This Week In Congress


**Senate** – The Senate confirmed the nomination of Katharine MacGregor to be Deputy Secretary of the Interior, as well as several judicial nominations. The Senate failed to invoke cloture on S. 3275, “The Pain-Capable Unborn Child Protection Act,” and S. 311, “The Born-Alive Abortion Survivors Protection Act.”

Next Week In Congress

**House** – The House is expected to vote on H.R. 1140, “The Rights for Transportation Security Officers Act.”

**Senate** – The Senate is expected to take up “The American Energy Innovation Act,” which will be offered as a substitute amendment to S. 2657. The Senate will also continue its consideration of judicial and federal agency nominations.

TAX

House Financial Services Committee Members Spar Over Financial Transaction Tax Amendment

**Key Points:**

- **Ranking Member Patrick McHenry (R-NC)** offered an amendment to condemn Democrats efforts to impact America’s financial markets through the implementation of a financial transaction tax.

- **Chairwoman Maxine Waters (D-CA)** strongly objected to the amendment, characterizing it as “more as a political act rather than a real public policy concern.”

During a House Financial Services Committee markup this week Ranking Member McHenry offered an amendment to the View and Estimates of the Committee, which is a document to set agenda items that might be incorporated into the House Fiscal Year 2021 Budget. His amendment sought to condemn Democrats efforts to implement some form of a financial transaction tax. He noted it would harm Americans and affect their ability to: (1) save for retirement; (2) save for their children’s education; and (3) buy their first home. He stated this tax is not a tax on the one percent but

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rather “anyone who has any savings.” Ranking Member McHenry and Representative Huizenga (R-MI) requested a hearing on financial transaction taxes so the Committee could come to a better understanding of their effects. Chairwoman Waters disagreed with the characterization of financial transaction taxes put forward by McHenry and Huizenga, and she noted the goals of financial transaction taxes are not to raise revenue but rather to tamp down on the riskiest forms of Wall Street speculation like high frequency trading. The Committee rejected the amendment by a vote of 27-30, but the issue remains one where lively debate will continue.

Senators Sanders and Van Hollen Aim to Eliminate Certain Executive Retirement Plans

Key Point:
- Senator Sanders newly proposed plan would curb tax benefits of executive’s retirement plans at Americas largest companies.

Democratic Presidential Candidate Senator Sanders (I-VT), and Senator Van Hollen (D-MD) proposed legislation (S. 3341) this week that would curb the tax benefits of executive’s deferred compensation retirement plans known as Top Hat plans. This follows a GAO report issued this week that reported that executive deferred pay plans at the top 500 largest U.S. companies total about $13 billion from about 2,300 individuals. The study also found that chief executives typically have higher retirement account values, averaging about $14 million in the GAO study. According to securities filings, certain executives have had retirement plans topping $100 million. In a press release, Senator Sanders stated “[i]t is outrageous that the wealthiest corporate executives in America get unlimited, special tax privileges on hundreds of millions of dollars in savings, while ordinary workers can only get tax deferment of up to $19,500 on their 401(k)s.”

Under the current deferred compensation rules, companies may create these Top Hat retirement plans for their outgoing executives that can exceed limits applicable to qualified retirement packages. Under the proposal from Senators Sanders and Van Hollen, an executive would pay taxes on their benefits package once there is no longer a substantial risk of forfeiture. It is possible this legislation would lead to companies abandoning their current plans because executives would likely prefer getting paid rather than being taxed on the money before they can receive it.

The Sanders/Van Hollen proposal also changes how stock options would be taxed. Under the current system, nonqualified stock options are taxed at the date of exercise, at which time the company can take a deduction for the value and the employee must then report the value as income. Under the proposal from Senators Sanders and Van Hollen, employees making over $130,000 would have the stock options taxed when the options vest even if the exercise does not occur. In its report, the GAO said the agencies didn’t know how many people benefited from such plans, how much money was at stake, or other basic details.

