



THE REAL DEAL

ALL OUR EYES ON U.S. POLITICS

Speaker Pelosi announced a formal impeachment inquiry into President Trump. The World Trade Organization approved retaliatory measures on the European Union for subsidies to Airbus and the office of the United States Trade Representative will apply tariffs on certain EU goods beginning in mid-October. The United States Supreme Court begins a new term and several hot-button issues are on the docket. Trade negotiators from the United States and China meet in Washington on October 10. Japan and the United States strike a limited trade deal and Trump makes his third speech to the United Nations General Assembly.

IMPEACHMENT INQUIRY IN THE HOUSE

On September 24, Speaker of the House Nancy Pelosi (D-CA) announced a formal impeachment inquiry of President Trump, stating, “The actions taken to date by the president have seriously violated the Constitution... [Trump] must be held accountable — no one is above the law.” Trump is the fourth president in American history to face impeachment. At issue is the President’s interactions with his Ukrainian counterpart, President Volodymyr Zelensky, and the move follows a whistleblower complaint within the intelligence community. In addition to the whistleblower complaint, a rough transcript of the call between Trump and Zelensky has been released as well as text messages between senior Trump administration officials and Trump confidants related to the matter—the *New York Times* has a tracker of the information and evidence released thus far. This constitutional and political showdown will consume significant attention and bandwidth on Capitol Hill and all legislative initiatives (with the likely exception of federal spending legislation—for which a continuing resolution expires on November 22) will probably grind to a halt.

The U.S. Constitution allows Congress to remove a president, and other “civil officers”, who are found to have committed “treason, bribery, or other high crimes and misdemeanors,” however what constitutes “high crimes and misdemeanors” is not defined. The House of Representatives has the sole power to impeach an official and the House Judiciary Committee has jurisdiction over impeachment, but House Intelligence Committee, under the chairmanship of Adam Schiff (D-CA), is currently leading the process. They will send Judiciary recommendations for specific impeachment articles. The markup of impeachment articles follows the same protocols governing any other legislation and the vote would require only a simple majority of a panel where Democrats enjoy a 24 to 17 majority. Impeachment articles reported by the Judiciary Committee are then referred to the floor of the House, where they are considered privileged, allowing a floor vote at the time of Democrats choosing, who could vote on the articles as a package, or divide them into separate votes, as was the case in the Clinton impeachment. A simple majority of the House is required for impeachment articles to be passed—Democrats enjoy a 235 to 197 (there is one independent and two vacancies) seat majority and 226 have already announced their support for the impeachment inquiry. Once a single article has been passed, the president has been impeached.

The matter then heads to the United States Senate, which acts as “a High Court of Impeachment.” Before the official trial, Senators must adopt a set of rules governing the process that will determine how long the trial will run, what evidence is permissible and which witnesses are allowed. House Democratic

leaders will appoint a slate of “managers,” who would essentially act as prosecutors in the trial, and the president would appoint a team of defense lawyers, with the Senate acting as the jury. Presiding over the process would be John Roberts, chief justice of the United States Supreme Court. Republicans currently control the Senate with a 53 to 47 majority and a two-thirds majority of those present are required to convict. A president has never been removed from office and the threat of Trump’s removal is slim.

AIRBUS TARIFFS

The [World Trade Organization \(WTO\) arbitrator approved](#) \$7.5 billion in countermeasures for the United States against Europe for subsidies to Airbus. This follows four previous panel and appellate reports from 2011-2018 on the matter. The ruling cannot be appealed. The award is the largest in WTO history and was calculated based on WTO findings that the subsidies caused significant lost sales of Boeing large civil aircraft, as well as impeding exports of Boeing large aircraft to the EU, Australia, China, Korea, Singapore, and UAE markets. The tariffs, effective October 18, will be applied to a [range of imports](#) from EU Member States, with most applied to goods from France, Germany, Spain, and the United Kingdom. Italian products subject to a duty include liqueurs and cordials, certain cheeses and dairy products, certain pork products, various fruits and jellies.

