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Washington Update

This Week In Congress

Senate – The Senate confirmed Julie Su to be Deputy Secretary of Labor, Uzra Zeya to be Under Secretary of State, Jocelyn Samuels to be a member of the Equal Employment Opportunity Committee, Seema Nanda to be Solicitor of the Department of Labor, Nellie Liang to be Under Secretary of the Treasury, and Donald Michael Remy to be Deputy Secretary of Veterans Affairs.

House – The House held a committee work week and met in pro forma session.

Next Week In Congress

Senate – Majority Leader Schumer (D-NY) announced he intends to hold initial procedural votes on a bipartisan infrastructure package next week. The Senate will continue its consideration of pending nominations.

House – The House is scheduled to consider legislation to improve the Afghan Special Immigrant Visa program (H.R. 3985), the PFAS Action Act (H.R. 2467), and the Consumer Protection and Recovery Act (H.R. 2668). During the week of July 26, the House is expected to vote on a "minibus" package of seven Fiscal Year 2022 appropriations bills.

TAX

Senate Democrats Come to Agreement on Budget Resolution

Key Points:

- *Senate Democrats have come to an agreement on the details of a $3.5 trillion budget resolution.*
- *This proposal includes room for spending originally proposed in the American Families Plan and includes possibility of offsets such as increased tax compliance and long-term economic growth – however policy details are determined later in process by relevant policy committees.*

On Wednesday, Senate Democrats released the framework for their $3.5 trillion budget resolution. The Biden Administration expressed hope this measure would work its way through Congress along with the $1.2 trillion bipartisan infrastructure proposal.

Proponents of the budget resolution framework break down offsets for the investment into three main buckets; (1) health care savings; (2) tax code reforms; and (3) long-term economic growth. In terms of tax policy, the legislation would allow Congress to extend the American Rescue Plan Act (ARPA) expansion of the Child Tax Credit, the Earned Income Tax Credit, and the Child and Independent Care

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Tax Credit. The actual tax policies included, both offsets and tax spending, are not determined in the budget resolution but are determined by the relevant policy committees later in the process – a budget resolution just offers topline numbers and instructions to committees to produce bills that fit within those topline "instructions."

The details of any tax measures will be determined based on scoring and committee input. The proposed budget framework also expresses support for major programs included in the American Families Plan. The framework will include budget room to allow for funding for universal pre-K for three and four-year-old children, paid family and medical leave, nutrition assistance, affordable housing, and funding for high-quality and affordable childcare. It is important to note that the duration of each of these program's enactment will be determined based on scoring and committee input. According to the framework the budget resolution also makes room for major investments in housing, small business, and manufacturing workforce.

In terms of offsets to pay for the package, the proposal envisions a number of tax reforms on corporations, and high-income individuals – but again the tax writing committees and Congressional leadership will determine the final details. The proposal also puts increased focus on international tax compliance, and domestic tax enforcement. The framework claims that spending programs will be offset by corresponding economic growth because the bill would prohibit tax increases on small businesses, family farms, and families making under $400,000 a year.

Finally, the proposed framework suggests a provision to create a carbon border fee, and polluter import fees, however; on Thursday senior Senate Democrats admitted they had no firm details on how these programs would be structured. It is important to note that progressive Democrats such as Senator Sanders (I-VT) endorsed the proposal, while more moderate Democratic Senators have not. Senator Manchin (D-WV) released a statement asserting "I will reserve any final judgment until I've had the opportunity to thoroughly evaluate the proposal." Because the proposal has yet to be drafted into legislation and move through the process, the final details of the package remain unknown, however; many experts familiar with the negotiations have speculated that a number of other tax provisions, such as SALT relief, could be included in the final reconciliation package that a budget resolution authorizes.

Infrastructure Negotiations Remain Ongoing

Key Point:

- *Infrastructure discussions remain ongoing, but details of the agreement have yet to be reached*
- *Senate Majority Leader Schumer announced a vote to proceed next week to push resolution, but whether that occurs remains to be seen.*

Negotiations on a future infrastructure package remain ongoing as lawmakers continue to debate a number of spending proposals. Earlier this week, moderate Democratic Senator Manchin (D-WV) warned his Democratic colleagues that he would only support a bipartisan infrastructure deal and a separate Democratic standalone bill if both bills were fully paid for. The bipartisan infrastructure bill previously mentioned would spend $1.2 trillion over eight years on a broad range of infrastructure programs such as roads, bridges, ports, waterways, and broadband expansion. The proposal was drafted by a bipartisan group of 22 senators and announced by the White House earlier this month. However, a number of prominent Republicans, including Senator Romney (R-UT) have expressed concern that this package is not fully paid for and may expand the nation's growing deficit.

