.6%)
↑ 0.8%	**PRICES** (June: Up 0.06%)	↑ 0.4%	**FULL-TIME EMPLOYMENT** (June: Up 0.2%)
↓ 0.7%	**INVENTORIES** (June: Down 1.0%)	↑ 1.7%	**EMPLOYEE WAGES** (June: Up 1.5%)
↑ 8.5%	**HEALTH INSURANCE COSTS** (June: Up 8.3%)		

Summary

Manufacturing sentiment appears to have stabilized after several quarters of declining assessments about the economic outlook, and the latest data appear to mostly back that assertion up, but with some caveats. Indeed, economic challenges continue in the sector, among them being concerns over rising health care costs (Figure 4) and dampening perceived growth rates over the next 12 months (Figure 3) despite some progress in this release. Large manufacturers (i.e., those with 500 or more employees) were more upbeat about their company's outlook this quarter, but small (i.e., those with fewer than 50 employees) and medium-sized manufacturers (i.e., those with between 50 and 499 employees) experienced declines in their outlook in this survey. This was especially the case for the smallest of firms, with just 48.7 percent positive in their outlook in this survey, down from 56.1 percent last time. Overall, one could characterize manufacturers' current economic outlook as cautiously encouraging, but still less-than-desired and highly varied by firm size and export sales growth expectations.

Also in this report, we drilled down further into the issue of regulatory challenges that manufacturers face, focusing particularly on the burdens of small and medium-sized manufacturers. Along those lines, 88.8 percent of those completing the current survey either somewhat or strongly disagreed with the notion that the federal government carefully considers the point of view of small business owners when it imposes new regulations (Figure 9).

Sample Comments on Primary Challenges Facing Manufacturers

Respondents were given the opportunity to submit other challenges affecting their business aside from the choices given in the survey question. Here are a sample of the comments that were offered:

"Business is just flat. We have to keep full employment to keep the company working correctly." (Chemicals)

"Election-year jitters and hesitation from our customers." (Chemicals)

"Federal regulations and mandated employee health benefit costs are biggest areas of concern." (Fabricated metal products)

"Government bureaucracy in providing infrastructure funding. The primary funding source for our industry is the fuel tax." (Fabricated metal products)

"Government regulations and tax rates—current or proposed—are making more and more difficult for U.S. companies to stay globally competitive." (Other/electromechanical products)

"Housing market weakness and weak commodity prices." (Machinery)

"International export regulations." (Other/Medical equipment manufacturing)

"Increased regulatory oversight/standards." (Food manufacturing)

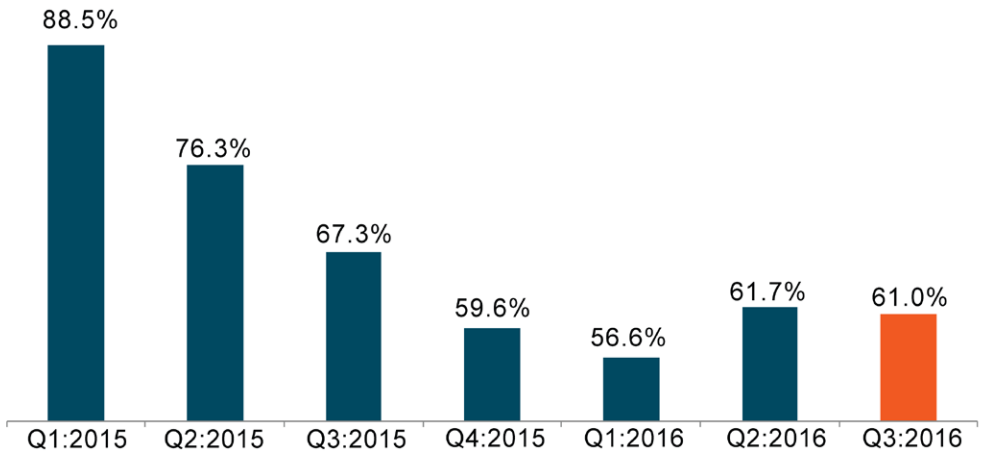
"Lack of proper leadership in Washington, D.C." (Other/boat manufacturing)

"National election." (Plastics and rubber products)

"The highest corporate income taxes in the world." (Fabricated metal products)

> "Too much time spent on regulation compliance, taxes and not enough resources dedicated to growth of the business." (Electrical equipment and appliances)
>
> "Uncompetitive tax rates and policies." (Fabricated metal products)