NEW SUPREME COURT TERM BEGINS

The new term of the Supreme Court of the United States began on October 7. There are a number of [high profile and politically divisive issues](#) on the docket such as abortion rights, employment rights for gay and transgender people, and protections for young immigrants. The Court may also be asked to intervene in disputes between congressional Democrats and the White House related to the impeachment inquiry. If the matter goes to a trial in the United States Senate, Chief Justice John Roberts will preside over the trial.

CHINA TRADE WAR – NEGOTIATORS MEET IN WASHINGTON

Negotiators from the United States and China are set to meet in Washington on Thursday, October 10 for a thirteenth round of talks. Prospects of a broad deal dimmed as senior Chinese officials indicate that the range of topics they are willing to discuss has narrowed significantly and that there would be no commitments on reforming Chinese industrial policy or government subsidies—matters that have been core complaints from the United States. While both sides have de-escalated trade tensions in recent weeks, with the U.S. delaying some tariffs and [China resuming the purchase of farm goods](#), if no agreement is reached tariffs currently applied at 25 percent to \$250 billion of Chinese imports into the United States will rise to 30 percent on October 15. Additional tariffs, covering nearly all goods from China, are also set to go into effect in December. Moreover, the Trump administration has been considering [investment restrictions](#) such as barring Chinese firms from listing on U.S. exchanges, limiting American pension investments in Chinese markets, and capping the value of Chinese securities in American indexes. The negotiations have also been complicated by the impeachment inquiry after Trump publicly [called on China to investigate former Vice President Joe Biden and his son Hunter Biden](#).

TRADE DEAL WITH JAPAN

On September 16, the White House [informed](#) Congress that an initial trade agreement with Japan had been reached on tariffs and digital trade. The agreement was struck under section 103(a)(2) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 and, therefore, does not require Congressional approval. [The deal](#) will eliminate or lower tariffs for certain U.S. agricultural products and includes a comprehensive set of provisions addressing priority areas of digital trade. The agreement was formally signed on September 25 when Trump and Japanese Prime Minister Shinzo Abe met in New York. The agreement does not cover trade in autos, but Trump has reportedly assured Abe the United States would not impose previously threatened “Section 232” national security tariffs on Japanese car imports.

TRUMP AT UNGA

New York played host to the annual United Nations General Assembly (UNGA) in late September. Trump, in his [third UNGA address](#), largely echoed the central message in his first two speeches—putting nationalism ahead of multilateralism stating “the free world must embrace its national foundations” and that “the future does not belong to globalists.” The President made no mention of climate change, which presented an interesting split screen with the UN Climate Action Summit where activists, such as Greta Thunberg, [called out world leaders for their lack of action](#). Perhaps the most interesting storyline from UNGA week was [the encounter that didn’t happen](#) between President Trump and Iranian President Hassan Rouhani—both seemed poised to talk but left New York without directly connecting.

PERSONNEL MOVES

White House – **Robert O’Brien** is the new National Security Advisor, replacing **John Bolton**. **Matthew Pottinger** was promoted to deputy national security advisor; he was previously the senior director for Asian affairs on the NSC staff. **Bill McGinley**, previously assistant to the president and Cabinet secretary, has left for the private sector.

Department of Commerce – **Daniel Crocker** is the deputy assistant secretary for Europe at the International Trade Administration.

Department of Defense – Army General **Mark A. Milley** has been sworn in as chairman of the Joint Chiefs of Staff. **Ryan McCarthy** was confirmed as secretary of the Army.

Development Finance Corporation - **Adam Seth Boehler** was confirmed as chief executive officer; **Edward Burrier** is the chief operating officer.

State Department – U.S. Ambassador to Germany **Ric Grenell** will also be appointed special presidential envoy for Serbia and Kosovo peace negotiations.

Treasury Department – **Thomas Feddo** was confirmed as assistant secretary for investment security.

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