Upcoming Hearings and Meetings

March 3

Treasury Secretary on 2021 Budget Release: The House Ways and Means Committee will hold a hearing on the “Proposed Fiscal Year 2021 Budget with Treasury Secretary Steven Mnuchin.” The hearing will occur Tuesday, March 3, 2020 at 9:00am in 1100 Longworth House Office Building.

March 4

Tax Code and Native American Tribes: The House Ways and Means Committee will hold a
hearing on the “Select Revenue Measures Subcommittee Hearing on Examining the Impact of the Tax Code on Native American Tribes.” The hearing will occur Wednesday, March 4, 2020 at 10:00am in 1100 Longworth House Office Building.

For more information about tax issues you may email or call Christopher Hatcher at 202-659-8201. Josh Hansma contributed to this section.

FINANCIAL SERVICES

FHFA Issues Request for Input on Federal Home Loan Bank Membership

Key Point:

- The FHFA is seeking input on whether its existing membership regulations ensure Federal Home Loan Banks remain safe, sound, and provide liquidity throughout the business cycle.

On February 24, the Federal Housing Finance Agency (FHFA) issued a Request for Input (RFI) on Federal Home Loan Bank (FHLB) membership. As described in a press release:

The RFI, part of a holistic review of FHLBank membership, seeks public input on whether FHFA’s existing regulation on FHLBank membership ensures the FHLBank System, consistent with statutory requirements, remains safe and sound, provides liquidity for housing finance through the housing and business cycle, and supports the FHLBanks’ housing finance and community development mission.

The RFI seeks feedback on a series of questions that are important to FHFA’s understanding of the safety and soundness and mission implications of both the current membership requirements and any potential future changes. The questions address topics ranging from general eligibility and affiliate issues, to specific safety and soundness and mission requirements, to more technical matters relating to the application of the regulation. The responses received through the RFI will help FHFA determine what actions, if any, may be appropriate to take to update the FHLBank membership regulation.

The RFI will be subject to a 120-day comment period.

House Financial Services Committee Approves Seven Bills

Key Points:

- The Committee favorably reported legislation regarding housing discrimination, land use policy, affordable housing, disclosure of political expenditures, small dollar mortgages, and Chinese debt financing.
- The markup also included consideration of the Committee’s budget Views and Estimates, with an amendment offered by Ranking Member Patrick McHenry opposing proposals to implement a financial transaction tax rejected by a vote of 27-30.

On February 27-28, the House Financial Services Committee held a markup and approved seven financial services bills:

- The Housing Fairness Act (H.R. 149), introduced by Representative Al Green (D-TX), which would authorize funds to prevent housing discrimination through the use of nationwide testing and to increase funds for Fair Housing Initiative Programs. The Committee favorably reported H.R. 149, by a vote of 33-25.
The Yes in My Backyard Act (H.R. 4351) introduced by Representative Denny Heck (D-WA), which would require certain grantees under title I of the Housing and Community Development Act of 1974 to submit a plan to track discriminatory land use policies. The Committee favorably reported H.R. 4351, by a voice vote.

The Housing Is Infrastructure Act (H.R. 5187) introduced by Chairwoman Maxine Waters (D-CA), which would authorize over $100 billion for the development of affordable housing. The Committee favorably reported H.R. 5187, by a vote of 33-25.

The Shareholder Political Transparency Act (H.R. 5929) introduced by Representative Bill Foster (D-IL), which would amend the Securities Exchange Act of 1934 to require reporting of certain expenditures for political activities. The Committee favorably reported H.R. 5929, by a vote of 33-25.

The Workforce Investment Disclosure Act (H.R. 5930) introduced by Representative Cindy Axne (D-IA), which would amend the Securities Exchange Act of 1934 to require issues to disclose information about human capital management in their annual reports. The Committee favorably reported H.R. 5930, by a vote of 33-25.

