

April 16, 2024

WASHINGTON POLICY STRATEGY

Potomac Perspective

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The House could vote this week on a package of foreign aid bills. This vote represents the best chance of approving assistance for Israel and Ukraine. We think passage is likely, but not guaranteed. A House committee will mark up trade legislation this week which could eventually be included in year-end legislation. The U.S. Trade Representative, Katherine Tai, could provide insight into the possible extension of tariffs on Chinese imports when she testifies before Congress this week. Also, the Acting Labor Secretary, Julie Su, will testify on Capitol Hill this week and might comment on the timing of the Department of Labor (DOL)'s Fiduciary Rule.

Foreign Aid Vote This Week

Iran's weekend attack on Israel will lead to a week of pro-Israel messaging bills in the House and a vote on foreign aid legislation late in the week or over the weekend. House Speaker Mike Johnson (R-Louisiana) announced the House will vote on four separate bills – 1. Aid for Israel; 2. Aid for Ukraine (in the form of a loan); 3. Aid for the Indo-Pacific region; and 4. A collection of bills including legislation to force the sale of TikTok's American business and to allow the U.S. government to confiscate Russian assets held in American financial institutions. Under a rule the House will vote on before these four bills are debated, the House would bundle any of the four bills that pass the House and send them as a package to the Senate.

As has been the case with other legislation this year, the vote on this rule, which has historically been a party-line vote that almost always passes, will be the key vote. Failure to pass the rule would block the House from considering the four underlying bills. Conservative Republicans have repeatedly bucked their party's leadership on rules votes, while the Democratic minority has remained united in opposition. This rule vote could be different, as some Democrats see this effort as their best, and maybe last, chance to approve of aid for Ukraine.

If the House passes the rule, we expect all four bills, including the Ukraine bill, will likely pass. The Senate would then need to debate and vote on the package. The TikTok measure could be one of several sticking points for Senators, so while we think the Senate is likely to pass the House bill, it could amend the legislation. This would mean the House would have to vote on the Senate passed version before the bill is sent to the White House for President Joe Biden's signature. The outcome of a second House vote would not be assured.

In the background to the foreign aid vote lies a possible motion to vacate the Speaker's Chair. Conservative Republicans, who oppose additional funds for Ukraine, could force a vote to remove Speaker Johnson. However, we think support for Johnson has solidified and that even some Democrats would oppose removing him. We think any effort to remove him from the Speaker's chair will likely fail, but the situation remains fluid and his standing could change.

Trade Policy

U.S. Trade Representative Katherine Tai will testify before Congress on Tuesday (House Ways and Means Committee) and Wednesday (Senate Finance Committee) on the Biden administration's 2024 trade policy agenda. The hearings could be an opportunity for Ambassador Tai to comment on the timing of an announcement regarding the Biden's review of the 2018 tariffs on

Chinese imports. We think an announcement that most of the tariffs will be extended could be imminent, and Ambassador Tai's testimony could provide some hints about the timing.

On Wednesday, the House Ways and Means Committee will mark up a group of trade bills including legislation related to trade with China. One bill would extend the Generalized System of Preference (GSP) through 2030 while making changes related to China such as increasing the GSP rule of origin requirement from 35% to 50% in order to reduce the use of third countries as an avenue to the U.S for Chinese goods which are not part of the GSP. The committee will also mark up a bill that would end the *de minimis* exemption for imports subject to Section 301 tariffs as well as other provisions of U.S. trade laws. Currently, goods worth less than \$800 are exempt from U.S. tariffs.

We expect the bills will likely pass the committee this week and could be voted on by the full House in the coming months. The bill's prospects in the Senate are less clear, but we think including the trade bills in a year-end package is possible.

DOL Secretary on the Hill

DOL Acting Secretary Julie Su will testify before a House committee on Wednesday regarding the department's fiscal year 2025 budget request. Committee members could ask Secretary Su about the DOL's Fiduciary Rule, so we might get some information about the timing of a final rule.

The Congressional Review Act, which establishes a framework for Congress to overturn administrative rules, is gaining relevancy. The longer it takes the Biden administration to finalize regulations like the Fiduciary Rule, the higher the chances the rule could be overturned in early 2025 if Republicans sweep the 2024 elections.

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