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The First 100 Days Report

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2017

Saturday, April 29, marked President Donald Trump's 100th day in office. Needless to say, the first 100 days of his presidency have been interesting to watch. Since we released our Flash Report last year commenting on the implications of the 2016 U.S. election,[1] there has been high interest globally as to the direction the new administration will take on key issues and in delivering on campaign promises – particularly the more controversial ones.

In this Flash Report, we discuss developments during the first 100 days on a number of key policy fronts. An appendix is also provided to offer additional commentary on the developments affecting different industries.

Overview of the First 100 Days

The final week of the first 100 days had its share of dramatic developments. Returning from the April recess, Congress had just four days to pass a bill to fund government operations or else force a government shutdown. Fights loomed in both chambers over such matters as the proposed border wall, sanctuary cities, continuation of Obamacare subsidies, Planned Parenthood funding and the proposed boost in military spending. As the week unfolded, the president signaled his willingness to delay funding of the border wall to avoid the shutdown, with a plan to wait until Republicans start drafting the budget blueprint for the fiscal year beginning October 1, 2017, to seek the necessary funding.[2] Then the President agreed to include the Obamacare cost-sharing subsidies in the budget, removing the second of what many considered the two most significant obstacles to an agreement. But it wasn't enough. On April 28, Congress passed stopgap legislation to avert a government shutdown at

[1] "Addressing the Impact of the 2016 U.S. Elections," Protiviti Flash Report, November 14, 2016, available at www.protiviti.com/US-en/insights/addressing-impact-2016-us-elections.

[2] "Trump Signals Delay on Border Wall Funding to Avoid Government Shutdown," Reuters and Associated Press, The Guardian, www.theguardian.com/us-news/2017/apr/25/trump-signals-delay-on-border-wall-funding-to-avoid-government-shutdown.

midnight and give lawmakers another week to reach a deal on federal spending through the end of September, with some significant differences remaining to be resolved.[3]

From the start, the administration's pro-growth plan, with its combination of tax reform, regulatory relief, an "America First" trade policy and a commitment to energy independence, has bolstered consumer confidence and optimism among U.S. CEOs. Talk about igniting an increase in the growth rate in the U.S. economy has energized the hiring and investment outlook. The March 2017 Small Business Optimism Index[4] reports a surge in small business optimism since the November 2016 election, reflecting gains in earnings, capital expenditure plans and job-creation plans. Underscoring the surge in optimism is the upward momentum in the capital markets, e.g., through the end of April 2017, the S&P 500 Index has scored gains as high as 15 percent compared to before Donald Trump's election. That said, the economy expanded at its slowest pace in three years in the first quarter of this year – 0.7 percent – highlighting how difficult it will be to raise growth on a sustained basis.[5]

The failure of Congress' first attempt at healthcare reform has raised questions as to whether the administration and a fractious Republican majority can get things done to advance the Trump domestic agenda. The delay of the House vote on an amended bill during the final week accentuated those questions.

Likewise, there is global concern over the possibility of a potential wave of protectionism in response to the America First policy, depending on how disruptive it is to U.S. multilateral trade relationships as well as its impact on immigration and American positioning as a world leader. Add increasing geopolitical tensions and at some point a cloud of uncertainty will supplant the optimism if the new administration is unsuccessful in advancing its domestic agenda.

As of April 29, the policy intentions articulated during the Trump campaign have been reinforced by many communications, but most notably through 32 executive orders, more than any president since World War II has issued during the first 100 days.[6] An executive order (EO) is issued to authorize officers and agencies of the executive branch to manage the

[3] "Congress Passes Stop-Gap Bill to Avoid Government Shutdown," Jennifer Scholtes and Sarah Ferris, Politico, April 28, 2017, www.politico.com/story/2017/04/28/house-passes-stopgap-bill-to-avoid-government-shutdown-237748.

[4] "March 2017 Report: Small Business Optimism Index," National Federation of Independent Business (NFIB), available at www.nfib.com/surveys/small-business-economic-trends/.