The Improving FHA Support for Small Dollar Mortgages Act of 2020 (H.R. 5931) Introduced by Representative Wm. Lacy Clay (D-MO), which would require a review of the effects of FHA mortgage insurance policies, practices, and products on small-dollar mortgage lending. The Committee favorably reported H.R. 5931, by a vote of 48-0.

The Ensuring Chinese Debt Transparency Act (H.R. 5932) introduced by Representative French Hill (R-AR), which would ensure greater transparency about the terms and conditions of financing provided by China to member states of the international financial institutions. The Committee favorably reported H.R. 5923 by voice vote.

The Committee also approved their views and estimates on matters to be set forth in the resolution on the Fiscal Year 2021 budget, as well as a resolution appointing Minority members to subcommittees. Ranking Member Patrick McHenry (R-NC) offered an amendment to the views and estimate condemning proposals to implement a financial transaction tax. The amendment was rejected by a vote of 27-30.

Upcoming Hearings and Meetings

March 3

Treasury Budget: The House Ways and Means Committee will hold a hearing on the Fiscal Year 2021 budget for the Treasury Department. Treasury Secretary Steven Mnuchin will testify at the hearing.

Financial Services Appropriations: The House Appropriations Committee's Subcommittee on Financial Services and General Government will hold a Member Day hearing.

March 4

Treasury Budget: The House Appropriations Committee's Subcommittee on Financial Services and General Government will hold a hearing on the Fiscal Year 2021 budget for the Treasury Department. Treasury Secretary Steven Mnuchin will testify at the hearing.
**Illicit Finance:** The House Financial Services Committee’s Subcommittee on National Security, International Development, and Monetary Policy will hold a hearing entitled, “The Traffickers’ Roadmap: How Bad Actors Exploit Financial Systems to Facilitate the Illicit Trade in People, Animals, Drugs, and Weapons.”

**Auto Insurance:** The House Financial Services Committee’s Subcommittee on Housing, Community Development, and Insurance will hold a hearing entitled, “Drivers of Discrimination: An Examination of Unfair Premiums, Practices, and Policies in the Auto Insurance Industry.”

**SEC Open Meeting:** The Securities and Exchange Commission (SEC) will hold an open meeting to “consider whether to propose rule amendments that would simplify, harmonize, and improve certain aspects of the framework for exemptions from registration under the Securities Act of 1933 to promote capital formation while preserving or enhancing important investor protections.”

**Blockchain:** The House Small Business Committee will hold a hearing entitled “Building Blocks of Change: The Benefits of Blockchain Technology for Small Businesses.” The witnesses at the hearing will be Shane McRann Bigelow, CEO, Ownum, LLC, on behalf of the Chamber of Digital Commerce; Dawn Dickson, CEO, PopCom; Marvin Ammori, General Counsel, Protocol Labs, on behalf of the Blockchain Association; and Jim Harper, Visiting Fellow, American Enterprise Institute.

**March 6**

**Underbanked Communities:** The House Financial Services Committee’s Subcommittee on Consumer Protection and Financial Institutions will hold a field hearing in Jamaica, New York entitled, “Modern-Day Redlining: the Burden on Underbanked and Excluded Communities in New York.”

**March 10**

**Wells Fargo:** The House Financial Services Committee will hold a hearing entitled, “Holding Wells Fargo Accountable: CEO Perspectives on Next Steps for the Bank that Broke America’s Trust.”

**CFPB Oversight:** The Senate Banking Committee will hold a hearing on the Consumer Financial Protection Bureau’s (CFPB) Semi-Annual Report to Congress. CFPB Director Kathleen Kraninger will testify at the hearing.

**Debt Relief:** The CFPB will hold an event entitled “Evolutions in Consumer Debt Relief.”

**March 11**

**Wells Fargo:** The House Financial Services Committee will hold a hearing entitled, “Holding Wells Fargo Accountable: Examining the Role of the Board of Directors in the Bank’s Egregious Pattern of Consumer Abuses.”