The bipartisan infrastructure proposal has yet to be drafted into legislative text and the future of the proposal remains unknown as a number of discussions on spending proposals and offsets remain a key sticking point. Senators in the talks suggested an artificial deadline next week won't speed the process, and that they will continue to work on the details of the package.

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

Federal Reserve Chairman Powell Testifies Before Congress

Key Points:

- *Republicans raised concerns with rising inflation, questioning whether the Federal Reserve should modify its accommodative monetary policy.*
- *Senators Sherrod Brown (D-OH) and Elizabeth Warren (D-MA) criticized Chairman Powell for weakening bank regulations, including capital and margin requirements.*

This week, Federal Reserve Chairman Jerome Powell testified before the House Financial Services Committee and the Senate Banking Committee on the Federal Reserve's semiannual monetary policy report to Congress.

Senate Banking Committee Chairman Sherrod Brown (D-OH) and Senator Elizabeth Warren (D-MA) criticized the Federal Reserve's regulatory oversight, expressing concern that the agency is weakening financial safeguards. Brown asked Chairman Powell why he has been against higher capital requirements, as they make the economy safer and fairer. Powell replied that the severity of the stress test has been maintained throughout his term. He said that American financial institutions are well-capitalized, and even though their distributions were limited during the pandemic, their capital rose. He added that the financial system and its banks are strong, but the level of loss-absorbing capital in the system is about right, as was proven by the pandemic. He asserted that he would be prepared to deploy the counter-cyclical capital buffer if the conditions were triggered. Senator Warren asserted that during his time at the Federal Reserve Chairman Powell has undertaken a number of regulatory reforms to shrink margin requirements and reduce liquidity requirements. She asked if there is a rule change that she missed, which made actual rules tougher. Powell asserted he did not make capital requirements looser on banks and he highlighted the capital buffer put in place to increase capital requirements for the largest banks. Warren acknowledged that the Federal Reserve sought to weaken regulation of Wall Street banks under Chairman Powell's leadership, and she noted researchers found that banks would have faced $300 billion in losses without fiscal stimulus from the federal government which means these banks were not strong enough to weather a crisis without the support of American taxpayers.

At both hearings, Republicans on the committees raised concerns over rising rates of inflation. Senator Bill Hagerty (R-TN) asked why the Federal Reserve is maintaining its emergency posture. Powell responded the Federal Reserve is continuing to monitor the state of the economy and he committed to lowering asset purchases when the economy has made considerable progress from pandemic lows. Senator Mike Rounds (R-SD) noted the Federal Reserve's goal to maintain two percent inflation and full employment, and he asked whether the Federal Reserve is concerned about overinflation by Congress. Powell responded that the current inflation is well over two percent today, but he explained this measure is tied to price increases in specific areas of the economy. He said that the Federal Reserve does not have a formula that it uses to calculate inflation expectations, but he stressed it simply aims to anchor inflation expectations at two percent. He commented that the Federal Reserve has many tools for responding to Congress' actions, such as raising interest rates, tightening financial conditions, and slowing demand down. He said that the Federal Reserve's policy has to be accommodative because a $20 trillion economy has never been reopened before. Representative Frank Lucas (R-OK) asked how much longer the country can sustain these inflation rates before the Federal Reserve becomes concerned. Powell responded that if the Federal Reserve sees that inflation is on a path to remain well above the Federal Reserve's goals, they will utilize their tools to guide inflation down to two percent. He emphasized it would be a mistake for the Federal Reserve to act on inflation when many experts predict inflation will come down of their own fruition.