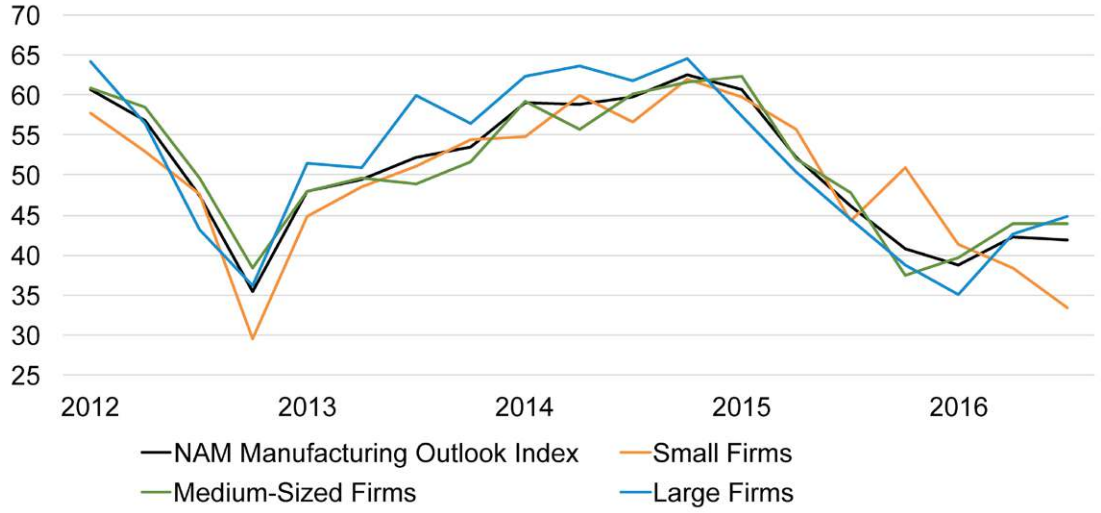
Figure 1: Manufacturing Business Outlook by Quarter, First Quarter 2015 – Third Quarter 2016



Percentage of respondents who characterized the current business outlook as somewhat or very positive.

In this survey, 61.0 percent of manufacturers are either somewhat or very positive about their own company's outlook, easing slightly from 61.7 percent who said the same thing in June (Figure 1). Yet, the outlook remained stronger than at the end of last year and the beginning of this year, marking some progress from earlier softness.

Figure 2: NAM Manufacturing Outlook Index, 2012–2016



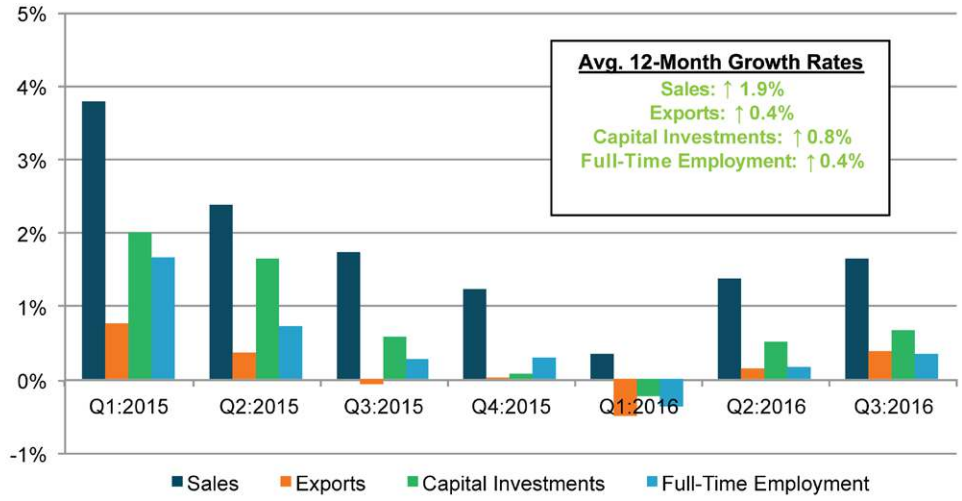
Source: National Association of Manufacturers.

At the same time, this marks the fifth consecutive quarter when positive responses about the outlook have fallen below the historic average of 73.0 percent. As a result, the NAM Manufacturers' Outlook Index has remained below 50 over that time frame, dipping from 42.3 in June to 41.8 in this release (Figure 2).

The firm size differences carried through to sales and production expectations. Smaller firms anticipated sales growth of 1.3 percent over the next 12 months, with their medium-sized and larger counterparts averaging 2.1 percent growth expectations. For production, the difference was 1.6 percent for small manufacturers versus 2.2 percent for medium-sized and larger companies. Looking at all firms, sales and production were seen growing by 1.9 percent and 2.1 percent over the next 12 months, respectively, up from 1.6 percent and 1.5 percent (Figure 3). More importantly, the percentage of respondents expecting sales declines dropped from 23.0 percent in June to 16.2 percent now.

In addition, one's capital investment plans tended to increase with size. Smaller entities expected capital spending to decline by 0.3 percent in the next year; whereas, medium-sized and large manufacturers predicted capital investment growth of 0.8 percent and 1.5 percent, respectively. To help explain that result, one-quarter of the smallest respondents said that capital spending would increase in the next 12 months, with 52.6 percent noting no change; in contrast, 42.9 percent of large firms predicted capital spending growth, with 39.3 percent expecting spending levels to stay the same. (See the Special Questions section for a larger discussion on capital investment.)

Figure 3: Expected Growth of Manufacturing Activity, First Quarter 2015 – Third Quarter 2016



Note: Expected growth rates are annual averages.