**March 11-13**

**CFPB Advisory Committees:** The CFPB will hold the Spring 2020 meetings of its Consumer Advisory Board, Community Bank Advisory Council, Credit Union Advisory Council, and Academic Research Council.
March 24

**Affordable Housing:** The House Financial Services Committee will hold a hearing entitled, “An Examination of Secretary Carson’s Efforts to Undermine Affordable Housing in America.”

**Digital Currency:** The House Financial Services Committee’s Subcommittee on National Security, International Development, and Monetary Policy will hold a hearing entitled, “A Review of Domestic and International Approaches to Digital Currencies.”

**OCC:** The Senate Banking Committee will hold a hearing on oversight of the Office of the Comptroller of the Currency (OCC). Comptroller Joseph Otting will testify at the hearing.

March 25

**LIBOR:** The House Financial Services Committee’s Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets will hold a hearing entitled, “The End of LIBOR: Transitioning to an Alternative Interest Rate Calculation for Mortgages, Student Loans, Derivatives, and Other Financial Products.”

**Wells Fargo:** The House Financial Services Committee’s Subcommittee on Oversight and Investigations will hold a hearing entitled, “Holding Wells Fargo Accountable: Examining the Impact of the Bank’s Toxic Culture on Its Employees.”

March 31

**CFTC Open Meeting:** The Commodity Futures Trading Commission (CFTC) will hold an open meeting to consider proposed amendments to bankruptcy rules (Part 190).

For more information about financial services issues you may email Joel Oswald or Alex Barcham.

**ENERGY & ENVIRONMENT**

**Senate Set to Debate Energy Legislation**

**Key Points:**
- The Senate will begin consideration of bipartisan energy legislation next week.
- The Senate Energy and Natural Resources Committee Chair and Ranking Member unveiled the bill on Thursday.

On Monday the Senate is scheduled to take an initial vote to begin debate on the “American Energy Innovation Act”. Senate Energy and Natural Resources Committee Chair Lisa Murkowski (R-AK) and Ranking Member Joe Manchin (D-WV) released the text of the legislation on February 27.

The proposal combines a series of bipartisan bills that the Committee marked up in 2019, and includes provisions addressing:

- Electric grid cybersecurity;
- Energy and building efficiency;
- Energy workforce and training;
- Industrial efficiency and competitiveness;
- Federal agency energy efficiency;
- Renewables;
- Energy storage;
- Carbon capture, utilization and sequestration;
- Nuclear;
- Industrial technologies;
- Smart manufacturing; and
- Vehicles.
The legislation also includes provisions related to the Department of Energy and fossil energy, including:

- Authority to expedite approval of small volume natural gas exports.
- A requirement to conduct a study “regarding the potential national and economic security benefits of building ethane and other natural-gas-liquids-related petrochemical infrastructure in the vicinity of the Marcellus, Utica, and Rogersville shale plays.”
- Direction to adjust the dates of statutorily-mandated drawdowns of crude oil from the Strategic Petroleum Reserve.

In a statement, Murkowski declared that the legislation “addresses national needs by taking overdue steps to enhance our cybersecurity, grid security, and mineral security.” Manchin stated that the bill will “make a down payment on emissions-reducing technologies, reassert the United States’ leadership role in global markets, enhance our grid security, and protect consumers.

The Committee also issued a section-by-section summary and a two-page overview.

Upcoming Hearings and Events

March 3

**FERC Nomination:** The Senate Energy and Natural Resources Committee will hold a **business meeting** to vote on the nomination of James Danly to be a Member of the Federal Energy Regulatory Commission (FERC) for a term through June 30, 2023.

**DOE Budget:** The Senate Energy and Natural Resources Committee will hold a **hearing** on the Department of Energy’s Fiscal Year 2020 budget. Secretary of Energy Dan Brouillette is scheduled to testify.

March 4

**Invasive Species:** The Senate Energy and Natural Resources Committee’s Subcommittee on Water and Power will hold a **hearing** “to examine the impact of invasive species on Bureau of Reclamation facilities and management of water resources in the West.”

