

# BRUNSWICK

## 2019 State of the Union Briefing

# 5 Takeaways for Businesses

### 1

**A second shutdown remains a very real possibility.** President Trump did not signal any tangible change in his position on the need to build a border wall, raising questions about the likelihood of a compromise on the issue that created last month's budget impasse.

### 2

**There is no end in sight for new tariffs.** The administration is pursuing legislation to make it easier to impose new tariffs and remains convinced of the benefits of the policy to date.

### 3

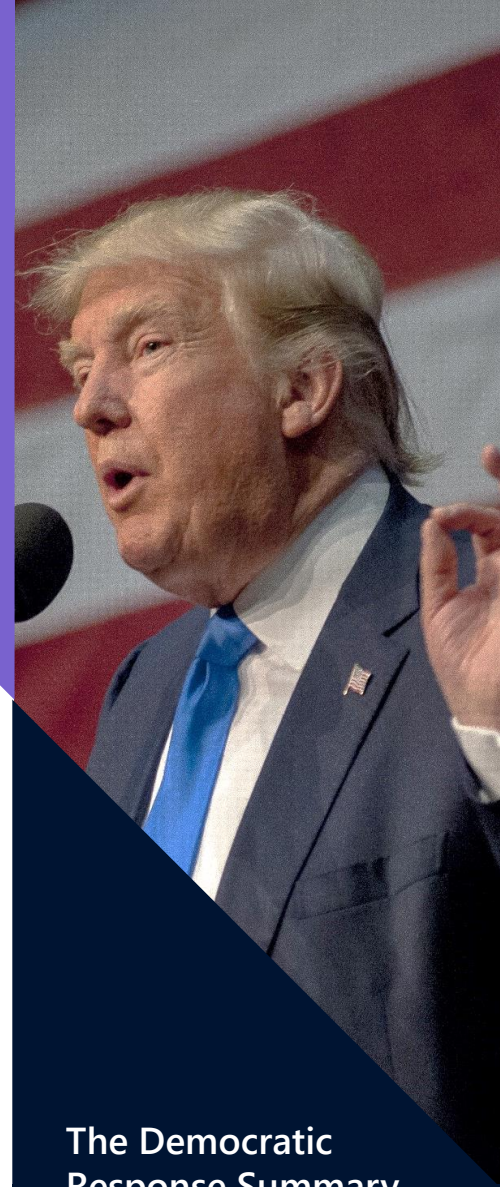
**A restrained commentary on China sets a potentially conducive tone for trade negotiations.** Clear U.S. redlines remain, but the President emphasized respect for President Xi and laid blame on previous U.S. policies.

### 4

**A business-friendly track record will remain central to the President's desired legacy.** The strength of the economy will encourage further policies that support U.S. investment, however the president did not address the growing deficit, even as he put forth economic spending proposals.

### 5

**The President's conciliatory tone belies potentially intractable policy differences with Congress.** This was in direct contradiction with his tone leading into the speech, and Democrats did not consider it authentic.



### The Democratic Response Summary

Stacey Abrams delivered the Democratic response following President Trump's address. As the former Democratic nominee for Georgia Governor, and recognized as a rising star in her party, the choice of Abrams to deliver the response underscores the contrast between the two parties and the type of appeal they are making to their respective bases. She largely focused her remarks on criticizing the administration's policies and leadership to date and aimed to strike a more aspirational tone on social issues.

# Policy Highlights



## Trade

The administration's priorities remain focused on reversing previous trade policies and creating new vehicles for streamlined action as illustrated by President Trump's call to pass the Reciprocal Trade Act.

Upcoming conversations in March with Chinese President Xi-Jinping and the ratification of United States–Mexico–Canada Agreement (USMCA) will be the next major milestones following this speech as President Trump seeks to establish new trade deals as a cornerstone of his economic agenda.



## Immigration

As expected, President Trump devoted considerable time to immigration reform. The President framed illegal immigration as a security, economic and moral issue – and added an emotional appeal by inviting to the speech the family of a couple recently murdered by an illegal immigrant.

But his remarks lacked new proposals or any signaling of a possible compromise, with the President emphasizing that a wall must be part of an immigration reform package.



## Foreign Policy

The President announced no new foreign policy initiatives, largely reiterating his administration's positions on key issues and recapping recent announcements, such as the withdrawal from the Intermediate-Range Nuclear Forces (INF) Treaty and a planned meeting with Kim Jong Un.

Highlighting the strength of his foreign policy lies in his willingness to depart from conventional wisdom, and the President has begun to frame a "Trump Doctrine" whose hallmarks are a disdain for intervention and multilateralism.



## Infrastructure

With continued bipartisan support, President Trump's call for an infrastructure investment bill received bipartisan applause within the chamber. However, the President offered few details about his proposals on investment and the issue was given less attention than in years past.

As the 2020 presidential race looms near, it will become less likely that either party will give the other a "win" on infrastructure, even as the administration continues to tout it as a top priority.



## Drug Pricing

President Trump called on Congress for legislation to take on "global freeloading," building on an administration initiative aimed at basing drug prices in the U.S. on the lower prices charged internationally.

As part of his ongoing efforts to combat high prices, he proposed that drug companies, insurance companies, and hospitals be required to "disclose real prices to foster competition and bring costs down."



## New Health Initiatives

In remarks lamenting how many childhood cancers have not seen new therapies or treatment options in decades, President Trump announced that his next budget will ask for \$500 million over the next 10 years to fund critical research.

Additionally, President Trump stated that his budget will call for a bipartisan commitment to eliminate the HIV epidemic in the United States within the next 10 years.

For more information, contact  
our Washington, D.C. office.

**BRUNSWICK**

600 Massachusetts Avenue NW,  
Suite 350 Washington, D.C. 20001  
Tel: +1 202 393 7337  
Email: [WashingtonDC@BrunswickGroup.com](mailto:WashingtonDC@BrunswickGroup.com)