[5] "U.S. Economy Grew at Sluggish 0.7 Percent in First Quarter of 2017," Ana Swanson and Max Ehrenfreund, The Washington Post, April 28, 2017, www.washingtonpost.com/news/wonk/wp/2017/04/28/the-economy-grew-0-7-percent-in-trumps-first-quarter-federal-data-show/?utm_term=.9dad8ac67ba4.

[6] "Executive Orders," www.whitehouse.gov/briefing-room/presidential-actions/executive-orders.

operations of the federal government in accordance with the president's thinking. It does not change the law, but instead sharpens the focus of the executive branch when applying certain aspects of the law. The point is, these various forms of communication offer insight into the administration's policy intentions. The administration and Congress also exercised the authority under the previously little-known Congressional Review Act (used only once in its 21-year history before the Trump administration and available only within a window of 60 legislative days, i.e., days the U.S. Congress is actually in session) to reverse a number of Obama-era regulations, particularly those pertaining to the environment.[7]

In the political arena, though, executive orders and other forms of presidential communication advance an agenda only so far. While a presidential order may influence the activities of a federal agency and score a "quick win," delivery in the legislature is what ultimately counts in effecting *sustainable* change. To that point, many regard Trump's signature achievement during the first 100 days to be the Senate's confirmation of his appointment of a strict constructionist to the U.S. Supreme Court.

The remainder of this Flash Report discusses developments in the first 100 days in specific areas.

Healthcare Reform

Immediately after the inaugural parade, the new president signed an EO aimed at easing the "regulatory burdens" of the Affordable Care Act (ACA), commonly referred to as Obamacare, by ordering agencies to "waive, defer, grant exemptions from, or delay the implementation of any provision or requirement" of ACA that imposes a "fiscal burden on any State or a cost, fee, tax, penalty, or regulatory burden on individuals, families, healthcare providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products, or medications."[8] Thereafter, during the first 100 days, the administration's primary legislative focus was on repealing and replacing the ACA.

Ultimately, the plan to move the proposed bill to the House floor for a vote was not successful because the Republicans failed to garner enough support within the party – let alone with their Democrat counterparts – due to concerns that the proposed American

[7] "In First 100 Days, Congress Took Aim at the Democratic Foundations of America's Environmental Laws," Alison Cassady and Howard Marano, Center for American Progress, April 13, 2017, www.americanprogress.org/issues/green/news/2017/04/13/430448/first-100-days-congress-took-aim-democratic-foundations-americas-environmental-laws/.

[8] "Executive Order Minimizing the Economic Burden of the Patient Protection and Affordable Care Act Pending Repeal," January 20, 2017, www.whitehouse.gov/the-press-office/2017/01/2/executive-order-minimizing-economic-burden-patient-protection-and.

Health Care Act did not go far enough in repealing the ACA. Passage was further complicated by the complex three-phased legislative plan coupled with the nuanced reconciliation procedures between the House and the Senate shadowing the first phase of the plan, which essentially meant a "repeal and replace" of the ACA on a piecemeal basis. Many in Congress simply couldn't grasp the full picture. The political reality is many believe that the president's and Republican leaders' inability to bring together the warring factions within the party to pass comprehensive healthcare reform could potentially put tax reform in jeopardy. Thus, the administration decided to keep healthcare on the front burner while the ACA's market performance and its impact on providers, payers and consumers continue to be monitored.

On April 26, the MacArthur-Meadows Amendment (MMA) was introduced to allow the states to opt out of two controversial components of Obamacare. The first is the essential health benefits mandate which forces insurance companies to cover comprehensive benefits for all recipients regardless of needs or wants, essentially dictating one-size-fits-all health insurance policies. The second is the community rating mandate which prevents insurance companies from setting prices based on various risk and cost factors. These provisions of the MMA allow the states to set their own standards and, as a result, increase choice and lower costs. This compromise may become a blueprint for advancing healthcare reform on a piecemeal "fix and repair" basis, given the divides within the Republican Party, as it allows, for example, Texas and North Carolina to make different decisions on health insurance regulations than, say, New York and New Jersey.[9] With the conservative so-called Freedom Caucus signaling its support for the compromise, it was up to the moderates of the party to sign on.[10] On April 27, House Republican leaders delayed a vote on the bill, ending the first 100 days with it being evident that a significant divide remains between the conservative and moderate wings of the party.[11]

