

This Week in Washington

March 9, 2012

DOMESTIC POLICY MATTERS

The Senate will be in session next week, but the House will be in recess, returning on Monday, March 19th.

Budget. House Republicans continue to debate whether to set discretionary spending for Fiscal Year (FY) 2013 at lower levels than in last year's Budget Control Act. Debate also continues in both chambers regarding possible avoidance of sequestration, in light of what Defense Secretary Leon Panetta has described as its potentially "devastating" effects on the Department of Defense. House Speaker John Boehner's (R-Ohio) spokesperson suggested this week that while the Speaker has not outlined a specific proposal, he believes that Congress will come to a solution to avoid the automatic cuts. Meanwhile, the Congressional Budget Office's latest *Monthly Budget Review* estimates that the federal government incurred a budget deficit of \$578 billion in the first five months of FY 2012 – \$63 billion less than the deficit at the same point in FY 2011.

Economy & Jobs. The House overwhelmingly passed (390-23) its jobs bill Thursday, which the President endorsed. The Jumpstart Our Business Startups (JOBS) Act seeks to make it easier for small businesses to launch initial public offerings, solicit new investors and hire workers. Senate Majority Leader Harry Reid (D-Nevada) promised to bring up similar legislation in the Senate next week. On Friday, the Labor Department released its employment data for February. As expected, the unemployment rate held steady at 8.3 percent, while a larger-than-expected 227,000 jobs were added to the U.S. economy for the month. The Department also revised figures for December and January to show an additional 61,000 jobs, making the last three months the best in hiring since the recession began in 2008.

Transportation Reauthorization. The Senate continued to debate reauthorization of the surface transportation bill this week. On Thursday, the Senate Democratic Leadership, with active lobbying by President Obama, narrowly defeated a Republican-led amendment to eliminate the federal permitting requirement and thereby speed up approval and construction of the Keystone XL oil pipeline between Canada and the Gulf of Mexico. The Senate did adopt an amendment, sponsored by Senator Carl Levin (D-Michigan), which would prohibit foreign financial institutions from having access to the U.S. financial system if they are found to be aiding tax evasion. Speaker Boehner stated Thursday that, due to disagreements over the scope of the House's five-year package, the House likely would consider the Senate's two-year reauthorization bill in two weeks. The current authorization is set to expire March 31st.

The White House conducted a simulated cyber attack on New York City's power supply late Wednesday, in order to coordinate responses, illustrate the potential for casualties, and promote Senate passage of comprehensive **cybersecurity legislation**. **Legislation designed to counter chemical, biological and radiological attacks** against the United States passed by unanimous consent Wednesday in the Senate. The House passed similar legislation back in December. On Thursday, the Senate Judiciary Committee approved a bill introduced by Senator Charles Schumer (D-New York) that would **increase penalties for stealing prescription drugs** and other medical products and bring the offense under the Racketeer Influenced and Corrupt Organizations (RICO) law. In fulfillment of President Obama's promise to "create a centralized internet database of lobbying reports, ethics records, and campaign finance filings in a searchable, sortable, and downloadable format," the **Administration launched www.Ethics.gov** on Thursday. President Obama traveled to two electoral battleground states this week to unveil new federal initiatives, proposing new **clean energy vehicle incentives** in North Carolina and outlining a **new manufacturing proposal** in Virginia.

2012 Political News. "Super Tuesday" produced the following Presidential primary results: former Massachusetts Governor Mitt Romney won the Alaska and Idaho caucuses and primaries in four states (Ohio, Virginia, Massachusetts, Vermont); former Pennsylvania Senator Rick Santorum won three (Oklahoma, North Dakota, and Tennessee); and former Speaker of the House Newt Gingrich won his home state of Georgia. Meanwhile, two-time presidential candidate and anti-war Congressman Dennis Kucinich (D-Ohio) lost his post-redistricting primary to Congresswoman Marcy Kaptur (D-Ohio). Ohio primary voters also ousted incumbent Republican Congresswoman Jean Schmidt. On Tuesday, Ranking Member of the House Foreign Affairs Africa and Global Health Subcommittee Donald Payne (D-New Jersey) passed away.

FOREIGN POLICY MATTERS.

