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President's State of the Union – Special Edition “DC Cheat Sheet” – Wednesday, March 2, 2022

President Biden Delivers State of the Union: Here's the good, the bad, and the ugly

***The good:* Biden, Congress push for shipping reform**

President Biden used the bully pulpit to announce he would “crack-down” on foreign shipping companies who are “gouging” American exporters moving cargo overseas. The Administration plans to increase the role of the Justice Department to enforce federal laws that ban unfair competition. This action supports congressional efforts to pass the industry-supported “Ocean Shipping Reform Act of 2022,” a bill to prevent foreign shippers from leaving U.S. ports empty-handed, hamstringing exports of U.S. hardwood products. For more details from the White House, click [here](#).

***The bad ...maybe:* Biden takes aim at corporate taxes**

While arguing that large corporations aren't pulling their weight on the tax front, President Biden said he wants to make sure large companies and the richest Americans "pay their fair share." Even though the speech targeted large corporations for proposed tax increases, hikes impacting small and mid-sized companies that make up the U.S. hardwood industry are also possible. As always, the devil is in the details, something historically missing from State of the Union addresses. The Hardwood Federation will stay on top of this developing issue.

The ugly: Invasion of Ukraine draws outrage from world leaders, increases concern over trade, inflation

Although the invasion of Ukraine has united America's major European trading partners and allies in condemning the unprovoked attack, the President recognized that the new conflict threatens the stability of energy markets and global supply-chains, which are already strained by two years of COVID. Because Russia is the world's third largest oil producer and second largest supplier of natural gas, an escalation of the war in eastern Europe could shrink already strained energy sources and spike inflation. This would negatively impact the world economy, and the U.S. hardwood industry.