June 26, 2020

This week AEM released its second CEO survey on the continued impact of the COVID-19 pandemic on equipment manufacturers and the economy. While the outlook has improved slightly over the past two months, equipment manufacturers continue to face decreased demand and stressed supply chains, which in turn is resulting in furloughs and layoffs across the industry. Yesterday, I joined Fox Business After the Bell anchor Connell McShane to discuss the results, the long and uncertain road back to normal, and what the federal government should do to support the industry and get our economy roaring again.

As I told Connell, “When you look at some our smaller, and even medium-sized member companies, who are still open and still operating, but with demand drying up and cash reserves running up, it will be increasingly tough for them to weather this crisis. There is a real sense of urgency for the industry.”

You can watch the full discussion here.

And as states try to re-open and jumpstart their economies, we are seeing the unfortunate side effects of decreased social distancing and stay at home orders. COVID-19 cases have spiked in states such as Florida and Texas, with Governors going as far as halting their reopening plans or mandating new orders to curb the spread. We have the latest for you in today’s state update.

As a reminder, next Tuesday, June 30 is the last day to apply for a Paycheck Protection Program (PPP) loan. For those of you who have not applied, we encourage you to consider doing so if your company finds itself in need of federal assistance.

Here are some of today’s news and developments:

**AEM Releases Second CEO Survey on the Impact of COVID-19 on Member Companies**

Yesterday, we released the results of our second CEO survey, which shows that the industry continues to face significant challenges as a result of the COVID-19 pandemic. While equipment manufacturers are adjusting to the changing economic conditions, three quarters of CEOs say that the impact of this unprecedented crisis on the overall economy is still very negative.

Other key findings from the survey include:
• Three quarters of respondents said that the impact of the COVID-19 pandemic on the overall economy is still very negative, while just under half said that the impact on the industry is equally bad.

• One-third of respondents said they plan to lower their financial outlook by up to 30 percent over the next 30 days, while another one in eight respondents indicated they expect to reduce their outlook for the rest of the year by up to 30 percent.

• Executives said that employee health and well-being, lack of new orders, and continued supply chain challenges are the three biggest issues they face as they re-open their facilities.

• The COVID-19 pandemic is taking its toll on the industry’s workforce. More than one-third of respondents said they have furloughed up to half of their employees, while roughly one in five of respondents indicated that they have laid off as many as 10 percent of their workforce.

• The road to recovery is lined with warning signs. For equipment manufacturers who have furloughed workers, nearly a third said they would not bring anyone back to work. For those who laid off workers, eight out of ten said they will not rehire them based on current market conditions and challenges.

• More than eight out of 10 respondents said they would like to see a significant investment in infrastructure to help keep equipment manufacturers in business during the crisis and set the stage for the economic recovery.

• Looking ahead, a clear majority of respondents said that the equipment manufacturing sector is not getting the support it needs from the federal government as it continues to navigate the various challenges caused by the COVID-19 pandemic.

Our statement is available in the AEM Press Room.

You can find the full findings in a memo prepared by our Market Intelligence Team.

Capitol Hill Continues the Infrastructure Focus
The House Rules Committee will meet Monday at 1:00 PM to determine the rule for floor consideration of H.R. 2, the Moving Forward Act. More than 300 amendments have been submitted to the massive $1.5 trillion, 5-year infrastructure bill. Consideration on the House floor could begin as early as Tuesday.

The Senate Environment and Public Works (EPW) Committee is holding a hearing on Wednesday, July 1 at 10:00 AM ET entitled, “‘Better, Faster, Cheaper, Smarter, and Stronger: Infrastructure Development Opportunities to Drive Economic Recovery and Resiliency.” The Committee has not released the witness list for this hearing yet. AEM will be watching the hearing for mentions of further movement of the bill of S. 2302, America’s Transportation Infrastructure Act of 2019 (ATIA), as well as references to the House Infrastructure bill, which will likely be under consideration on the House floor that same week.
**States Reconsider Reopening Plans as Cases Spike**

As new COVID-19 cases rise across the United States, many Governors have announced delays in planned transitions to new reopening phases. Some Governors have announced new state-wide requirements for all residents to wear masks when in public, and in situations where social distancing cannot be followed. Florida and Texas, states with the highest spikes, have announced the closure of bars because of the link between new cases and residents patronizing bars. At the same time, other states like Illinois are moving forward with planned transitions for further reopening of the state. The dichotomy between states shows the unpredictability of COVID-19 and various states’ responses.

**State Activities**

AEM has been monitoring activities taken by Governors as they continue to issue closure and reopening orders. We are in close contact with their staff to make the case that our industry is establishing health and safety protocols to protect both employees and customers.

Notable for today’s update is that the Governors of Texas and Florida announced the closure of certain businesses. The Governors of Delaware, Idaho, and North Carolina announced extensions of their current reopening phases.

Now that state governments are transitioning into re-opening strategies, we are providing a new U.S. map showing when state shelter-in-place orders and stay-at-home advisories expire.

For all of the latest information, please visit our dedicated state by state tracker.
Canada Activities
On June 26, Prime Minister Trudeau made an announcement on the work of the Canadian Armed Forces (CAF) in long term cares (LTC) homes in Ontario and Quebec. The remaining CAF members at one LTC home in Ontario will be leaving in the coming days. In Quebec, the Red Cross will be taking over for the CAF, with 150 personnel by July 6, and 750 more by July 29. Federal officials were clear to highlight that no CAF members will leave an LTC home until the situation is stabilized.

Today’s updates from the provinces include:

- **British Columbia, Quebec, and Nova Scotia:** The provinces all announced a further easing of restrictions.
- **Ontario:** The province saw its lowest rate of new COVID-19 cases in over three months.
- **Saskatchewan:** The province is moving forward with opening three new international offices to promote trade. Quebec has also released a new report on June 26 on the Matawinie mining project in Saint-Michel-des-Saints by Nouveau Monde Graphite.

We continue to update our resources on Canadian activities on [AEM’s COVID-19 resources page](#). You can also click here for the latest updates from [Ottawa and all the provinces](#).

Do you have questions or need to get a hold of AEM’s Advocacy Team? E-mail our Response Team at [responseteam@aem.org](mailto:responseteam@aem.org) with any questions or feedback.

As always, if you have any questions about AEM’s ongoing efforts, need assistance with a specific issue, or would like to share how the unfolding COVID-19 pandemic is impacting your business, please do not hesitate to reach out to me at [keideberg@aem.org](mailto:keideberg@aem.org).

Best,
-Kip

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