Tax Reform

Since the inauguration, the new administration has sent signals that healthcare reform and tax reform were top priorities – in that order. The failure to pass the ACA reform bill may be a sign that the Trump agenda, including tax reform, deregulation, changes to trade policy

[9] "Repeal Obamacare Progress (MacArthur-Meadows Amendment), Heritage Action for America, April 26, 2017, http://heritageaction.com/2017/04/repeal-obamacare-progress-macarthur-meadows-amendment/.

[10] "Moderates Chafe at Republican Health Care Compromise," Kyle Cheney, Rachael Bade and Katie Jennings, Politico, April 26, 2017, www.politico.com/story/2017/04/26/obamacare-trump-repeal-macarthur-237605.

[11] "House delays Obamacare vote, denying Trump 100-day win," Kyle Cheney, Rachel Bade and John Bresnahan, Politico, April 27, 2017, www.politico.com/story/2017/04/27/house-republicans-obamacare-repeal-votes-237685.

and infrastructure spending, will progress more slowly than some expected. With respect to tax reform, more than a few Republicans want assurance that sufficient revenue is available to offset the effect of proposed tax cuts. That debate could place everything on the table and, for that reason, significant tax reform in 2017 may prove challenging to achieve.

After the inauguration, a tax reform plan was considered imminent until a target of August was set for the reveal. On April 17, Treasury Secretary Steven Mnuchin indicated that tax reform would not be available by August, signaling a longer time frame than previously expected. A major reason for this delay is the administration's inability to initiate healthcare reform that would reduce the government's entitlement commitments for healthcare. This reduction is viewed by some as necessary in order to offset the reduction of tax rates. Therefore, according to Secretary Mnuchin, the August deadline was "highly aggressive," and with the failure to pass healthcare reform, the deadline is "unrealistic."

Shortly before the release of this Flash Report, the House Ways and Means Committee announced hearings on the tax reform blueprint. A few days later, the administration released its "core principles" of tax reform. Below are the points outlined in a one-page plan issued by the White House with the objectives of making U.S. businesses "the most competitive in the world" and removing incentives for businesses to offshore and keep money overseas in the future:[12]

- Simplify personal taxes by reducing the number of tax brackets from seven to three – 10 percent, 25 percent and 35 percent.
- Reduce the corporate tax rate to as low as 15 percent.
- Repeal the so-called death tax on estates.
- Create a one-time tax on repatriated company assets (the tax rate that would be applied to unrepatriated foreign earnings – now estimated at $2.5 trillion (and climbing)[13] –has not yet been announced).
- In a bid to attract international business, shift the U.S. to a "territorial" tax system in which companies only pay U.S. taxes on domestic profits. (Currently, the U.S. taxes businesses on their worldwide income, i.e., both local and foreign. Therefore, the

[12] "Trump Administration Releases 'Core Principles' of Tax Reform," Joe Mont, Compliance Week, April 26, 2017, www.complianceweek.com/blogs/the-filing-cabinet/trump-administration-releases-core-principles-of-tax-reform#.WQIzdWB1qpo.

[13] "US Companies Are Hoarding $2.5 Trillion in Cash Overseas," Jeff Cox, CNBC, September 20, 2016, www.cnbc.com/2016/09/20/us-companies-are-hoarding-2-and-a-half-trillion-dollars-in-cash-overseas.html.

matter of a territorial tax policy is considered important because companies would no longer be incented to move their headquarters outside the U.S. to nations with a lower tax structure. Many of the developed economies already impose a variant of a territorial tax regime.)

