Monthly Briefing: December 2019

What’s happening this month in Washington?

December 4, 2019
Roadmap

Overall agenda items for
• Congress
• The White House

Key things to watch by sector:
• Agriculture
• Defense
• Energy
• Environment
• Financial Regulation
• Health Care
• Pharmaceutical
• Technology
Key items of interest for Capitol Hill

What’s happening in Washington this month?

End-of-2019 deadlines
- Government funding expires on December 20th
- The border wall remains a point of contention between both chambers and President Trump
- The National Defense Authorization Act expires on December 31st
- Some key tax breaks (tax extenders) will expire at the end of 2019 unless renewed

Impeachment hearings
- The House Intelligence Committee voted on party lines to send a report to the Judiciary Committee accusing the president of wrongdoing
- The Judiciary Committee will hold public hearings and might pass articles of impeachment before the December recess

Congressional retirements
- As 2020 filing deadlines approach, more members of Congress are expected to announce their retirement
- 28 House members have announced so far that they will not seek re-election; 20 Republicans and eight Democrats

Negotiating the USMCA
- Democrats have requested more information detailing how violations of the USMCA terms would be enforced and the Trump administration is working with Canada and Mexico to produce a final deal
- There is a small possibility that Congress will vote on the deal by the end of December

Sources: The Hill, The Washington Post, NBC News, Ballotpedia
### Key items of interest for the White House

#### What’s happening in Washington this month?

**Impeachment inquiry**
- Trump’s lawyers sent a letter stating that the president would not participate in the December 4th hearing by the Judiciary Committee
- The letter does not rule out testimony by Trump or legal representatives in future hearings this month

**Trade disputes**
- Trump announced new tariffs on aluminum and steel from Brazil and Argentina, claiming the two countries were devaluing their currencies
- The USTR released a Section 301 report claiming France’s Digital Services Tax discriminated against US companies; Trump has threatened tariffs on French goods

**Peace talks with the Taliban**
- Trump made a surprise Thanksgiving trip to Afghanistan, where he announced that peace negotiations would resume with the Taliban
- The president had previously cancelled negotiations with Taliban leaders, following an attack that killed a US soldier

**Lawsuits on Trump’s financial records**
- A federal appeals court ruled that Deutsche Bank and Capital One must comply with House subpoenas for Trump’s financial records
- Two cases involving Trump’s financial records have already gone to the Supreme Court

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Sources: The Washington Post, Politico
Roadmap

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Key agriculture issues to follow in December

What’s happening in Washington this month?

USMCA negotiations
- House Democrats have said that they are close to reaching a deal on USMCA-implementing legislation
- Ratification could depend largely on the deal’s labor enforcement mechanisms and whether labor groups support it

Trade relations between the US and EU
- Trade relations are strained with the EU due to France’s digital tax as well as Trump’s anger at unreciprocal tariffs on automobile imports
- Trump has threatened tariffs on all EU auto imports as well as many French goods
- The EU recently approved a deal to increase US beef imports over seven years, but condemned US tariffs on aluminum and steel

Final biofuel blending mandate
- The EPA is expected to release its final biofuel blend levels for 2020 by December 31, 2019
- The delayed timeline is a result of a supplemental exemption rule announced in October
- A key issue to watch is whether the final requirements are changed to match the preferred levels of biofuel producers

E. coli outbreak for second year in a row
- Sixty-seven individuals in 19 states have been affected in a recent E. coli outbreak, and 39 of them have been hospitalized
- The outbreak is likely due to contaminated romaine lettuce from Salinas, California

Key defense issues to follow in December

What’s happening in Washington this month?

**National Defense Authorization Act**

- The current NDAA expires on December 31st
- Members of the House and Senate have been unable to resolve differences between their versions of the reauthorization legislation
- Senate Armed Services Chair Inhofe has introduced a “skinny” version of the bill to ensure funding for key operations

**NATO leaders’ meeting**

- Heads of state and government from NATO’s 29 member states will meet in London from Dec. 3-4
- The meeting will address renewed Russian aggression, emerging security challenges, and heightened political tension within the alliance

**US-Turkey relations**

- Tension between the US and Turkey has increased due to Turkey’s attacks on Syrian Kurds and its purchase of a Russian S-400 air defense system
- On Dec. 2, Sens. Chris Van Hollen (V-MD) and Lindsey Graham (R-SC) urged the Trump administration to impose sanctions on Turkey after it began testing its Russian missile defense system, viewed by many as a threat to NATO

**Committee hearings**

- On Dec. 3, the Senate Foreign Relations Committee held a hearing on “The Future of U.S. Policy Towards Russia”
- On Dec. 4, the House Foreign Affairs Committee held a hearing on “The Importance of the New START (Strategic Arms Reduction) Treaty”

Sources: Congressional Research Service; The Hill; Senate Committee on Foreign Relations; CNBC; National Journal Daybook.
Key energy issues to follow in December

What’s happening in Washington this month?

**Renewable Energy Production Tax Credit (PTC) expires**
- The PTC is a per-kilowatt-hour tax credit currently available for wind technology
- The credit for new facilities expires on Dec. 31
- Wind facilities must begin construction by December 31, 2019 to claim the credit

**Clean energy hearing**
- The House Energy and Commerce Committee will hold a hearing on December 5th on “strategies for achieving a 100% clean economy”

**New Department of Energy leadership**
- The Senate confirmed Dan Brouillette as the new secretary of Energy on December 2nd
- Secretary Perry resigned on December 1st

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Madison DeLuca | Slide last updated on: December 3, 2019
Key environment issues to follow in December

What’s happening in Washington this month?