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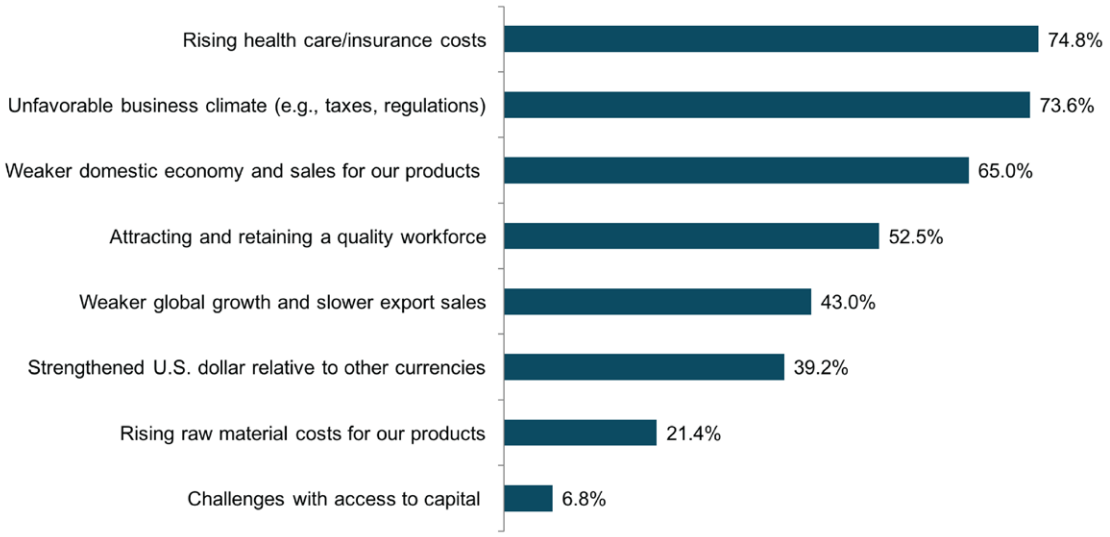
As with the past few surveys, the numbers are highly correlated with trade data. Of those companies that anticipate increased exports over the next 12 months, 77.5 percent are positive in their outlook in this survey. In contrast, the positive outlook of respondents expecting their imports to remain the same fell to 61.6 percent; only 29.4 percent have a positive outlook among those predicting decreased exports over the next year. Overall, respondents expect exports to increase 0.4 percent over the next 12 months, up from a gain of 0.2 percent in the prior survey.

With a pickup in demand, businesses are somewhat more comfortable in their hiring plans, according to this survey. Full-time employment levels are expected to grow 0.4 percent over the next year, an improvement of 0.2 percent from what was seen in the prior release. Of those responding to the survey, 28.5 percent predict more employment in the next 12 months, with 52.1 percent expecting no growth. Unlike some of the data discussed earlier, small and medium-sized manufacturers had better hiring plans, with an increase of 0.6 percent anticipated, than their larger counterparts, which had expected employment to decline by 0.1 percent in the months ahead.

Meanwhile, manufacturers expect their inventories to decrease 0.7 percent over the next 12 months, declining for the sixth straight quarter. In this survey, 34.1 percent anticipate declining inventory stocks, with roughly one-fifth predicting increases. There is, however, a silver lining from this decline. If demand picks up significantly, manufacturing output would have to accelerate substantially to match the increased sales.

Figure 4: Primary Current Business Challenges, Third Quarter 2016



Note: Respondents were able to check more than one response; therefore, responses exceed 100 percent.

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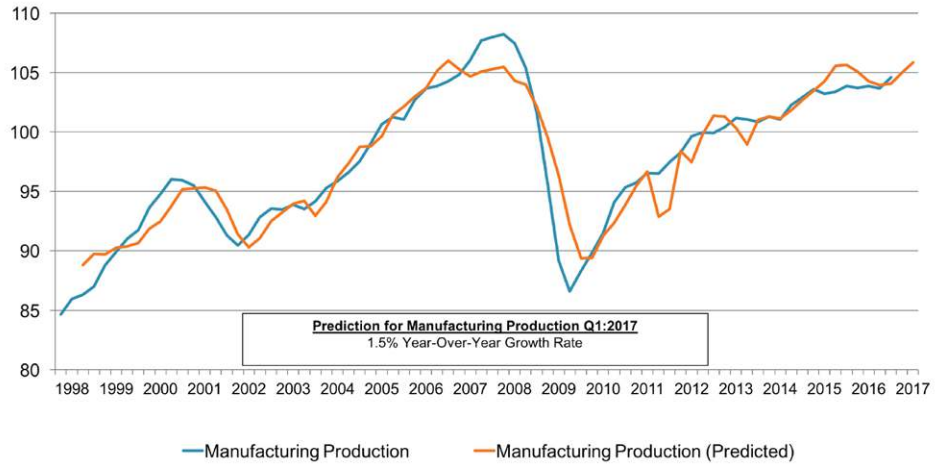
Nearly three-quarters of manufacturers completing the survey cited rising health insurance costs as their top business challenge (Figure 4). They see these costs increasing 8.5 percent over the next 12 months, up from 8.3 percent in the prior release. More specifically, 75.2 percent expect their premiums to increase by at least 5 percent on average in the next year, with 40.3 percent predicting costs to rise by at least 10 percent. Small and medium-sized firms anticipate premiums to jump faster in the next year than large manufacturers do, at 9.4 percent and 6.3 percent, respectively.

Respondents also listed an unfavorable business climate as a top concern, with 73.6 percent noting it as a primary challenge, right behind health care costs. Indeed, manufacturers continue to be frustrated with the lack of comprehensive tax reform and with a perceived regulatory assault on their businesses. Many respondents noted their concerns on these issues, and 76.6 percent believe the United States is on the wrong track, with only 6.8 percent feeling we are headed in the right direction. The remainder are unsure.