- Repeal the 3.8 percent Obamacare tax on corporations.
- Double the standard deduction.
- Eliminate the alternative minimum tax and most tax deductions (although, for now, preserve the mortgage interest and charitable contribution deductions).

In releasing the above “core principles,” the White House offered no timeline for the release of further specifics. According to the treasury secretary and White House chief economic advisor, the plan is premised on increasing economic growth and new job creation, which will offset any increase in the deficit. From a competiveness standpoint, the principles purport to harmonize the U.S. corporate tax system with what companies elsewhere in the developed world are experiencing. As this Flash Report goes to press, the outlook on Capitol Hill support is not positive. The prevailing wisdom is that tax reform is unlikely to get serious consideration in Congress until July and into the fall, meaning it undoubtedly will take time to get it through.

In its announcement, the White House did not address the border adjustment tax (BAT), a controversial provision included in the House plan, which essentially calls for a value-added tax levied on imported goods and has the potential to raise $1 trillion in tax revenue over the next 10 years. Critics of the BAT argue that prices will rise on imported goods (from Japan, for example) and inflation will result. Proponents argue that the surge in foreign demand for U.S. exports will strengthen the value of the dollar. In turn, a strong dollar would increase the demand for imported goods; therefore, the net effect on trade is neutral. At an event, a White House official commented, “We don’t think it works in its current form.” House Speaker Paul Ryan has also noted, “We don’t want to have severe disruptions; if you’re an importer or retailer dependent on importers, we don’t want to shock the system.”

Needless to say, the debate over tax reform is worth watching closely, because President Trump’s presidency may ride on the outcome. Many observers believe that tax reform must happen if productivity is to be kick-started to advance the American economy beyond 2 percent per annum growth.

Trade Policy

Trade may be the wild card for many observers of the new administration, particularly those who believe that robust international trade enhances the wealth of trading nations. Therefore, those who fear protectionist policies that could precipitate a trade war have cast a leery eye on the administration's every move on the trade front.

During the campaign, Trump criticized the North American Free Trade Agreement (NAFTA), the Trans-Pacific Partnership (TPP, an agreement to lower or eliminate tariffs between the U.S. and 11 other countries, including Japan and Vietnam), and the trading partnership with China. In January, the newly elected president signed an EO serving notice that the U.S. will begin withdrawing from the TPP trade deal. In April, he issued the "Buy American, Hire American" EO directing federal agencies to procure only, and maximize federal use of, American-made goods and materials where possible. Two other trade-related orders include one requesting the Commerce Department to report on factors driving the trade deficit and another seeking to increase collection of duties on imports. Also, in late April, leaders from Mexico and Canada reached out to the administration with a request to renegotiate NAFTA rather than rescind it. In response, the president indicated a willingness to make a good faith attempt to do so, provided the negotiations result in a "fair deal" for the U.S.

As the U.S. withdraws from multilateral agreements, it appears the administration intends to initiate negotiations to enter into bilateral trade deals with individual countries that will include options to terminate the pact upon 30 days' notice.[14] In favoring bilateral trade deals in which there is a presumption the U.S. has stronger bargaining power, the administration is also likely to deploy trade as a tool for pressuring countries to do more on national security matters.[15] For example, President Trump recently disclosed that he promised his Chinese counterpart, President Xi Jinping, a more favorable trade deal in exchange for cooperation in confronting the rogue state, North Korea. In an effort to encourage North Korea to suspend nuclear testing and the U.S. and South Korea to suspend large-scale military drills and deployment of a new missile defense system, China has recently suspended coal imports from North Korea and amassed 150,000 to 175,000 troops along the North Korean border. Speculation that China could cease delivering oil to North Korea has

[14] "Trump Says Plans Lots of Bilateral Trade Deals with Quick Termination Clauses," Reuters, January 26, 2017, www.reuters.com/article/us-usa-trump-trade-idUSKBN15A2MP.

