

March 18, 2020

TO: USTOA Members
FR: Terry Dale

Administration

March 18, 2020 updates at 9:00am ET

- Reports this morning indicate that the Treasury Department has contemplated reducing trading hours if necessary to protect the stock market.
- The White House is still on track to issue an Executive Order this week that would apply new domestic purchasing requirements for pharmaceuticals and medical supplies.
 - The order would include “Buy American” purchasing requirements for some U.S. government agencies, including the Department of Health and Human Services (HHS) and the Department of Veterans Affairs (VA).
 - The order could also trigger the Defense Production Act administered by the Commerce Department. That would allow the U.S. government to change existing arrangements to require contractors to switch their production lines to manufacture medical supplies and other necessary goods. This move had been hinted at by HHS Secretary Alex Azar earlier this month.
- President Trump is scheduled to speak to airline executives today at 10am – this comes off the heels of the President stating on Tuesday that the federal government wants to help Boeing and the airlines’ request for federal assistance.
- Vice President Pence has asked construction companies to contribute their inventories of protective masks to medical providers.
 - The Association for General Contractors (AGC) has indicated that this would jeopardize safety and that it was not warned of this request. AGC is seeking further clarification.
- Our nation’s trucking sector has called on the Department of Transportation to keep rest stops open during this time to protect the safety of American truckers. This comes after Pennsylvania decided to close state-owned rest stops during the outbreak. DOT has labeled truck stops as “essential businesses” that should stay open during the outbreak, but that designation only applies to privately owned truck stops.
- Secretary Mnuchin warned yesterday that unemployment could rise to 20 percent without government intervention.

March 17, 2020 updates at 7:00pm ET

- Up until Tuesday morning, the Administration was proposing payroll tax relief as a major part of an upcoming stimulus package. However,

- throughout the day on Tuesday, Treasury Secretary Mnuchin proposed sending as many as two \$1,000 checks, replacing the payroll tax relief, directly to individual Americans to help respond more quickly to economic losses as a result of COVID-19. There is a lack of clarity whether that would go to all adults or whether there would be an income cap on eligible recipients.
- The White House continues to look at a \$1 trillion stimulus package.

Congress

March 18, 2020 updates at 9:00am ET

- The Senate is expected to begin consideration of Phase 2 of the COVID-19 relief package today.
- As indicated yesterday, Phase 3 of the package is still being worked on by Senate Republicans. There is soft deadline of Friday for the Republican package which would then have to be negotiated with the Democrats.
- During the White House pitch to lawmakers, several Senate Republicans indicated that they did not like the idea of bailing out big companies.
 - Senators Richard Shelby (R-FL) and Rick Scott (R-FL) in particular raised issue with bailing out large companies.
- Democrats continue to prioritize the inclusion of protections for workers and consumers in any airline aid package.
- Senator Schumer's proposal also calls for "relief for public transportation to ensure continued operation until normal ridership resumes."

March 17, 2020 updates at 7:00pm ET

- Senate Republicans continue to indicate that they are working towards a new stimulus package to help combat the economic impact of the COVID-19 outbreak.
- Earlier today, Secretary Mnuchin shared details on current White House initiatives at a lunch with Senate Republicans.
- Reports indicate that Senate Republicans are considering the White House proposal to send the aid directly to Americans, which could cost \$500 billion. This would be part of the package being floated by the White House.
 - Senate Majority Whip John Thune (R-SD) on Tuesday signaled that there was a "high level of interest" among Senate Republicans on this proposal.
- Senator Josh Hawley (R-MO) has a proposal similar to the cash payment proposal that is being pushed by the White House.
- Majority Leader McConnell has stated his desire to pass the pending House bill and move quickly to phase 3. There needs to be an agreement with members of the Republican conference who may want a vote or an amendment. Leader McConnell continues to work with the relevant

- committees of jurisdiction to put together the Senate GOP version of a third COVID-19 relief bill.
- Once the package is agreed to on the Republican side, McConnell will negotiate directly with Minority Leader Chuck Schumer in an effort to reach the 60 vote threshold.
 - Afternoon reports indicated that Speaker Pelosi is open to combining the stimulus proposals being pushed by Democrats and the Administration, which include the targeted cash payments to Americans in need and expanded tax credits.
 - We are hearing that the Senate could take up the House-passed COVID-19 relief bill, which includes technical corrections that were passed by Unanimous Consent before it was sent to the Senate, as early as tomorrow and will move with urgency on phase 3.
 - Once phase 3 is completed, there is a substantial likelihood that both chambers of Congress will leave town for a period of time, perhaps longer than the planned two week recess.
 - Lastly, Senators Markey, Blumenthal, Whitehouse, and Baldwin are pushing for consumer and labor protections as part of any relief to airlines.

Other News

March 18, 2020 updates at 9:00am ET

- Multiple reports this morning indicate that the travel industry could be the hardest hit industry as a result of the COVID-19 outbreak – the industry writ large is predicting a \$355 billion decrease in travel spending this year and a possible 3.6 million jobs lost. Other statistics show the entire industry may lose \$740 billion in revenue due to COVID-19.
 - The hotel industry may end up being the hardest hit within the travel industry, losing an estimated 4 million jobs, which could result in a \$300 billion hit to our national GDP.
- The head of the American Hotel and Lodging Association told reporters that COVID-19 has “already had a more severe impact on our industry than 9/11 and the 2008 recession combined.”
- The job losses faced by the travel industry could increase the national unemployment rate from 3.3 percent to 6.3 percent.
- The United States and Canada may jointly announce an end to non-essential travel between the two countries today – the flow of critical goods across the border would not be impacted.
- Amtrak has asked for \$1 billion in aid, transit agencies have determined they need \$13 billion, and New York’s MTA in particular has said it needs \$4 billion in federal aid.
 - Amtrak has reported a decrease of more than 60 percent in ridership.
- The cruise line industry continues to ask for low-interest or interest-free loans.

- Volkswagen is halting production at its European factories due to COVID-19 beginning on Thursday.

March 17, 2020 updates at 7:00pm ET

- The U.S. Travel Association has called for \$150 billion in "relief" for the travel industry, which would set up a "travel workforce stabilization fund", offer an emergency liquidity facility for businesses in the travel industry, and make changes to Small Business Administration loan programs.
- Chicago Midway International Airport's air traffic control tower is shutting down temporarily after several technicians tested positive for the coronavirus, the FAA said this evening. However, Midway airport is still open and air traffic control duties are being handled by the Chicago TRACON.