The current data suggest that manufacturing production should grow 1.5 percent year-over-year in the first quarter of 2017 (Figure 5). As such, it would indicate that activity should continue to pick up in the coming months, with output in the sector currently growing by 0.4 percent year-over-year. At the same time, growth will remain more subdued than we would prefer. This finding comes from a regression model that explains more than 90 percent of the variation in manufacturing production since the NAM Manufacturers' Outlook Survey began in the fourth quarter of 1997. In addition to the business outlook figure from this survey, the model includes current values for housing permits, the interest rate spread, personal consumption and the S&P 500.

Figure 5: Predicted Manufacturing Production (North American Industry Classification System)



Note: Industrial production is predicted two quarters in advance by regressing NAM Manufacturers' Outlook Survey data as one of the independent variables, with data stretching back to Q4:1997. Other explanatory variables include current values for housing permits, the interest rate spread, personal consumption and the S&P 500.

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Special Questions

Monetary Policy

The Federal Open Market Committee (FOMC) of the Federal Reserve increased short-term interest rates at its December 15–16, 2015, meeting, and committee members have expressed a desire to continue the process toward normalization, perhaps as soon as its September meeting. The timing of this increase has been one of the larger conversations among business leaders and economists since the last rate hike. More importantly, it is worth noting that the number of increases in the federal funds rate has whittled down from an expectation of four at the beginning of the year to likely just one now—a more-dovish stance that speaks to ongoing challenges despite some economic progress.

We asked manufacturers when they thought the FOMC would next hike rates, and 45.5 percent of them said that the Federal Reserve would act at its December 13–14 meeting (Table 1). More than 58 percent felt that the Federal Reserve would increase rates in 2016, but very few believed that the FOMC would move at either its September or November meetings.

At the same time, it is also interesting to see when manufacturers think that the FOMC should act. We asked that question, as well, with a wider disparity of responses. Roughly one-fifth said that they would like for the Federal Reserve to raise short-term rates at the September 20–21 meeting, but that was less than the 28.4 percent that had no opinion. Overall, 37.2 percent of manufacturers felt that the FOMC should act in 2016, and 34.5 percent believed that the Federal Reserve should move next year or later.

Table 1: Expected Timing of Next Federal Reserve Rate Increase

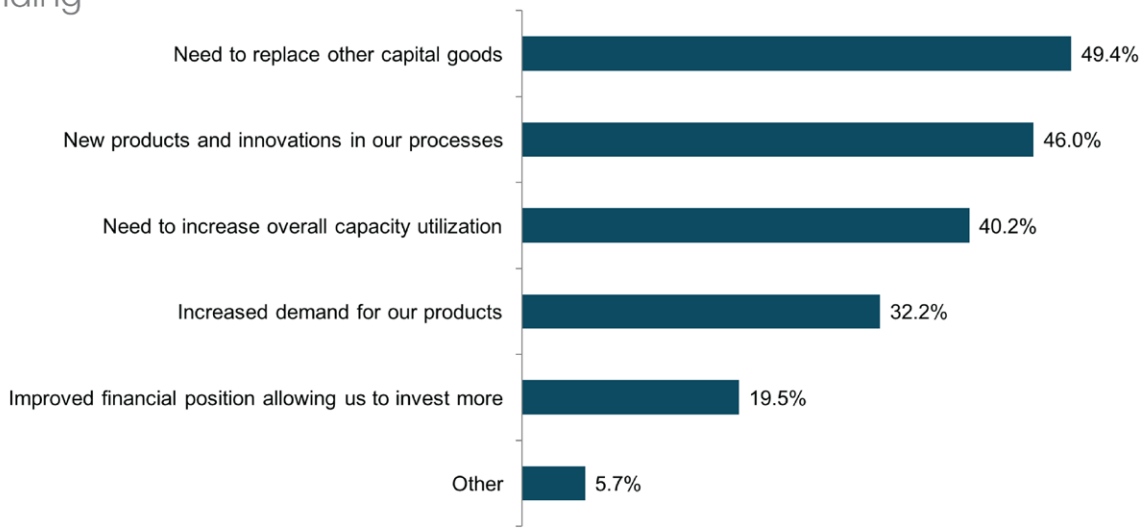
	When do you think the FOMC **WILL ACT** next to hike rates?	When do you think the FOMC **SHOULD ACT** next to hike rates?
September 20–21, 2016, meeting	5.7%	20.4%
November 1–2, 2016, meeting	7.2%	5.7%
December 13–14, 2016, meeting	45.5%	11.1%
January 31–February 1, 2017, meeting	12.3%	8.1%
March 14–15, 2017, meeting	7.8%	9.3%
May 2–3, 2017, meeting	1.5%	4.2%
June 13–14, 2017, meeting or later	2.1%	12.9%
I have no opinion.	18.0%	28.4%

Capital Spending

Real GDP grew just 1.1 percent at the annual rate, according to the latest estimates, in the second quarter. This was in large part due to reduced fixed investment and slowing inventory spending. We wanted to get a better sense of capital investment for manufacturers and asked a few questions on the topic. The data was quite mixed. More than one-quarter of respondents expect to increase their capital spending levels this year relative to last year, with an almost identical percentage noting declines in their investment levels. In addition, 39.1 percent made no changes to their capital investment spending levels this year versus last year, and 7.5 percent have no plans.