Representative Anthony Gonzalez (R-OH) stated there has been increased scrutiny paid to the stablecoin Tether in the past few months based on the assets backing the coin, including the amount backed by commercial paper as opposed to the U.S. dollar. He asked if Powell shared these concerns and if the Fed would be looking at these issues in the white paper. Powell responded that in the last two financial crises the commercial paper market disappears, which is when people will want their money. He explained these are economic activities which need to be regulated comparably to bank deposits and money market funds. Ranking Member Pat Toomey (R-PA) asked how Chairman Powell views a Central Bank Digital Currency (CBDC). He noted that Chairman Powell previously said that one of the stronger arguments in favor of creating a CBDC is that stablecoins and cryptocurrency become unnecessary. He asked if the reverse is true: whether having stablecoins would render a CBDC unnecessary, and whether the creation of a CBDC would require Congressional authorization. Powell said that he is undecided as to whether the benefits of a CBDC outweigh the costs, because obviously the more direct route would be to use stablecoins. He said that he would want broad support from Congress if the Federal Reserve were to create a CBDC. He added that he is not entirely sure what problems a CBDC would solve, which is why the Federal Reserve has an obligation to explore policy and technological issues over the next few years in order to make an informed recommendation.

Senator Tina Smith (D-MN) asked Chairman Powell to comment on what the role of the Federal Reserve is as it relates to climate risk disclosure. Powell responded that the foundations of this discussion are "good data." He explained that once institutions have the relevant data on how climate change affects their business, disclosure will be important because world investors will be interested in this information. He also acknowledged that disclosure rules are under the jurisdiction of the Securities and Exchange Commission (SEC).

Regulators Propose Guidance for Third-Party Relationships

Key Point:

- *Bank regulators proposed guidance for banks for risk management of third-party relationships, including with fintech companies.*

On July 13, the Federal Reserve Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) jointly issued proposed guidance to help banking organizations manage risks associated with third-party relationships, including relationships with financial technology-focused entities.

The summary in the proposal states:

> The proposed guidance would offer a framework based on sound risk management principles for banking organizations to consider in developing risk management practices for all stages in the life cycle of third-party relationships that takes into account the level of risk, complexity, and size of the banking organization and the nature of the third-party relationship. The proposed guidance sets forth considerations with respect to the management of risks arising from third-party relationships. The proposed guidance would replace each agency's existing guidance on this topic and would be directed to all banking organizations supervised by the agencies.

The proposed guidance will be subject to a 60-day comment period.

Upcoming Hearings and Meetings

July 19

Stablecoins: The President's Working Group on Financial Markets (PWG), in addition to the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, will meet "to discuss interagency work on stablecoins." The PWG will examine the regulation of stablecoins, identify risks, and the PWG expects to issue written recommendations in the coming months.

July 20
Housing Infrastructure: The House Financial Services Committee will hold a hearing entitled "Building Back A Better, More Equitable Housing Infrastructure for America: Oversight of the Department of Housing and Urban Development."

Climate Change, Resilience and Reinsurance: The Senate Banking Committee will hold a hearing on "21st Century Communities: Climate Change, Resilience and Reinsurance."

July 21
Financial Access: The House Financial Services Committee's Subcommittee on Consumer Protection and Financial Institutions will hold a hearing entitled, "Banking the Unbanked: Exploring Private and Public Efforts to Expand Access to the Financial System."

Bond Rating Agencies: The House Financial Services Committee's Subcommittee on Investor Protection, Entrepreneurship and Capital Markets will hold a hearing entitled, "Bond Rating Agencies: Examining the "Nationally Recognized" Statistical Rating Organizations."

July 22
Pandemic Risk: The Senate Banking Committee's Subcommittee on Securities, Insurance and Investment Subcommittee will hold a hearing "Examining Frameworks to Address Future Pandemic Risk."

July 27
Central Bank Digital Currencies: The House Financial Services Committee's Subcommittee on National Security, International Development and Monetary Policy will hold a hearing entitled, "The Promises and Perils of Central Bank Digital Currencies."

Native American Communities: The House Financial Services Committee's The Subcommittee on Housing, Community Development and Insurance will hold a hearing entitled, "NAHASDA Reauthorization: Addressing Historic Disinvestment and the Ongoing Plight of the Freedmen in Native American Communities."

Nomination Hearing: The Senate Banking Committee will hold a hearing to consider pending nominations.

July 28
Markup: The House Financial Services Committee will hold a markup of pending legislation.

July 29
Interest Rate Caps: The Senate Banking Committee will hold a hearing entitled "Protecting Americans from Debt Traps by Extending the Military's 36% Interest Rate Cap to Everyone."

August 3

Regulator Oversight: The Senate Banking Committee will hold a hearing entitled "Oversight of Regulators: Does our Financial System Work for Everyone?"