Iran. On Thursday, the House Foreign Affairs Committee (HFAC) advanced legislation (H.R. 3783) calling on the Administration to counter Iran's influence in the Western Hemisphere. Also Thursday, HFAC Chair Ileana

Ros-Lehtinen (R-Florida) and Representative Brad Sherman (D-California) introduced a bill (H.R. 4179) to expand sanctions to include parts of the insurance industry conducting global wire transfers involving Iran or for underwriting Iran-related business. Senator Mark Kirk (R-Illinois) reportedly intends to introduce a similar measure in the Senate. If passed, the sanctions are expected to impact mainly Asian and Russian underwriters. Last Sunday, President Obama delivered remarks at the American Israel Public Affairs Committee (AIPAC) Policy Conference; reaffirming a nuclear Iran is counter to U.S. and Israeli national security interests. The President met the next day with **Israeli Prime Minister** Benjamin Netanyahu, further discussing all options on Iran. Meanwhile, on Tuesday, the United States, France, the United Kingdom, China, Russia, and Germany announced an agreement with Iran to resume the “**P5+1**” **multilateral talks** on Iran's nuclear program, reportedly scheduled to take place in Turkey in early April.

The **International Atomic Energy Agency** (IAEA) Board of Governors met this week, discussing Iran and North Korea. Tuesday, the United States urged North Korea to allow IAEA inspectors to monitor its commitments. IAEA Director General Yukiya Amano said Friday, prior to the one-year anniversary of the Fukushima crisis, that the international community had taken meaningful steps to strengthen nuclear safety.

Syrian Conflict. Speaking at the International Women of Courage Awards Thursday, which was hosted by Secretary of State Hillary Clinton and First Lady Michelle Obama, Yemeni Nobel Peace Prize winner Tawakkul Karman chastised the international community for not doing enough to support the people of Syria. She urged a peaceful, non-military intervention, such as freezing assets, to further pressure the al-Assad regime. On Tuesday, General James Mattis, head of U.S. Central Command, told the Senate Armed Services Committee that military “options available to address the situation are extremely challenging.” Meanwhile, Syria's Deputy Oil Minister deserted the Assad's regime Wednesday, making him the highest-ranking civilian official to join the opposition. On Thursday, two Syrian generals, a colonel and two sergeants also defected to Turkey. On Friday, Syrian opposition groups rejected U.N.-Arab League Envoy Kofi Annan's call to engage in a dialogue with President Bashar Assad's regime.

President Obama met Wednesday morning with **Libyan Prime Minister** Abdurrahim ElKeib, kicking off the first of several meetings with U.S. officials this week. The President applauded the Prime Minister for his leadership during Libya's democratic transition and encouraged him to continue plans for national elections in June. Prime Minister ElKeib met with Secretary Clinton Thursday. Also Thursday, President Obama hosted, with Secretary Clinton joining the meeting, **Ghanaian President** John Evans Atta Mills. Secretary Clinton delivered remarks Wednesday at a U.S. Institute of Peace and Richard Nixon Foundation event on President Nixon's historic trip to China. The Secretary also held a meeting with Polish Foreign Minister Radoslaw Sikorski. Meanwhile, Vice President Biden travelled to Mexico and Honduras. The Vice President met with President Felipe Calderon, discussing the U.S.-Mexican partnership. In Tegucigalpa Tuesday, Vice President Biden met with Honduran President Porfirio Lobo Sosa and other Central American leaders.

On Tuesday, Vice President Biden, U.S. Trade Representative (USTR) Ron Kirk and Secretary of Commerce John Bryson “welcomed congressional passage of legislation clarifying the Department of Commerce's ability to apply **countervailing duties** (CVD) on subsidized imports from non-market economies, including China” USTR Kirk testified Wednesday before the Senate Finance Committee on the **Administration's trade policy agenda**, facing skepticism from Ranking Member Orrin Hatch (R-Utah) on the Administration's priority of securing permanent normal trade relations (PNTR) with Russia, which, in the wake of **Vladimir Putin's election** to a third term as president, Senator Hatch labeled as responsible for “...rampant corruption, theft of U.S. intellectual property, [a] poor human rights record and adversarial foreign policies...” Chairman Max Baucus (D-Montana) said he wants PNTR to pass Congress this summer. Senator Baucus also expressed hope that the Administration would add the new free trade agreement (FTA) partners – Colombia, Panama, and South Korea – to the list of potential Trans-Pacific Partnership entrants. Also Wednesday, three federal agencies announced changes to government contracting regulations to implement the U.S.-Korea FTA.

In a speech Monday at Northwestern University School of Law, Attorney General Eric Holder defended the legal permissibility of targeting “a senior operational leader of a foreign terrorist organization with which the United States is at war - even if that individual happens to be a U.S. citizen.” Also Monday, White House Press Secretary Jay Carney said the United States looks forward to hosting the G-8 and NATO Summits in May, noting President Obama is inviting the G-8 leaders to Camp David. On Wednesday, the State Department released its annual **International Narcotics Control Strategy Report**. Late last Friday (2nd), President Obama announced his **intent to nominate** the following individuals to be U.S. Ambassadors: Edward “Ned” Alford (The Gambia); Peter Bodde (Nepal); and Piper Campbell (Mongolia). Today, the President appointed Todd Park as the new U.S. Chief Technology Officer.