[15] "President Trump, Italian Prime Minister Paolo Gentiloni Talk Trade, Security Matters," Vivian Salama, Associated Press, April 20, 2017, www.wptv.com/tablet-showcase/president-trump-holds-a-joint-news-conference-with-italian-prime-minister-paolo-gentiloni-live.

also emerged as the Trump administration maneuvers toward comprehensive U.N. sanctions on North Korea.

Energy Independence

In March, the president issued an EO to promote energy independence and initiate a review of the Clean Power Plan, which restricts greenhouse gas emissions at coal-fired power plants. The EO rescinds several Obama executive orders and policies related to climate change, representing a major move to reverse the Obama climate change legacy.[16]

The objective of the review of the Clean Power Plan is to protect jobs and strengthen energy security, while also ensuring that environmental protection policies provide clean air and clean water. The question is one of balance – an Environmental Protection Agency (EPA) that works to both protect the environment and enable a growing economy. The EO also directs the EPA and the secretary of the interior to review, and if necessary, revise or rescind, several regulations that may place unnecessary, costly burdens on coal-fired electric utilities, coal miners, and oil and gas producers. The EO may be a signal of a de facto exit by the U.S. from the Paris climate accord treaty, although a final decision is still pending, as the matter is a major point of dispute among advisers in the White House. Interestingly, as the administration evaluates this matter, big oil companies such as Exxon Mobil, BP, Chevron and Cheniere have sent messages to Trump urging support of the Paris climate accord.

President Trump also signed two orders reviving the Keystone XL pipeline and Dakota Access pipeline. In addition, he signed a related order that would expedite the environmental permitting process for infrastructure projects related to the pipelines.

As with other aspects of the Trump agenda, geopolitical issues may force actions by the administration that contradict its energy independence goals. For example, in response to Exxon Mobil's request for a waiver to drill in the Black Sea, the Treasury Department announced in April that it would not grant a waiver from Russian sanctions to either Exxon Mobil or any other energy company.[17]

[16] "Presidential Executive Order on Promoting Energy Independence and Economic Growth," March 28, 2017, www.whitehouse.gov/the-press-office/2017/03/28/presidential-executive-order-promoting-energy-independence-and-economi-1.

[17] "Treasury Denies Exxon Waiver from Russian Sanctions," Ben Lefebvre, Politico, April 21, 2017, www.politico.com/story/2017/04/21/treasury-denies-exxon-waiver-from-russian-sanctions-237462.

Immigration Policy

Few issues are more controversial than immigration. An EO issued in January imposing a 120-day suspension of the refugee program and a 90-day ban on travel to the U.S. for citizens of seven countries labeled as "terror hot spots" was immediately challenged in the courts. In response to these objections, after failure to overturn the lower court decision upon appeal, a revised EO was issued in March to revoke the original order and suspend the refugee program and entry to the U.S. for travelers from six countries. This order was also challenged and has yet to take effect, pending an appeal that is expected to take place soon and could ultimately be resolved in the Supreme Court.

In April, an EO calling for H-1B visa reform was issued to target employers abusing the H-1B visa process to offer lower-than-market wages to immigrants with skills comparable to those of available U.S. workers for a given job. The order directs the secretary of state, attorney general, secretary of labor and secretary of homeland security to recommend reforms that will help ensure that H-1B visas are awarded to the most-skilled or highest-paid workers. The order asserts that the H-1B visa program is intended to give priority to higher-paying jobs requiring highly educated and highly skilled individuals who are the most qualified candidates, thereby stamping out abuses where outsourcing companies hoard visas with the intention of applying them to lower-paying jobs requiring low-skilled workers.[18]

Interestingly, applications for H-1B visas are down about 15 percent this year compared to last year, possibly due to uncertainty in the U.S. about the program and talk of reform.[19]

Infrastructure Investment

In his address before a joint session of Congress, President Trump said:

> Crumbling infrastructure will be replaced with new roads, bridges, tunnels, airports and railways gleaming across our beautiful land ... To launch our national rebuilding, I will be asking the Congress to approve legislation that produces a $1 trillion investment in the infrastructure of the United States – financed through both public and private capital – creating millions of new jobs. This effort will be guided by two core principles: Buy American, and Hire American.[20]

[18] "Presidential Executive Order on Buy American and Hire American," April 18, 2017, www.whitehouse.gov/the-press-office/2017/04/18/presidential-executive-order-buy-american-and-hire-american.

