



## THE REAL DEAL ALL OUR EYES ON U.S. POLITICS

The House moves to impeach Trump and formally files charges against the President. Former New York City Mayor Michael Bloomberg enters the 2020 race. Trump attended the NATO summit in London. The Trump administration officially notified the UN of its intention to withdraw from the Paris climate accord while House Speaker Nancy Pelosi sought to show that the U.S. is still committed to fighting climate change. Congress is looking to avert a year-end government shutdown. Trade tensions erupt between the U.S. and France over the digital services tax, the U.S. threatened to increase tariffs on goods from Europe over Airbus subsidies, and the U.S.-Mexico-Canada Agreement nears the finish line.

### HOUSE MOVES TO IMPEACH TRUMP

On Tuesday, December 10, Democratic leaders in the House of Representatives [announced two articles of impeachment](#) against President Trump—for abuse of power and obstruction of Congress. This is the fourth time in American history that impeachment articles have been brought against a President. The move follows months of closed-door depositions and interviews and several weeks of open hearings before the House Permanent Select Committee on Intelligence and House Judiciary Committee. The Intelligence Committee also filed a report on its inquiry that [“uncovered a months-long effort by President Trump to use the powers of his office to solicit foreign interference on his behalf in the 2020 election.”](#) These findings informed the Judiciary Committee’s formal impeachment hearings and subsequent impeachment articles. The Speaker likely has enough votes for the House of Representatives to impeach President Trump and they could vote on the matter as early as next week. Next will be a trial before the United States Senate—Senate Majority Leader Mitch McConnell has blocked off the entire month of January for a trial, which will be presided over by John Roberts, Chief Justice of the United States Supreme Court.

### BLOOMBERG ENTRY SHAKES UP 2020 CONTEST

Former three-term New York City Mayor Michael Bloomberg formally entered the 2020 Democratic presidential primary contest. Bloomberg brings a massive personal fortune, estimated at more than \$50 billion, to the campaign and invested nearly \$40 million of his own money on airtime in the opening days of his effort. His entry into the race has the potential to reshape the race and he signaled an [unconventional strategy](#) of bypassing the early-state contests and focusing on the delegate-rich primaries in states such as California and Texas. Conventional wisdom may no longer hold for the Democratic primary—where, since 1972, every Democratic nominee has come in either first, second or third in Iowa (caucus on February 3) and first or second in New Hampshire (primary on February 11). Strong placement in early contests generally leads to momentum and financial resources, but that may not be as important as in the past. One can also see a number of scenarios where there are vastly different outcomes in Iowa and New Hampshire as well as Nevada and South Carolina (caucus and primary on February 22 and 29, respectively) in the run up to “Super Tuesday” on March 3, where 15 states will hold their presidential primaries.

In other 2020 developments, the last month saw several candidates drop out of the race with California Senator Kamala Harris, Montana Governor Steve Bullock, and former Pennsylvania Congressman Joe Sestak suspending their campaigns. There are now 17 candidates vying for the nomination, of which only six have qualified for the next debate, on December 19.

## TRUMP AT THE NATO SUMMIT

In early December, Trump traveled to London to participate in the NATO Summit. The gathering was intended to demonstrate unity within the 70-year old alliance but fractures were on display. There were awkward moments between Trump and French President Emmanuel Macron and they [argued openly](#) over how the alliance should handle Russia, the self-proclaimed Islamic State, and Turkey. Trump called Canadian Prime Minister Justin Trudeau “two-faced” after he was caught on a hot mic mocking the President, in conversation with British Prime Minister Boris Johnson and Macron. Trump also held an unexpected meeting with Turkish President Recep Tayyip Erdoğan on the sidelines of the summit. Beyond the behind the scenes tensions, the [final declaration](#) does show alliance solidarity: reaffirming member states’ commitment to collective defense; stepping up efforts to respond to cyber threats; recognizing China as a challenge to the alliance and announcing space as a new operational domain.