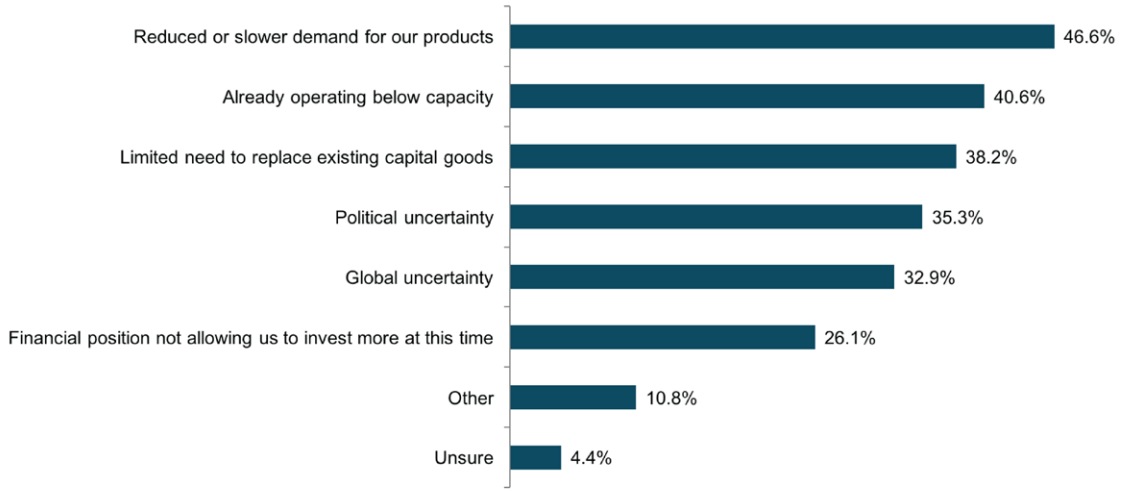
For those firms that have increased their capital spending this year, the largest factors include the need to replace other capital goods (49.4 percent), new products and innovations in their processes (46.0 percent), the need to increase overall capacity utilization (40.2 percent) and increased demand for their products (32.2 percent) (Figure 6). Other reasons for making increased investments offered by those completing the survey were for modernization and greater productivity, consolidation of manufacturing locations and efficiency improvements.

Figure 6: Major Contributing Factors for Those Manufacturers Increasing Capital Spending



Note: Respondents were able to check more than one response; therefore, responses exceed 100 percent.

Figure 7: Major Contributing Factors for Those Manufacturers Not Increasing Capital Spending



Note: Respondents were able to check more than one response; therefore, responses exceed 100 percent.

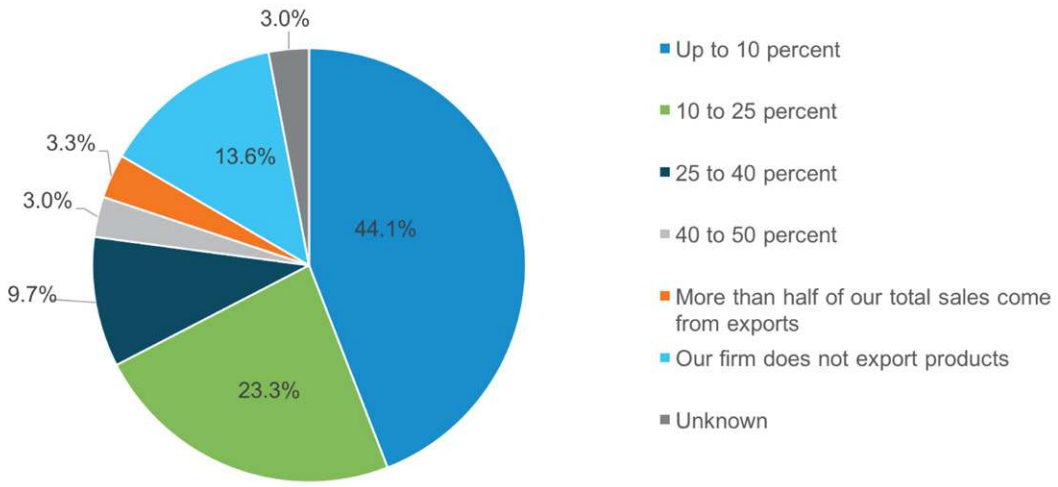
In contrast, manufacturers cited reduced or slower demand for their products (46.6 percent), already operating below capacity (40.6 percent), limited need to replace existing capital goods (38.2 percent), political uncertainty (35.3 percent) and global uncertainty (32.9 percent) as the main reasons for not increasing capital investments this year (Figure 7). Other challenges provided were mainly financial in nature, with current revenues not justifying making such a large investment, but economic uncertainty, the strong U.S. dollar, higher insurance costs and increased regulatory hurdles were also cited.

The Benefits of Trade

As noted earlier, manufacturers tended to be more upbeat about their own company's outlook if they had higher expectations about export sales over the next 12 months. Indeed, 58.3 percent of respondents to this survey said that overseas sales were either somewhat or very important to their company's growth strategies, and another 15.7 percent said that trade was helpful for their customers, even though their own company was not directly selling abroad. If you were to add those figures together, that would signify 74.0 percent of manufacturers are benefiting directly or indirectly from trade with overseas markets as part of their growth strategy.

We also wanted to drill down a little further on this issue, asking about the percentage of total sales from exports. Of those firms that export, the average percentage of total sales that come from exports was 14.9 percent. In total, 39.3 percent of firms had export revenues that equaled 10 percent or more of their total sales (Figure 8).