[19] "H1B Visa Applications Down amid Reform Effort," Aline Barros, VOA, April 19, 2017, www.voanews.com/a/h1b-visa-applications-down-amid-reform-effort-/3816678.html.

[20] "Donald Trump's Congress Speech (Full Text)," CNN Politics, March 1, 2017, www.cnn.com/2017/02/28/politics/donald-trump-speech-transcript-full-text/.

A detailed plan has not yet been put forward to identify the sources of funds for this program. Funding is important, as Senate Majority Leader Mitch McConnell has warned that Congress may be unwilling to open up its checkbook for such a large spending package. But the reference to “public and private capital” may be a signal that the president intends to follow Commerce Secretary Wilbur Ross’ suggestion that Congress give private businesses tax credits to stimulate infrastructure projects.[21] Interestingly, the nation’s association of civil engineers reported in March that the nation’s roads, dams, airports, water and electrical systems, and other infrastructure merit a grade of D+ and require $4.6 trillion of repair work to fix – more than the entire federal government spends in a year.[22]

Regulatory Relief

The president has issued several EOs on the regulatory front. One order requires every agency to establish a regulatory reform task force to evaluate regulations and recommend rules for repeal or modification. Another directs the Treasury Department to review the 2010 Dodd-Frank financial regulatory law. Still another instructs agencies that whenever they introduce a regulation, they must first abolish two others – the so-called two-for-one order. In addition, in April, the EPA’s regulatory reform task force opened a 30-day public comment period to gather input on which Obama-era regulations the Trump administration should roll back.[23]

As key regulatory posts are filled – and not all are – the administration’s deregulatory focus could start to gain traction.

Streamlining Government Operations

The president issued an order on his first day in office to impose a blanket hiring freeze for some federal government workers, excluding the military, to shrink the size of government. In March, he issued an EO to reorganize the executive branch through a top-to-bottom review to eliminate unnecessary agencies and components of agencies and agency programs, and merge functions. The proposed plan will also include recommendations for any legislation or administrative measures necessary to achieve the proposed reorganization. In developing the proposed plan, issues of duplication and redundancy are to be considered, as

[21] “President Trump Again Called for $1 Trillion on Infrastructure — Without Many Details,” Aric Jenkins, Fortune, February 28, 2017, http://fortune.com/2017/02/28/trump-congress-address-infrastructure-investment/.

[22] “Civil Engineers Say Fixing Infrastructure Will Take $4.6 Trillion,” Thomas Frank, CNN Money, March 9, 2017, http://money.cnn.com/2017/03/09/news/infrastructure-report-card/.

[23] “EPA seeks public input on Trump's regulatory reform agenda,” Tim Devaney, The Hill, April 12, 2017, http://thehill.com/regulation/energy-environment/328521-epa-seeking-public-input-on-trumps-regulatory-reform-agenda.

well as whether some or all of the functions of an agency, a component or a program are more appropriately left to state or local governments or to the private sector through free enterprise.[24] Finally, in April, the administration lifted the across-the-board hiring freeze to impose hiring restrictions more surgically so that certain agencies – such as the Department of Veterans Affairs and the Department of Defense – can complete their work more timely.

Geopolitical Developments

On the geopolitical stage, the first 100 days have marked reversals of some of the president's statements during the campaign. For example, during the campaign, candidate Trump asserted that China is a "currency manipulator"; now he says it is not. He also referred to NATO as "obsolete"; now he says it isn't. He claimed the Export-Import Bank is unnecessary; now he says it's a "good thing." He advised his predecessor not to attack Syria because the U.S. will get nothing out of fighting there; during the first 100 days, he launched a missile attack on a Syrian airfield. Of course, new facts and circumstances can change perspectives and, at least on the geopolitical stage in certain areas, the president has demonstrated that he can alter his.

