



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

President Donald Trump delivered his state of the union address to the U.S. Congress and was acquitted by the United States Senate on the two impeachment articles passed by the House. Votes have started being cast in the 2020 race. European Commissioner for Trade Phil Hogan was in Washington twice in the last month, momentum may be building on the U.S.-EU trade front. The coronavirus outbreak has captured the world's attention and several cases have been reported in the United States. The Trump administration unveiled a long-awaited peace plan for the Middle East. The “phase one” deal with China enters into force and President Trump submits his fiscal 2021 budget request.

TRUMP DELIVERS STATE OF THE UNION

On Tuesday, February 4, President Trump delivered his State of the Union address to a bicameral session of Congress—in the same chamber where lawmakers voted to impeach him weeks before and less than twenty-four hours before his eventual acquittal by the Senate. Beyond the [substance of the speech](#)—which addressed items such as infrastructure, the state of the economy, and prescription drug costs—the speech was heavy on the theatrics and Trump was defiant in his tone and rhetoric. Tensions between the President and House Speaker Nancy Pelosi, who was seated directly behind the Trump during the speech, were on display. When Trump concluded his address, Pelosi picked up her copy of the prepared remarks and [ripped them in half](#).

TRUMP ACQUITTED ON IMPEACHMENT CHARGES

On Wednesday, February 5, President Trump was acquitted by the United States Senate of charges that he abused the powers of his office and obstructed Congress, ending the three-week impeachment trial. Democrats fell far short of the two-thirds majority required to remove Trump from office, as senators voted [52 to 48](#) on the abuse-of-power charge and [53 to 47](#) on the obstruction charge. Utah Senator [Mitt Romney \(R-UT\)](#) was the only Republican to vote to convict the president of abuse of power. The third impeachment trial of a president in U.S. history was marked by partisan fighting over what constitutes a fair trial, debates over the propriety of Trump's dealings with Ukraine and considerable pressure on a small group of Republican senators over whether the trial would subpoena witnesses from the administration who had defied calls to appear before the House.

Following Wednesday's verdict, the [Trump administration fired](#) Lt. Col. Alexander Vindman and [recalled](#) U.S. Ambassador to the European Union Gordon Sondland—who were both high-profile witnesses during the House impeachment hearings. Also removed from duty was Vindman's twin brother, Yevgeny, who served as a senior lawyer on the National Security Council.

House Democrats have indicated that they will still investigate the President and are weighing whether to pursue new leads on possible wrongdoing or press forward with probes that are already underway. House Judiciary Committee Chairman Jerrold Nadler (D-NY), who was also one of the impeachment managers, said that [Democrats will probably subpoena former national security adviser John Bolton](#) in the near future.

OFF TO THE RACES

The 2020 race is officially underway. In Iowa, caucus goers gathered on Monday, February 3 for the first major contest of the presidential primary season. Unlike primary elections, where registered voters go to polling locations to cast ballots, Iowans gather at local caucus meetings to discuss and vote on the candidates. [This year's Iowa caucus did not go as planned](#)—the smartphone app used for reporting results crashed and phone lines were overloaded as caucus chairs tried to report their results leading to a [“system-wide disaster.”](#) It took days to get preliminary results, with former South Bend Mayor Pete Buttigieg appearing to barely edge out Senator Bernie Sanders. We are still waiting for official results and Democratic National Committee (DNC) Chairman Tom Perez requested that the state Democratic Party (which runs the caucuses) [“recanvass”](#) or recalculate the results including state delegate equivalents.

In the [New Hampshire](#) primary held on Tuesday, February 11, Sanders won with slightly less than 27 percent of the vote. Buttigieg and Senator Amy Klobuchar placed second and third, respectively. It was a disappointing outcome for Senator Elizabeth Warren, who placed fourth, and former Vice President Biden, who placed fifth—both received less than 15 percent of the vote and were awarded no delegates.

Candidates now look to the ninth democratic presidential debate on February 19 in Nevada. The DNC revised the debate rules to drop the requirement that candidates obtain a minimum number of campaign contributors, thereby allowing former New York Mayor Mike Bloomberg to participate. Bloomberg has not yet taken to the debate stage. The next nominating contests are on February 22 in Nevada and February 29 in South Carolina.