**Public Lands Legislation:** The Senate Energy and Natural Resources Committee’s Subcommittee on National Parks will hold a **hearing** on pending legislation.

**DOE and NNSA Budgets:** The House Appropriations Committee’s Subcommittee on Energy and Water Development, and Related Agencies will hold a **hearing** on the “Department of Energy Applied Energy Programs’ Budget Requests for FY2021.”

March 5

**Energy Outlook:** The Senate Energy and Natural Resources Committee will hold a **hearing** “to examine the latest developments and longer-term prospects for global energy markets, with a special focus on the United
June 25

**Reliability:** The Federal Energy Regulatory Commission (FERC) will hold a technical conference on “Reliability of the Bulk Power System”. The conference “will focus on reliability-related issues for the bulk power system, including: (1) the changing resource mix; (2) inverter-based resources and inverter-connected distributed energy resources; and (3) cybersecurity.”

For more information about energy and environment issues you may email or call Frank Vlossak at 202-659-8201. Updates on energy and environment issues are also available on twitter.

**HEALTH**

**HHS Secretary Azar Testifies on FY 2021 Budget**

Key Points:
- Secretary of Health and Human Services Alex Azar testified before four congressional committees this week on the Administration’s Fiscal Year (FY) 2021 Budget and the coronavirus outbreak.
- Questions and testimony focused on coronavirus response, the drug supply chain, drug pricing reform, and various cuts proposed in the FY 2021 Budget.

From February 25 through 27, HHS Secretary Alex Azar testified before the Senate Appropriations, House Appropriations, House Energy and Commerce, and House Ways and Means committees. The House Energy and Commerce hearing also featured officials from the Food and Drug Administration (FDA), Centers for Disease Control and Prevention (CDC), and National Institute for Allergy and Infectious Diseases (NIAID). The hearings featured a wide range of topics, but the majority of discussion centered on the federal response to the coronavirus outbreak.

Azar detailed the Administration’s $2.5 billion supplemental request for coronavirus funding, half of which would be new funding and half of which would be internal transfers of currently appropriated funds for FY 2020. There were bipartisan concerns raised regarding the adequacy of the supplemental request, with Democrats particularly criticizing the lack of detail in the proposal. House Appropriations Subcommittee Chairwoman Rosa DeLauro (D-CT) and Ranking Member Tom Cole (R-OK) both indicated that the Committee would reject any effort to transfer funds from the Ebola response. Secretary Azar repeatedly responded that HHS was open to additional funding, referring to the $2.5 billion figure as a “floor.” Administration officials urged Members to exercise caution when speaking about the spread of the virus, noting its potential impacts on the U.S. remain unknown. Secretary Azar suggested that community containment efforts would focus more on home-based isolation than mandatory quarantines. He also promoted the CDC-developed test kit, which he noted is currently deployed at 11 sites across the country. Members urged the Administration to help in efforts to develop a new vaccine and to ensure that it comes to market at an affordable price. Azar emphasized that HHS would not use price controls, but he said the Department would work with any manufacturer of the virus to make the vaccine affordable.

Democratic Members were highly critical of proposed cuts in the FY 2021 Budget, particularly payment reductions to state Medicaid programs. They also expressed frustration about the Administration’s opposition to the Affordable Care Act, both in
litigation stances and advocacy of short-term, limited-duration health plans.

Members of both parties raised drug pricing issues throughout the hearings. House Democrats were eager to hold Azar accountable for what they perceived as the Administration’s lack of execution on drug pricing, while also urging the Administration to publicly support H.R. 3. Republicans, on the other hand, prompted the Secretary to agree with statements about the potential negative impact of H.R. 3 on innovation. Azar was clear that the Administration would only support legislation with bipartisan, bicameral support.

**Upcoming Hearings and Meetings**

**March 3**

**Coronavirus:** The Senate Health, Education, Labor and Pensions Committee will hold a hearing on “An Emerging Disease Threat: How the U.S. Is Responding to COVID-19, the Novel Coronavirus.”