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

ENERGY & ENVIRONMENT

Senate Energy and Natural Resources Committee Advances Energy Infrastructure Bill

Key Points:

- *On Wednesday, the Senate Energy and Natural Resources Committee voted to forward Chairman Joe Manchin's (D-WV) "Energy Infrastructure Act" to the full Senate.*
- *While the legislation enjoyed bipartisan support, Ranking Member John Barrasso (R-WY) and other Committee Republicans voted against reporting the bill.*
- *The bipartisan group of Senators drafting a broader infrastructure package are likely to incorporate the Energy Infrastructure Act into that bill.*

On July 14, the Senate Energy and Natural Resources Committee voted to report the "Energy Infrastructure Act" by a 13–7 vote. Before voting to report the bill, the Committee adopted a series of amendments.

In a statement, Chairman Joe Manchin (D-WV), who introduced the legislation, declared: "This infrastructure bill includes provisions that have enjoyed strong bipartisan support…like the ["Storing CO2 And Lowering Emissions (SCALE) Act"] and the ["Revive Economic Growth and Reclaim Orphaned Wells (REGROW) Act of 2021"]." Manchin added that the Committee's action "is another critical step toward finalizing our bipartisan infrastructure package, and an important reminder that we can find sensible solutions to difficult problems when we put partisanship aside and work together."

Ranking Member John Barrasso, in his opening statement, expressed concerns regarding the scope and cost of the legislation. He warned that "this bill paves the way for the Biden administration to take over America's electric system." Barrasso noted that the legislation "would empower the federal government to override states' decisions on the siting of high voltage electric transmission lines."

The legislation includes provisions to:

- Enhance electric grid infrastructure resilience and reliability, including through initiatives to bolster cybersecurity;
- Support carbon capture, utilization, storage, and transportation infrastructure development;
- Establish programs and policies to support the development of clean hydrogen resources;
- Expand the data collection and reporting programs of the Department of Energy's Energy Information Administration; and

- Support energy efficiency programs addressing buildings, industry, manufacturing, and schools.

FERC Takes First Step in Electric Grid Rulemaking

Key Points:
- *On July 15, the Federal Energy Regulatory Commission voted to adopt an Advanced Notice of Proposed Rulemaking to broadly address electric transmission and interconnection policies.*
- *Commission Chairman Richard Glick and Commissioner Allison Clements discussed the need for addressing shifts in transmission as renewable electric generation resources continue to expand.*

During yesterday's open meeting, the Federal Energy Regulatory Commission (FERC) approved an Advanced Notice of Proposed Rulemaking (ANOPR) titled "Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection". The ANOPR is the first step in what will likely be a lengthy regulatory process. Initial public comments are due 75 days following the ANOPR's publication in the Federal Register, and reply comments are due 105 days following publication.

As described in a FERC press release, the ANOPR seeks "public comment on potential reforms in three specific areas: reforms for longer-term regional transmission planning and cost-allocation processes that take into account anticipated future generation, rethinking cost responsibility for regional transmission facilities and interconnection-related network upgrades, and enhanced transmission oversight over how new transmission facilities are identified and paid for."

In a statement, Chairman Richard Glick and Commissioner Allison Clements explained that the ANOPR responds to changes in the electric generation mix through the rapid growth of renewable resources, which means that "the transmission needs of the electricity grid of the future are going to look very different than those of the electricity grid of the past." The commissioners also expressed concern that maintaining current regional electric transmission policy would "lead to inefficient transmission investments…[and that] customers could end up paying far more to meet their transmission needs than they would under a more forward-looking approach that identifies the more efficient or cost-effective investments in light of the changing resource mix."

Glick and Clements emphasized that new renewable generation resources are more likely to be sited far from urban areas and utility customers. They also stressed the Commission's statutory obligation to "ensure just and reasonable rates", which might not be assured through "existing regional transmission planning and cost allocation and generation interconnection processes…"

Glick and Clements suggest that the "effort will be the Commission's principal focus in the months to come." They also stated their intent "to explore technical conferences and other avenues for augmenting that record—including through the joint federal-state task force…before proceeding to reform our rules and regulations."

Upcoming Hearings and Events

July 21
Extreme Heat: The House Science, Space, and Technology Committee's Environment Subcommittee will hold a hearing titled "Silent Killer: The Rising Problem of Extreme Heat in the U.S."