Figure 8: Percentage of Total Sales Coming from Exports



Regulatory Burdens

Manufacturers consistently rank an unfavorable business environment among their top challenges, as seen in Figure 4. Much of that frustration stems from rising regulatory burdens (in addition to a desire for tax reform and frustrations with higher insurance costs). In the last survey, 82.6 percent of respondents said their company's total spending on state and federal regulatory compliance had increased either modestly or substantially over the past few years. In this report, we dug a bit deeper, focusing particularly on the burdens faced by small and medium-sized manufacturers. Along those lines, 88.8 percent of those completing the current survey either somewhat or strongly disagreed with the notion that the federal government carefully considers the point of view of small

Figure 9: The Federal Government Carefully Considers the Point of View of Small Business Owners and Manufacturers When It Imposes New Regulations: Agree or Disagree?

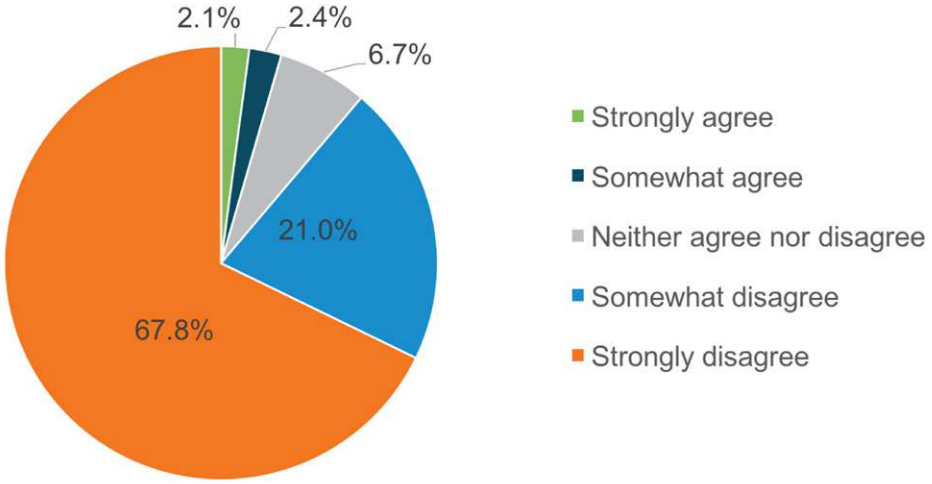
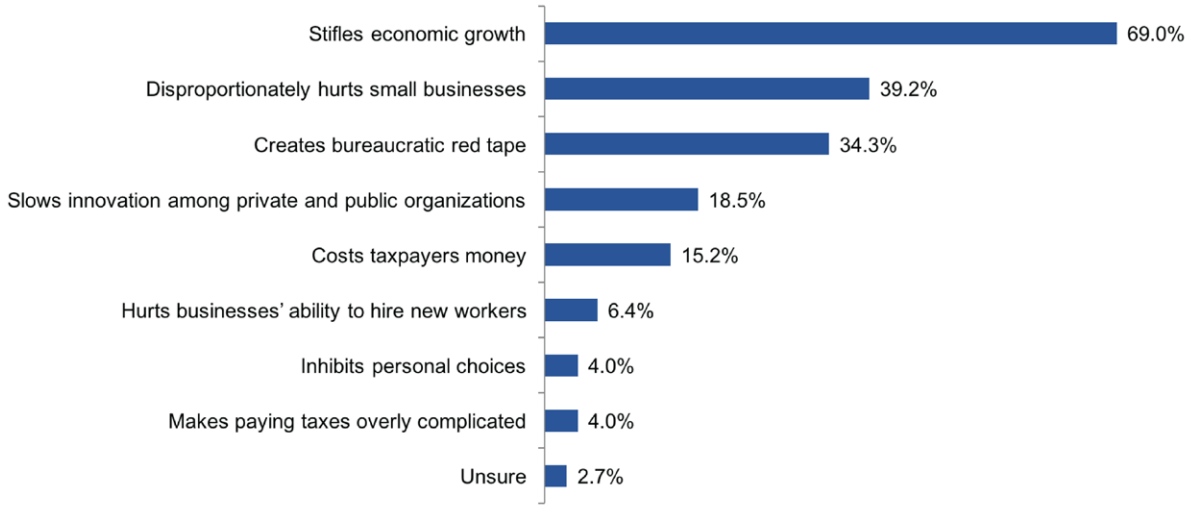


Figure 10: The Top Drawbacks of Government Regulation, with Respondents Picking Top Two Choices



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business owners when it imposes new regulations (Figure 9).

It should be said that manufacturers are not anti-regulation, as they recognize that rules are put in place to help protect the environment, provide a safe workplace and ensure fairness in competition. Yet, the cumulative burden of ever-increasing regulations does come at a cost. Respondents were asked to name the top two drawbacks of government regulations (Figure 10). Manufacturers felt that government regulation stifles economic growth (69.0 percent), disproportionately hurts small businesses (39.2 percent), creates bureaucratic red tape (34.3 percent), slows innovation among private and public organizations (18.5 percent) and costs taxpayers money (15.2 percent), among other drawbacks. As an electrical equipment and appliance manufacturer told us, "Too much time spent on regulation compliance and taxes and not enough resources dedicated to growth of the business."

Note

This survey has been conducted quarterly since 1997, with the NAM's membership submitting this quarter's responses from August 12 to August 29. In total, 338 manufacturers from all parts of the country, in a wide variety of manufacturing sectors and in varying size classifications responded this quarter. Aggregated survey responses appear below. The next survey is expected to be released on Wednesday, December 7, 2016.

