

## Foley Manufacturing Update: September 22, 2022

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*This news summary is provided by Foley's Competitive Intelligence Team to inform business leaders of recent news and developments relevant to the Manufacturing Sector.*

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### Key Developments

- The [most recent article](#) in **Foley & Lardner's Supply Chain Disruption Series** provides an overview of **three key defenses to contractual performance** pertaining to force majeure, commercial impracticability and frustration of purpose. Click [here](#) to subscribe to the series.
- The **National Association of Manufacturers** released its [Competing to Win](#) policy roadmap addressing a number of the "laws and regulations needed to strengthen the manufacturing industry in the months and years ahead."
- Sustainability, maintaining resilient supply networks and pursuing opportunities related to smart factories are among the most urgent and important issues facing manufacturing companies in the year ahead, according to the **Manufacturing Leadership Council**'s new [2022/2023 Critical Issues Agenda](#).
- [Producer prices](#) for final demand goods and services increased 8.7% and [consumer prices](#) increased 8.3% on an unadjusted basis for the 12 months ended in August 2022, according to data released last week by the Bureau of Labor Statistics. Between July and August, the **Producer Price Index** fell by 0.1%, and the **Consumer Price Index** was up by 0.1%, on a seasonally adjusted basis.
- **Bain & Company's** [2022 Technology Report](#) includes analysis on [sustainable packaging in](#)

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[consumer goods](#), the outlook for the [chip shortage](#), circular supply chains for [hardware products](#) and expanding implementation capabilities related to the [Industrial Internet of Things](#)

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- The **National Association of Manufacturers' Q3 2022 Manufacturers' Outlook Survey** revealed 40.4% of respondents felt **inflationary pressures were worse today than six months ago**, and 63.3% of manufacturing leaders believe the U.S. economy will enter a recession in 2022 or 2023. In addition, 75.6% of respondents were somewhat or very positive about their company outlook, down from 82.6% in June and reflecting the lowest level since the fourth quarter of 2020.
- A [report](#) from DHL and the NYU Stern School of Business predicts **global trade** will grow "slightly faster" in 2022 and 2023 than it did over the previous decade. **Vietnam, India** and the **Philippines** are identified as particular areas of trade growth through 2026 as companies look to **diversify production and sourcing**.
- [The Wall Street Journal](#) reports **Western supply chains could become less integrated with China** due to laws and proposals in the U.S. and Europe which address products made using forced labor, as well as commitments to increase domestic production. The article also predicts the rapid globalization experienced in the last few decades may "take a pause," but a full supply chain decoupling from China remains unlikely.
- **Railroads and labor unions** reached tentative contract agreements last week, averting a potential strike which could have exacerbated supply chain constraints. According to an update from *Law360*, a number of the unions still need to vote to ratify the agreements.

## Smart Manufacturing

- Shipments of **industrial robots** to **China** increased 45% in 2021, representing just under half of installations worldwide last year, according to data from the **International Federation of Robotics** excerpted in [The Wall Street Journal](#). The IFR [will release](#) full-year 2021 industrial and service robot sales figures next month.

## Supply Chain

- [Supply Chain Dive](#) reports a number of **major steelmakers are reducing production** in response to falling demand, lower average selling prices and elevated raw material costs.
- A recent survey of **procurement decision-makers** across a range of industries found 68% of respondents view suppliers as a source of differentiation, 66% collaborate with suppliers to increase supply resilience, and 51% plan to collaborate with more suppliers. In addition, 75% of respondents include their suppliers in medium-term planning and 73% jointly define and monitor improvement plans with suppliers. The [study](#) was conducted by Forrester Consulting on behalf of spend management software provider Ivalua.
- **Fashion and luxury supply chains** should adapt to sourcing risks associated with geopolitical and climate uncertainties with actions including simplifying product portfolios,

modernizing production systems and diversifying suppliers, according to analysis from [Boston Consulting Group](#).

## International Trade and National Security

- President Biden [announced](#) an executive order which provides “formal Presidential direction” regarding potential national security risks the **Committee on Foreign Investments** should consider when reviewing transactions.
- The U.S. Department of Commerce may publish new regulations affecting exports to China for certain types of **semiconductors** and **semiconductor manufacturing equipment**, according to unnamed sources in [Reuters](#).
- In support of efforts to strengthen domestic capabilities and reduce reliance on other nations, President Biden [announced](#) an executive order to help advance **U.S. biotechnology** and **biomanufacturing** innovation and production.

## Sustainability and Product Stewardship

- The Biden administration [announced](#) the **Federal Buy Clean Initiative** will prioritize the purchase of construction materials such as steel, concrete, asphalt and glass containing lower levels of emissions associated with their “manufacturing, transportation, installation, maintenance and disposal.”

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