President Trump's reaffirmation of support for NATO comes at a time of pressure on the foundation of the European Union and acknowledges that a strong Europe continues to be of strategic interest to the U.S. His reaffirmation of support for other American allies is an important continuation of longstanding American policy. With his missile attack on Assad's airbase, the president served noticed that he will enforce his predecessor's "red line" against Syria's use of chemical weapons on its own people. In other developments, he dropped a MOAB[25] on an ISIS cave complex in remote Afghanistan, declared tensions with Russia as being higher than at any time since the 1962 Cuban missile crisis, and announced that a carrier task force was being deployed as a deterrent to North Korea and possibly even positioned for a preemptive strike against the rogue nation. In viewing these developments, we can observe that it will be difficult for the Trump administration to advance its domestic agenda if the U.S. gets embroiled in a shooting war in some region in the world.

With respect to Iran, since Mike Flynn resigned as national security adviser in February, the administration has been relatively quiet about the nuclear deal with that nation. However, on April 19, Secretary of State Rex Tillerson announced an interagency review of the process of certifying Iran's compliance with the agreement. At the present time, there are mixed

[24] "Presidential Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch," March 13, 2017, www.whitehouse.gov/the-press-office/2017/03/13/Presidential-executive-order-comprehensive-plan-reorganizing-executive.

[25] "MOAB" is an acronym that stands for the "mother of all bombs."

messages regarding compliance, partly because of fresh concerns Iran may be engaging in centrifuge development and continues to sponsor terrorism. If the president were to follow through on his campaign promise to “rip it up” (in reference to the agreement), the complexities of the deal are such that there is no guarantee the other signatories to the agreement – namely, Britain, France, Russia, China and Germany – would be willing to renegotiate it. Until the scope of the interagency review is clarified and the review itself is completed, it is impossible to ascertain what the administration’s next steps will be.[26]

Other Matters

On April 10, Neil Gorsuch took the constitutional oath to become an associate justice of the U.S. Supreme Court. A strict constructionist, Judge Gorsuch was confirmed in the Senate after Republicans voted to lower the threshold for advancing Supreme Court nominations from 60 votes to a straight-up majority vote, and thereby frustrated a Democrat-led filibuster to block the confirmation. So far, the confirmation vote of Justice Gorsuch is Trump’s signature accomplishment. Given that Justice Gorsuch is only 49 years old, every 5-4 vote of the Supreme Court along ideological lines for the next 30 years can swing on his vote.

Actions by the Federal Reserve are also worth watching. The Fed has sent repeated signals that fiscal stimulus and rapid growth could push the Fed to respond with more aggressive rate hikes. However, if rate hikes get ahead of the promised reforms and stimulus, the mistiming could lead the economy into a tailspin. If faster growth doesn’t materialize, that would likely lead to conflict between the White House and the Fed. In addition, the Fed Chair, Janet Yellen, has dismissed attacks on Dodd-Frank and has asserted that the banking system is far stronger today and that there is no evidence to substantiate claims that small businesses can’t get the credit they need. She also made it clear that she has no intention of resigning. Interestingly, the president recently indicated in an interview that Yellen wasn’t “toast” after all, backpedaling from a popular campaign sound bite.[27]

[26] “Tillerson Toughens Tone on Iran after U.S. Confirms Nuclear Deal Compliance,” Gardiner Harris, The New York Times, April 19, 2017, www.nytimes.com/2017/04/19/world/middleeast/trump-administration-grudgingly-confirms-irans-compliance-with-nuclear-deal.html?_r=0.

[27] “Unsurprisingly, Trump Has Done Complete 180 on Fed Chair Yellen,” Douglas Rediker, The Hill, April 17, 2017, http://thehill.com/blogs/pundits-blog/economy-budget/329082-unsurprisingly-trump-has-done-180-on-fed-chair-yellen.