Survey Responses

1. How would you characterize the business outlook for your firm right now?

a. Very positive – 8.0%
b. Somewhat positive – 53.0%
c. Somewhat negative – 33.4%

d. Very negative – 5.6%

Percentage that is either somewhat or very positive in their outlook = 61.0%

2. Over the next year, what do you expect to happen with your company's overall sales?

a. Increase more than 10 percent – 7.1%
b. Increase 5 to 10 percent – 19.5%
c. Increase up to 5 percent – 29.0%
d. Stay about the same – 28.1%
e. Decrease up to 5 percent – 6.5%
f. Decrease 5 to 10 percent – 5.0%
g. Decrease more than 10 percent – 4.7%

Average expected increase in sales consistent with these responses = 1.9%

3. Over the next year, what do you expect to happen with your company's overall production levels?

a. Increase more than 10 percent – 8.0%
b. Increase 5 to 10 percent – 19.9%
c. Increase up to 5 percent – 27.3%
d. Stay about the same – 29.7%
e. Decrease up to 5 percent – 6.5%
f. Decrease 5 to 10 percent – 4.7%
g. Decrease more than 10 percent – 3.9%

Average expected increase in production consistent with these responses = 2.1%

4. Over the next year, what do you expect to happen with the level of exports from your company?

a. Increase more than 5 percent – 8.3%
b. Increase 3 to 5 percent – 8.3%
c. Increase up to 3 percent – 10.7%
d. Stay about the same – 57.1%
e. Decrease up to 3 percent – 8.0%
f. Decrease 3 to 5 percent – 2.5%
g. Decrease more than 5 percent – 5.2%

Average expected increase in exports consistent with these responses = 0.4%

5. Over the next year, what do you expect to happen with prices on your company's overall product line?

a. Increase more than 10 percent – 0.9%
b. Increase 5 to 10 percent – 5.4%
c. Increase up to 5 percent – 28.0%
d. Stay about the same – 54.8%
e. Decrease up to 5 percent – 8.9%
f. Decrease 5 to 10 percent – 1.2%
g. Decrease more than 10 percent – 0.9%

Average expected increase in prices consistent with these responses = 0.8%

6. Over the next year, what are your company's capital investment plans?

a. Increase more than 10 percent – 9.2%
b. Increase 5 to 10 percent – 10.1%
c. Increase up to 5 percent – 14.8%
d. Stay about the same – 46.2%
e. Decrease up to 5 percent – 7.4%
f. Decrease 5 to 10 percent – 5.3%
g. Decrease more than 10 percent – 7.1%

Average expected increase in capital investments consistent with these responses = 0.8%

7. Over the next year, what are your inventory plans?

a. Increase more than 10 percent – 1.5%
b. Increase 5 to 10 percent – 3.8%
c. Increase up to 5 percent – 14.5%
d. Stay about the same – 46.2%
e. Decrease up to 5 percent – 22.5%
f. Decrease 5 to 10 percent – 8.0%
g. Decrease more than 10 percent – 3.6%

Average expected increase in inventories consistent with these responses = –0.7%

8. Over the next year, what do you expect in terms of full-time employment in your company?

a. Increase more than 10 percent – 1.5%
b. Increase 5 to 10 percent – 6.8%
c. Increase up to 5 percent – 20.2%
d. Stay about the same – 52.1%
e. Decrease up to 5 percent – 14.9%
f. Decrease 5 to 10 percent – 2.1%
g. Decrease more than 10 percent – 2.4%

Average expected increase in full-time employment consistent with these responses = 0.4%

9. Over the next year, what do you expect to happen to employee wages (excluding nonwage compensation, such as benefits) in your company?

a. Increase more than 5 percent – 2.4%
b. Increase 3 to 5 percent – 18.3%
c. Increase up to 3 percent – 57.4%
d. Stay about the same – 20.7%
e. Decrease up to 3 percent – 0.6%
f. Decrease 3 to 5 percent – *none*

g. Decrease more than 5 percent – 0.6%

Average expected increase in employee wages consistent with these responses = 1.7%

10. Over the next year, what do you expect to happen to health insurance costs for your company?

a. Increase 15.0 percent or more – 16.6%
b. Increase 10.0 to 14.9 percent – 23.7%
c. Increase 5.0 to 9.9 percent – 34.9%
d. Increase less than 5.0 percent – 17.8%
e. No change – 4.1%
f. Decrease less than 5.0 percent – 1.5%
g. Decrease 5.0 percent or more – 0.3%
h. Uncertain – 1.2%

Average expected increase in health insurance costs consistent with these responses = 8.5%

11. Do you think the United States is headed in the right direction, or is our country on the wrong track?

a. Right direction – 6.8%
b. Wrong track – 76.6%
c. Unsure – 16.6%

12. What are the biggest challenges you are facing right now? (Check all that apply.)

a. Weaker domestic economy and sales for our products to U.S. customers – 65.0%
b. Weaker global growth and slower export sales – 43.0%
c. Strengthened U.S. dollar relative to other currencies – 39.2%
d. Challenges with access to capital or other forms of financing – 6.8%
e. Unfavorable business climate (e.g., taxes, regulations) – 73.6%
f. Increased raw material costs – 21.4%
g. Rising health care/insurance costs – 74.8%
h. Attracting and retaining a quality workforce – 52.5%