July 22
Environmental Justice: The Senate Environment and Public Works Committee's Subcommittee on Chemical Safety, Waste Management, Environmental Justice, and Regulatory Oversight will hold a hearing on "current issues that adversely affect environmental justice communities."

July 27
Department of Interior Budget: The Senate Energy and Natural Resources Committee will hold a hearing on the President's budget request for the Department of the Interior for Fiscal Year 2022".

FERC Oversight: The House Energy and Commerce Committee is expected to hold a hearing on the Federal Energy Regulatory Commission (FERC). The FERC commissioners are expected to testify.

July 28
Tribal Electric Vehicles Webinar: The Department of Energy will host a webinar on "Electric Vehicles: Opportunities and Challenges". The webinar will examine the "need to develop new infrastructure to support this major shift in how we fuel our cars and trucks…[and] opportunities and challenges that come with the transition to electric vehicles, as well as ways that communities can support and accelerate this change".

August 25
Tribal Solar Development Webinar: The Department of Energy will host a webinar to "address regulatory challenges to tribal solar deployment". The webinar is intended "to articulate key barriers to tribal solar and solar-plus-storage adoption at all scales and to ready stakeholders to implement options to address these challenges".

September 10
FERC Electric Transmission Incentives Workshop: The Federal Energy Regulatory Commission (FERC) will convene a workshop to "discuss certain performance-based ratemaking approaches, particularly shared savings, that may foster deployment of transmission technologies."

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

HEALTH

House Appropriations Clears Labor-HHS Bill

Key Points:

- *The House Appropriations Committee approved the FY 2022 Labor-HHS-Education appropriations bill by a 33-25 vote.*
- *The bill provides $119.8 billion in for the Department of Health and Human Services including funding to establish the Advanced Research Projects Agency for Health (ARPA-H) and investments in the public health infrastructure.*

On July 15, the House Appropriations Committee approved the FY 2022 Labor-HHS-Education appropriations bill by a vote of 33-25. The bill provides $119.8 billion for the Department of Health and Human Services (HHS), a $22.9 billion increase above the FY 2021 enacted level and $129 million lower than the President's request.

The bill includes $3 billion to fund the Advanced Research Project Agency for Health (ARPA-H), a major proposal from the President's budget. ARPA-H, housed within the National Institutes of Health (NIH), is intended to help accelerate scientific breakthroughs and speed the development of new treatment and cures. ARPA-H will still need to be authorized through separate legislation. The bill also continues funding other research priorities at NIH including the Cancer Moonshot, the All of Us Precision Medicine Initiative, opioids, and Alzheimer's research.

To continue investments in public health, the bill provides $10.6 billion for the Centers for Disease Control and Prevention, $2.7 billion above the FY 2021 enacted level. The bill also includes a new $1 billion funding stream for public health infrastructure, $150 million to modernize public health data surveillance, and $843 million for global health. The bill also provides increases for a number of other public health measures such as firearm injury and mortality research, racial and ethnic health disparities, and maternal health.

At the markup, the committee spent a significant portion debating the exclusion of the Hyde Amendment, which prohibits federal funds from being used for abortion, from the underlying bill. Chairwoman Rosa DeLauro (D-CT) asserted the Hyde Amendment is discriminatory, a sentiment echoed by other Democrats on the committee. Representative Tom Cole (R-OK) who sponsored an amendment to add the Hyde Amendment to the underlying bill asserted President Joe Biden has been supportive of the Hyde Amendment and that the Senate would not pass the without the Hyde Amendment. A vote on Cole's amendment failed 27-32.

CMS Releases Proposed CY 2022 Medicare Physician Fee Schedule

Key Points:

- *On July 13, the Centers for Medicare and Medicaid Services announced the release of the proposed CY 2022 Medicare Physician Fee Schedule.*
- *The proposed rule includes provisions on health equity, expanding telehealth, the Medicare Diabetes Prevention Program, and quality payment programs.*

On July 13, the Centers for Medicare and Medicaid Services (CMS) released the CY 2022 Medicare Care Physician Fee Schedule proposed rule. Comments on the proposed rule will be due September 13, 2021. View the proposed rule here.