**UN Climate Change Conference in Madrid**
- At COP25, happening from Dec. 2-13, global leaders will discuss next steps for the Paris Accord, including carbon emissions trading
- Speaker Pelosi (D-CA-12) attended the event to argue that the United States’ still supported the climate goals despite President Trump’s plan to withdrawal the US from the Accord

**EPA taking steps to regulate PFAS**
- In November, the EPA announced a potential rule to add PFAS to the Toxics Release Inventory program, which requires companies to track their use of listed chemicals
- The EPA may also release other proposed rules and notices related to PFAS, including one to categorize some PFAS as hazardous substances

**Final auto emissions standards**
- The Trump admin may soon finalize the remainder of its SAFE auto emissions standards
- It has already released a final rule repealing California’s waiver to set stricter standards than the federal government, which has been challenged in court

**Global climate protests**
- On Black Friday (Nov. 29), climate change demonstrations occurred in countries across the world, planned by groups such as Extinction Rebellion and the Sunrise Movement
- An additional round of global demonstrations is planned for December 6th

Key financial regulation issues to follow in December

What’s happening in Washington this month?

New banking regulations

- The Fed is set to take further action to implement a “stress capital buffer,” creating a more comprehensive stress testing regime for banks with over $50 billion of assets
- Regulators this month might also address the meaning of a “covered fund” within the Volcker Rule

Community Reinvestment Act (CRA)

- The Office of the Comptroller of the Currency is speculated to advance a CRA reform proposal
- The Office of Management and Budget slated the proposal to be released sometime in December in its Unified Agenda

Final 2019 FOMC meeting

- The Federal Reserve cut interest rates three consecutive times between July and October 2019
- The next Federal Open Market Committee (FOMC) meeting takes place on December 10th and 11th and must decide to keep rates the same or to lower them further

China trade negotiations

- Another round of US-imposed tariffs on Chinese goods is scheduled to be applied on December 15th
- President Trump has recently announced that he has “no deadline” to end the trade war with China, suggesting a deal may take place after the 2020 presidential election


Saskia Kercy | Slide last updated on: December 3, 2019
**Key health care issues to follow in December**

**What’s happening in Washington this month?**

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<tr>
<th><strong>Vaping regulations</strong></th>
<th><strong>ACA court case</strong></th>
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<td>• At the beginning of November, the Trump administration announced that it would release a plan to address vaping</td>
<td>• A 5th Circuit panel heard oral arguments on July 9</td>
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<td>• The Trump administration has yet to release the plan, but states have already begun to take action implementing various flavor and e-cig bans</td>
<td>• Republican state attorneys general have argued the ACA is unconstitutional after the 2017 elimination of the individual mandate</td>
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<td>• The court has not yet issued a ruling, but it will likely be appealed to the Supreme Court regardless of outcome</td>
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<th><strong>ACA open enrollment period</strong></th>
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<td>• On November 26th, a US District Court judge halted a Trump administration policy that would have required people trying to enter the US under certain visas to have health insurance</td>
<td>• The ACA open enrollment period ends on December 15, 2019 for the 38 states using the federal marketplace</td>
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<td>• The Trump administration has indicated it will appeal the ruling</td>
<td>• Seven states and DC have extended their open enrollment deadlines</td>
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<td>• Although there are more insurers and lower premiums, a drop in enrollment is expected</td>
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Sources: Courthouse News, CNBC, Politico, The Hill, Buzzfeed, Time.
Key pharmaceutical issues to follow in December

What’s happening in Washington this month?

**Drug pricing legislation**
- H.R. 3: The Lower Drug Costs Now Act of 2019 is expected to receive a vote soon, following the release of a final CBO report
- The Trump administration is working to strengthen support for Senator Grassley’s (R-IA) bill (S. 2543) but Majority Leader McConnell (R-KY) has not committed to holding a vote and has declined to support it

**Potential USMCA ratification**
- The USMCA still requires legislative approval and would have a significant impact on pharmaceutical prices and availability if ratified
- The Trump administration is considering easing intellectual-property protections for drug makers to gain Democratic support
- Members of Congress from both parties have stated that a deal by the end of 2019 is possible

**Drug price disclosure in advertisements**
- The Trump administration is appealing a ruling that HHS does not have the authority to compel drug companies to disclose prices in TV ads; the appeal hearing is scheduled for mid-January
- Lawmakers in the Senate have introduced a bill that would implement the drug price rule

**Nomination of Stephen Hahn to FDA**
- On December 3, the Senate HELP Committee approved the nomination of Stephen Hahn as the next FDA administrator
- Committee Chair Alexander (R-TN) stated the full Senate vote may occur by the end of the year

Key technology issues to follow in December

What’s happening in Washington this month?

T-Mobile-Sprint merger lawsuit

• New York and California are leading 11 other states and DC in a suit to block the merger, claiming that it will lead to higher prices and hurt consumers as the number of US mobile carriers goes from four to three
• Despite approval from the Justice Department and the FCC, the case is set to go to trial on December 9th

Consumer data privacy bills

• The Senate is currently considering two data privacy plans from Sens. Maria Cantwell (D-WA) and Roger Wicker (R-MI)
• The Senate Committee on Commerce, Science, and Transportation will hold a hearing on December 4 to consider legislative proposals on consumer data privacy

Impact of French tech tax

• On December 2, the USTR found a French tax against large tech corporations to be discriminatory against US companies. The USTR recommended 100% tariffs on certain French imports, including wine and cheese
• The findings do not immediately impose tariffs, but Trump could impose them when he chooses

FCC December Open Meeting

• In the December 12th FCC Open Meeting, commissioners will consider issues including a 3-digit suicide hotline, 5.9 GHz band spectrum use, cable service change notifications, noncommercial and low power FM station licensing, enforcement actions, and more

Sources: The Verge, FCC, CNBC, New York Times, Senate Committee on Commerce, Science, and Transportation

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