13. What is your company's primary industrial classification?

a. Chemicals – 5.9%
b. Computer and electronic products – 2.4%
c. Electrical equipment and appliances – 6.2%
d. Fabricated metal products – 30.5%
e. Food manufacturing – 2.7%
f. Furniture and related products – *none*
g. Machinery – 10.9%
h. Nonmetallic mineral products – 2.7%
i. Paper and paper products – 0.6%
j. Petroleum and coal products – 1.5%
k. Plastics and rubber products – 9.8%
l. Primary metals – 3.8%

m. Transportation equipment – 5.0%
n. Wood products – 1.5%
o. Other – 16.6%

14. What is your firm size (e.g., the parent company, not your establishment)?

a. Fewer than 50 employees – 20.5%
b. 50 to 499 employees – 54.0%
c. 500 or more employees – 25.5%

Special Questions

Monetary Policy

The Federal Open Market Committee (FOMC) of the Federal Reserve increased short-term interest rates at its December 2015 meeting, and committee members have expressed a desire to continue the process toward normalization, perhaps as soon as its September meeting.

15. When do you think the FOMC will act next to hike rates?

a. September 20–21, 2016, meeting – 5.7%
b. November 1–2, 2016, meeting – 7.2%
c. December 13–14, 2016, meeting – 45.5%
d. January 31–February 1, 2017, meeting – 12.3%
e. March 14–15, 2017, meeting – 7.8%
f. May 2–3, 2017, meeting – 1.5%
g. June 13–14, 2017, meeting or later – 2.1%
h. I have no opinion – 18.0%

16. When do you think the FOMC should act next to hike rates?

a. September 20–21, 2016 meeting – 20.4%
b. November 1–2, 2016 meeting – 5.7%
c. December 13–14, 2016 meeting – 11.1%
d. January 31–February 1, 2017, meeting – 8.1%
e. March 14–15, 2017, meeting – 9.3%
f. May 2–3, 2017, meeting – 4.2%
g. June 13–14, 2017, meeting or later – 12.9%
h. I have no opinion – 28.4%

Capital Spending

Real GDP grew just 1.1 percent at the annual rate, according to the latest estimates, in the second quarter. This was in large part due to reduced fixed investment and slowing inventory spending. We wanted to get a better sense of capital investment for manufacturers.

17. Do you expect to increase your capital spending levels more this year than last year?

a. Yes, we will increase our capital spending levels more this year than last year – 26.0%
b. No, our capital spending pace will not change from last year – 39.1%
c. No, we expect to decrease our capital spending levels this year relative to last year – 25.7%
d. No, we currently have no capital spending plans – 7.5%
e. Unsure – 1.8%

18. If yes, what are the major contributing factors? (Check all that apply.)

a. Increased demand for our products – 32.2%
b. Need to replace other capital goods – 49.4%
c. Need to increase overall capacity utilization – 40.2%
d. Improved financial position allowing us to invest more in our business – 19.5%
e. Capital investments due to new products or innovations in our processes – 46.0%
f. Other – 5.7%
g. Unsure – *none*

19. If your firm does not plan to increase total capital spending, what are the major factors behind the decision? (Check all that apply.)

a. Reduced or slower demand for our products – 46.6%
b. Already operating below capacity – 40.6%
c. Limited need to replace existing capital goods – 38.2%
d. Financial position not allowing us to invest more at this time – 26.1%
e. Political uncertainty – 35.3%
f. Global economic uncertainty – 32.9%
g. Other – 10.8%
h. Unsure – 4.4%

Benefits of Trade

20. How important are overseas markets for your company's growth strategy?

a. Overseas sales are very important to our company's growth strategy – 30.5%
b. Overseas sales are somewhat important to our company's growth strategy – 27.8%
c. While we do not sell directly overseas, overseas sales help improve our sales to U.S. customers that do sell overseas, in turn supporting our growth strategy – 15.7%
d. Overseas sales are not important to our company's growth strategy – 15.1%
e. We do not sell products overseas – 10.3%
f. Unknown – 0.6%

21. What percentage of your total sales come from exports?

a. Up to 10 percent – 44.1%
b. 10 to 25 percent – 23.3%
c. 25 to 40 percent – 9.7%
d. 40 to 50 percent – 3.0%
e. More than half of our total sales come from exports – 3.3%
f. Our firm does not export products – 13.6%
g. Unknown – 3.0%

Of those firms that export, the average percentage of total sales that come from exports = 14.9%

Regulatory Burdens

22. Do you agree or disagree with the following statement: the federal government carefully considers the point of view of small business owners and manufacturers when it imposes new regulations.

a. Strongly agree – 2.1%
b. Somewhat agree – 2.4%
c. Neither agree nor disagree – 6.7%
d. Somewhat disagree – 21.0%
e. Strongly disagree – 67.8%

23. Which of the following do you consider the top two drawbacks of government regulation? (Select only two responses.)

a. Stifles economic growth – 69.0%
b. Slows innovation among private and public organizations – 18.5%
c. Hurts businesses' ability to hire new workers – 6.4%
d. Costs taxpayers money – 15.2%
e. Creates bureaucratic red tape – 34.3%
f. Makes paying taxes overly complicated – 4.0%
g. Inhibits personal choices – 4.0%
h. Disproportionately hurts small businesses – 39.2%
i. Unsure – 2.7%