**Opioids:** The House Energy and Commerce Committee will hold a hearing on “Combatting an Epidemic: Legislation to Help Patients with Substance Use Disorders.”

**March 4**

**NIH:** The House Appropriations Committee will hold a hearing on the National Institutes of Health Budget Request for FY 2021.

**Coronavirus:** The Senate Commerce, Science and Transportation Committee will hold a hearing on “From SARS to Coronavirus: Examining the Role of Global Aviation in Containing the Spread of Infectious Disease.”

**Coronavirus:** The House Homeland Security Committee will hold a hearing on “Confronting the Coronavirus: Perspectives on the Response to a Pandemic Threat.”

**Coronavirus:** The House Oversight and Reform Committee will hold a hearing on “U.S. Biodefense and Response to the Novel Coronavirus Outbreak.”

**March 5**

**Coronavirus:** The House Science, Space, and Technology Committee will hold a hearing on “Beyond Coronaviruses: Understanding the Spread of Infectious Diseases and Mobilizing Innovative Solutions.”

**Coronavirus:** The Senate Homeland Security and Governmental Affairs Committee will hold a hearing on “The Federal Interagency Response to the Coronavirus and Preparing for Future Global Pandemics.”

**March 5-6**

**Medicare:** The Medicare Payment Advisory Commission will hold a public meeting.

*For more information about healthcare issues you may email or call Nicole Ruzinski Bertsch or George Olsen at 202-659-8201. Thomas McGrath contributed to this section.*

**TRADE**

**U.S. and India to Begin Negotiations on Comprehensive Trade Deal**

**Key Points**

- On Wednesday, President Trump and Indian Prime Minister Modi announced plans to initiate talks on a “bigger deal.”

On Wednesday, President Trump and Indian Prime Minister Narendra Modi announced an agreement between the U.S. and India to initiate
talks on a “bigger deal,” after a limited trade agreement was not been reached during the President’s visit. Talks about a limited trade deal had begun last year and, until U.S. Trade Representative (USTR) Lighthizer canceled a planned trip to India, the deal was expected to be completed before or during the recent visit by the President. Indian Commerce and Industry Minister Piyush Goyal stated that he was hopeful the U.S. and India could quickly conclude “the limited engagement that we have already discussed and nearly finalized.” In a joint statement, the White House and India announced that Trump and Modi agreed to conclude the ongoing negotiations, “which they hope can become phase one of a comprehensive bilateral trade deal.” President Trump said India had agreed to buy more than $3 billion of U.S. military equipment, including helicopters, and had struck a deal with ExxonMobil to facilitate “even more” U.S. liquid natural gas exports to India. An Administration official also announced that memoranda of understanding on mental health, drug products, and liquefied natural gas were finalized during the week’s meetings.

U.S. Moving Forward with UK Trade Deal

Key Points:

- USTR Lighthizer met with United Kingdom (UK) International Trade Secretary Liz Truss this week about a bilateral trade agreement.
- Both sides were optimistic about the potential for a deal, but obstacles remain to reaching an agreement this year.

USTR Lighthizer visited the UK this week to meet with International Trade Secretary Liz Truss about a comprehensive trade agreement. Following the meeting, the UK Department on International Trade issued the following statement: “the Trade Secretary and Ambassador Lighthizer reiterated their commitment to get on with negotiation a free trade agreement and improving the bilateral relationship between the U.S. and the UK.” Secretary Truss referred to a deal with the U.S. as one of her top priorities, and suggested a potential agreement should benefit ever industry, “from agriculture and manufacturing to professional and business services.” The UK is set to publish its negotiating objective on Monday.