U.S.-EU TRADE UPDATE

Engagement on trade issues between the United States and Europe is ramping up. EU Trade Commissioner Phil Hogan traveled to DC in mid-January for his first official visit in his new role. Following Hogan's January visit, President Trump and European Union Commission President Ursula von der Leyen met at the World Economic Forum in Davos, where trade was a focal point of the conversation. While the tone at the meeting was cautiously optimistic, with both Trump and von der Leyen [saying an agreement could be struck soon](#), Trump [hasn't ruled out car tariffs](#). Thus far the White House has used these threats as leverage and delayed a decision on whether to impose tariffs of as much as 25% on cars and car parts from Europe. The Trump-von der Leyen meeting follows a meeting between Trump and French President Emmanuel Macron where the [two agreed to extend negotiations](#) over the digital services tax to the end of the year, thereby delaying the threatened imposition of tariffs. Hogan was back in Washington in early-February for talks with U.S. Trade Representative Robert Lighthizer. His visit comes amid reports that the Trump administration may [review and increase](#) its tariffs on EU goods in retaliation for Airbus-related subsidies mid-month. There are also reports that von der Leyen will visit Washington soon.

CORONAVIRUS OUTBREAK

A new coronavirus, first reported in the Chinese city of Wuhan in 2019, has [spread to over two dozen countries with over 40,000 confirmed cases and over 1000 deaths](#)—making this outbreak deadlier than the 2003 SARS outbreak. In the U.S. there have are 12 confirmed cases. President Trump [declared a public health emergency](#) and banned foreign nationals from entering the United States if they recently traveled to China. The Department of Health and Human Services (HHS) [notified Congress](#) that it may need to transfer millions of dollars of funding in its budget to respond to the coronavirus outbreak and Treasury Secretary Steven Mnuchin said the White House is [lowering its projection for economic growth](#) due to the outbreak. The White House has also established a [Coronavirus Task Force](#), led by HHS Secretary Alex Azar and coordinated through the National Security Council.

TRUMP UNVEILS MIDDLE EAST PEACE PLAN

President Trump presented his long-awaited [Middle East peace plan](#) in late-January. Many analysts commented that the plan is more of a codification of Israeli positions than a serious proposal for negotiated peace with the administration signaling that Palestinians should back away from long-standing

demands on issues such as security, territory and refugees. The 181-page plan, announced during a joint news conference with Israeli Prime Minister Benjamin Netanyahu, was immediately rejected by Palestinian leader Mahmoud Abbas. Reaction from the Middle East was [mixed, but overall cool](#). The political dynamics surrounding the announcement should be noted, as Prime Minister Netanyahu prepares for elections in early March—it is unclear whether this will help Netanyahu at the ballot box.

“PHASE ONE” DEAL ENTERS INTO FORCE

The “phase one” trade deal between the United States and China enters into force on February 14. China is expected to halve tariffs on roughly \$75 billion of U.S. imports. Washington will also [reduce tariffs](#) on [List 4A products](#), worth roughly \$120 billion, from 15 percent to 7.5 percent. The agreement calls for China to increase imports of agricultural, energy and manufactured goods and services from the United States by \$200 billion over two years, compared with 2017 import levels. China is also required to provide better protection to US intellectual property and trade secrets.

FY2021 BUDGET REQUEST SUBMITTED

On February 10 the Trump administration submitted its [fiscal 2021 budget request](#) to Congress. The \$4.8 trillion proposal includes \$741 billion for defense and increases in funding for the Department of Homeland Security (including \$2 billion for the border wall). The proposal also includes \$2 trillion in cuts to safety net programs and student loan initiatives over ten years—this includes cuts to food stamps, Medicare, Medicaid, Social Security disability benefit programs and public service student loan forgiveness programs. That said, the proposal has little real meaning as the White House and Congress have already decided on their spending caps for the upcoming fiscal year. Senate Budget Committee chair Michael Enzi (R-WY) [said](#) his committee will not even hold a hearing on the proposal, stating “Congress doesn’t pay attention to the president’s budget exercise.”

PERSONNEL MOVES

Department of Commerce – **Greg Kalbaugh** is the executive director of SelectUSA.

Department of State – **Mung Chiang** is now the science and technology advisor to the Secretary.

Federal Reserve – **Judy Shelton** and **Christopher Walker** have been nominated for the Board of Governors.

White House – **Jennifer Williams**, foreign policy advisor to the Vice President, is leaving.

U.S. Agency for International Development – **Matthew Johnson** is now the industry liaison. **Eddy Acevedo** is the national security advisor to Administrator Mark Green.

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