In addition to updates to payment policies, the proposed rule seeks comments on ways to improve data collection to better measure health disparities. Specifically, CMS is seeking feedback on how the agency can work to advance equity while still protecting patient privacy that can help inform initiatives to address equity gaps. On telehealth, CMS is proposing provisions to enact statutory changes removing certain restrictions on geographic location for access to telehealth. CMS is also proposed measures to expand access to mental health services in rural and underserved communities. CMS is also proposed expanding the availability of audio-only telehealth for certain mental health and behavioral health services.

CMS is proposing to expand the Medicare Diabetes Prevention Program by waiving the enrollment fee for new suppliers that apply after January 1, 2022. CMS noted it waived the fees during the public health emergency and noticed an increase in supplier enrollment. CMS is also proposing to reduce administrative burdens for suppliers to make it easier for local suppliers to participate in the program.

Read a fact sheet on the proposed rule here.

Upcoming Hearings and Meetings

July 20

COVID-19: The Senate Health, Education, Labor and Pensions Committee will hold a hearing on "The Path Forward: A Federal Perspective on the COVID-19 Response."

Workforce: The House Education and Labor Committee will hold a hearing on "Care for Our Communities: Investing in the Direct Care Workforce."

July 21

Disparities: The Senate Health, Education, Labor and Pensions Committee will hold a hearing on "Addressing Disparities in Life Expectancy."

For more information about health care issues you may email or call Nicole Ruzinski Bertsch or George Olsen at 202-659-8201.

TRADE

U.S., Mexico Settle First Labor Complaint Under USMCA

Key Points:

- *On Thursday, the U.S. and Mexico announced that they have agreed to closely monitor a union vote for workers at a General Motors facility in central Mexico.*
- *The resolution is the first test of the rapid-response mechanism that was established by the United States–Mexico–Canada Agreement (USMCA).*

On Thursday, the U.S. and Mexico announced that they have agreed to closely monitor a union vote for workers at a General Motors facility in central Mexico after an investigation into complaints that worker rights had been violated during a similar vote earlier this year. The resolution is the first test of the rapid-response mechanism that was established by the United States–Mexico–Canada Agreement (USMCA) to quickly investigate and resolve labor complaints. The agreement between the nations avoids a labor dispute settlement panel that could have resulted in harsher penalties for the General Motors plant. The U.S. can still take further action, including a suspension of trade benefits, if the terms of the deal are not followed.

Biden Administration Warns U.S. Businesses of Risks in Hong Kong

Today, the Biden Administration issued an advisory warning U.S. businesses about risks to their operations and activities in Hong Kong. The advisory states that businesses face electronic surveillance risks and consequences of engaging with sanctioned entities. It added that businesses could face Chinese retaliation for complying with U.S. and other international sanctions.

G-20 Nations Sign Off on Global Tax Deal, EU to Postpone Digital Tax Proposal

Key Points:

- *On Saturday, G-20 finance ministers rubber-stamped a plan, which was agreed to by the OECD last week, that would introduce an international tax on multinational companies and sets a global minimum tax rate of 15 percent.*
- *The European Union (EU) announced that it will postpone the publication of its digital tax proposal and will prioritize finalizing a global tax deal.*

On Saturday, G-20 finance ministers rubber-stamped a plan, which was agreed to by the Organization for Economic Co-operation and Development (OECD) last week, that would introduce an international tax on multinational companies and sets a global minimum tax rate of 15 percent. The plan aims to stop multinational corporations from shifting profits to tax havens. Final approval of the deal is not expected until the G-20 leaders' meeting in Rome in October.

On Monday, the European Union (EU) announced that it will postpone the publication of its digital tax proposal and will prioritize finalizing a global tax deal. The U.S. has threatened to impose unilateral tariffs against EU exports if EU countries implemented a digital tax. The EU will now seek to present its proposal in October. The digital tax is closely tied to possible OECD Pillar One issues, and resolution on digital taxes is a precondition to the US foregoing possible tariff retaliation.

Upcoming Hearings and Meetings

July 21

Forced Labor: The House Ways and Means Committee's Subcommittee on Trade will hold a hearing entitled, "The Global Challenges of Forced Labor in Supply Chains: Strengthening Enforcement and Protecting Workers." 10 am, taking place remotely (online).

For more information about trade issues you may email or call Christopher Hatcher at 202-659-8201. Ryan Sigmon contributed to this section.

This Week in Congress was written by Alex Barcham.