## ACTION ON CLIMATE CHANGE

In an interesting side-by-side, the Trump administration [officially notified](#) the United Nations last month of its intention to withdraw from the Paris climate accord while House Speaker Nancy Pelosi led a group of 14 Democratic members of Congress to Madrid for the UN Climate Change Conference (COP-25). Pelosi’s move sought to show that the U.S. is still fighting to avoid the worst consequences of climate change. The trip was also an effort by House Democrats to keep alive the Paris climate accord, with Pelosi stating, [“even though the President has withdrawn from the Paris Accords, ‘we’re still in.”](#)

As federal action on climate lags, [a new report](#) from a broad coalition of U.S. states, municipalities, universities and businesses pledges further reductions to emissions. They find that policies already in place by state, local and business actors can reduce greenhouse gas emissions by 25% by 2030 compared to 2005 levels. The “America’s Pledge” initiative led by Michael Bloomberg and former California Governor Jerry Brown produced the report, entitled “Accelerating America’s Pledge.” Former U.S. Secretary of State John Kerry also launched a new initiative at the start of the COP-25, intended to get individuals, businesses, and governments to cut greenhouse gas emissions. The Kerry-led effort, called [World War Zero](#), also plans to hold 10 million “climate conversations” in 2020.

## END OF THE YEAR SHUTDOWN SHOWDOWN?

Congress is, again, facing a year-end government-funding deadline. Current funding runs out on December 20. The border is a major [sticking point](#); the Senate included \$5 billion for the wall in its Department of Homeland Security bill while the Democratic-run House included no new funding in its legislation. The President has indicated that he would refuse to sign funding bills if there is not some agreement on the wall. There are three possible options to avoid a government shutdown days before Christmas: negotiate a deal on the 12 fiscal 2020 spending bills; pass another stopgap funding bill (“continuing resolution”); or some combination of both.

## TENSIONS WITH FRANCE OVER DIGITAL SERVICES TAX, MORE DST INVESTIGATIONS LIKELY

The Office of the United States Trade Representative (USTR) is proposing tariffs on products from France in response to a new digital services tax (DST), passed by the French parliament in July 2019, which would affect large American technology companies. The [report by USTR](#) finds that the tax represents a barrier to trade and concludes that: the DST discriminates against U.S. companies; is inconsistent with international tax principles due to its retroactivity, extraterritorial application, and emphasis on revenue rather than income; and is intended to penalize specific U.S. companies such as Google, Apple, Facebook, and Amazon. The Trade Representative’s office proposed duties of up to 100 percent on certain French imports covering 63 tariff subheadings with an approximate trade value of

\$2.4 billion. EU trade chief Phil Hogan, who stated that [“the EU is united behind France...”](#), will meet with U.S. Trade Representative Robert Lighthizer next month to discuss the matter. USTR also indicated that it is [“exploring whether to open Section 301 investigations into the digital services taxes of Austria, Italy, and Turkey.”](#)

## WTO AIRBUS RULING, THREATS OF INCREASED TARIFFS

On Monday, December 2, the World Trade Organization [ruled](#) that the European Union failed to comply with an October ruling to end subsidies to Airbus. The latest decision reinforced the earlier Appellate Body ruling that France, Germany, Spain, and the United Kingdom provided illegal subsidies—in response to which the WTO authorized the U.S. to impose \$7.5 billion in tariffs on European imports. Following the compliance panel ruling highlighting the lack of progress on resolving this dispute, the office of the [USTR initiated a process](#) to assess increasing the existing tariffs rates—10 percent on Airbus aircraft and 25 percent on a mix of agriculture and industrial goods—as well as subjecting additional European products to tariffs.

## USMCA NEARS FINISH LINE

House Democratic leaders [announced](#) on Tuesday, December 10 that they would support passage of the United States-Mexico-Canada Agreement (USMCA) following months of negotiations between the USTR and Congressional Democrats as well as Mexican and Canadian trade authorities on lingering issues related to labor, pharmaceutical, environmental and enforcement provisions. The agreement will replace the twenty-five year old North America Free Trade Agreement (NAFTA) and is expected to come before the House next week before lawmakers depart for December recess.

## PERSONNEL MOVES

*White House* – **Avraham J. “Avi” Berkowitz** is Assistant to the President and Special Representative for International Negotiations.

*Department of Commerce* – **Joe Semsar** is the acting undersecretary for international trade at the International Trade Administration.

*Department of Defense* – **Tom Alexander** is the acting assistant secretary for special operations/low-intensity conflict.

*Department of Energy* - **Dan R. Brouillette** was confirmed as secretary.

*United States Trade Representative* – **Jen Carton, Silvia Savage, and Mike Rogers** have moved from the Department of Commerce’s International Trade Administration to the office of Europe and the Middle East at USTR and are now working on EU issues.

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