Despite mutual interest in a deal, experts remain skeptical that the two sides can reach anything but a “shallow” agreement this year given the U.S. presidential election. The two countries had announced in January that they intended to conclude a deal in 2020. Aside from the U.S. elections, talks could also stall over recent tensions over 5G. Earlier this month Vice President Pence answered “we’ll see” to a question about whether UK’s decision to grant Huawei access to its 5G mobile networks was a deal breaker for future negotiations.

Sonny Perdue Calls on EU to Reduce Agriculture Trade Regulations

Key Point:

- Secretary of Agriculture Perdue published an op-ed this week which called on Europe to remove barriers for U.S. agriculture products.

On Monday, U.S. Secretary of Agriculture Sonny Perdue wrote an article in a European publication in which he called on Europe to “remove constraints to the adoption of innovative new approaches and technologies, including overly burdensome and unnecessary regulations.” Secretary Perdue has been adamant in recent months that any trade agreement between the U.S. and European Union (EU) should resolve disputes over genetically-modified crops and animal growth hormones, particularly related to sanitary and phytosanitary (SPS) standards. EU Trade Commissioner Phil Hogan said last week that he hoped to reach an
agreement by the time he returns to Washington on March 18.

Agricultural issues and disagreements over barriers for such products remain one of the difficult hurdles in U.S.-EU talks, and by extension could be a hurdle in pending U.S.-UK talks as well.

UK-EU Trade Talks to Occur in Five Rounds from March-May

Key Points:
- Bilateral trade negotiations between the UK and EU are set to begin next week.
- The negotiations will take place over five sessions and alternate between Brussels and London.

Post-Brexit trade negotiations between the UK and EU are set to take place over five rounds, with one every two to three weeks, from March through May. The talks will break down into 11 negotiating groups with the location alternating between London and Brussels. The first round is scheduled to begin Monday in Brussels. UK Prime Minister Boris Johnson reportedly wants a similar agreement to the EU’s trade deal with Canada, which includes very low levels of tariffs. The EU has been reticent to offer a similar framework given the UK’s desire to set its own trade rules and standards. UK officials indicated this week they would like an agreement in the next ten months, but also threatened to walk away from negotiations with the EU in June unless a “broad outline” has been developed by that time.

Administration Decides Against Section 232 Tariffs on Titanium Sponge

Key Points:
- The Trump Administration decided this week not to impose Section 232 duties on titanium sponge.

The Trump Administration announced this week that it would not impose Section 232 import duties on titanium sponge, and instead directed the formation of a working group to facilitate further trade discussions with Japan (which accounts for over 90 percent of imported sponge). The decision to hold off on the tariffs comes after the Department of Commerce released a report which found that imports of titanium sponge, which is a key input in military aircraft, harm U.S. producers and represent a national security threat. Despite the finding, Commerce advised against “the adjustment of imports.”

Canada Moving Forward on USMCA

Key Points:
- The International Trade Committee in the Canadian House of Commons approved legislation to implement the United States-Mexico-Canada Agreement (USMCA) this week.

The Canadian House of Commons’ International Trade Committee approved USMCA implementing legislation by an overwhelming majority this week. Members of Parliament rejected two amendments, one to add a non-derogation clause and another to mandate a committee report every other year on the socioeconomic impacts of the Agreement. Committee Chairwoman Judy Sgro said Members would “try as a team to present the bill” when the House of Commons reconvenes. The outlook for passage of USMCA significantly improved recently when the New Democratic Party, a party with Members generally to the political left of the Liberals, agreed to expedite ratification. Entry into force will occur after all parties have ratified the agreement, and exchanged letters certifying
other aspects of the agreement have been completed. The entry-into-force could happen this summer, or could take longer, depending on those certifications.

**Upcoming Hearings and Events**

**March 3**

*Censorship:* The Senate Finance Committee will hold a hearing entitled “Censorship as a Non-Tariff Barrier to Trade.”

*For more information about trade issues you may email [email](mailto:email) or call Christopher Hatcher at 202-659-8201. Thomas McGrath and Ryan Sigmon contributed to this section.*

*This Week in Congress was written by Alex Barcham.*