Summary

Now that the first 100 days are history, we can draw several observations:

- ***Companies should prepare themselves for change*** – Change is on the agenda, just like it was when Donald Trump emerged victorious to become the 45th president of the United States. The nature of that change as well as its timing and extent may not be crystal clear, but it is definitely the intent of this administration to make it happen. The point is that companies owe it to themselves and their stakeholders to monitor developments and be prepared for any change that might have a significant effect on their business model.

- ***Clarity is needed on the specifics of major policy initiatives*** – Many are hopeful that the Trump administration's pro-business, pro-growth and pro-deregulation message will gain traction and merit the dramatic increase in business confidence since the inauguration. However, uncertainties remain regarding the specifics of Trump's positions on healthcare reform, tax reform, trade, immigration, and other major policy initiatives, as well as how those positions will play out and whether unintended consequences might result.

- ***Uncertainty exists as to how much can get done*** – While we have a fair idea as to what the president would like to accomplish – at least directionally – on most policy fronts, it remains to be seen how much his administration and the fractious Republican majority can actually get done. As we pointed out in our earlier Flash Report[28] shortly after the election:

  > While Washington will have an all-Republican government, the implementation of a common agenda of policy proposals will be challenged by the dynamics between the president-elect and the Congressional Republican establishment. It is up to the president-elect to demonstrate that he can effectively harness the power of the Oval Office to deliver on his campaign promises. The Washington establishment is very likely to present stiff headwinds on certain issues.
  >
  > Bottom line: While there is a pent-up demand for major legislative action on a wide range of issues, the divide between President-elect Trump and his party's leadership must be bridged to maximize success in the next two years. Such is the case for almost any president-elect.

  This commentary is just as relevant today at the conclusion of the first 100 days as it was in the aftermath of the election. There is no denying the headwinds the new administration faces from factions within the Republican Party as well as from a virtually unified Democratic Party. Not only did the Democrats slow-walk many of

[28] "Addressing the Impact of the 2016 U.S. Election."

the president's cabinet nominations, it is unclear in which areas, if any, of Trump's legislative agenda they will offer any measure of cooperation. The infrastructure stimulus may be the most logical area of common ground; however, the Democrats' approach to funding that stimulus is likely to vary widely from the president's. Another possibility is the one-time tax on unrepatriated foreign earnings.

- ***Geopolitical developments can dictate the scope of domestic change –*** The uncertainty around geopolitical tensions and where they may lead are concerning to many. A major encounter in any region of the world, however it might be triggered, resulting in significant cost of American lives and resources, could constrict the administration's domestic agenda.

These are points to keep in mind as we observe the Trump administration beyond the first 100 days.

To supplement our discussion of developments in the first 100 days, we offer an appendix summarizing additional commentary on the implications of the first 100 days' developments on different industries.

Developments in the First 100 Days Affecting Select Industry Sectors[29]

In our election implications Flash Report,[30] we suggested there were possible winners and losers across multiple sectors from a Trump presidency. Here is an update of developments during the first 100 days:

Possible Winners	
Airlines	**What we said we expected:** More sympathy to U.S. airlines' claims of unfair competition from state-controlled carriers.
	Developments since inauguration: In a February meeting with airline and airport executives, President Trump expressed optimism regarding how infrastructure improvements and relaxed regulations can improve the state of U.S. air travel.[31] In addition, even though declared unconstitutional in the courts, the travel ban signed in January blocking citizens from seven countries created uncertainty that was not positive for the industry.
Construction	**What we said we expected:** Significant benefit from infrastructure investments (inner cities, highways, bridges, tunnels and the "wall").
	Developments since inauguration: As discussed earlier, the president proposed $1 trillion in infrastructure investments, but specifics as to funding have yet to be worked out.
Defense	**What we said we expected:** Increased defense spending from expanding the armed forces, adding combat jets, preparing for cyber warfare and protecting U.S. borders.
	Developments since inauguration: An EO has been issued authorizing a 30-day review of military readiness. Another EO has been issued directing the secretary of defense to draw up a plan within 30 days to defeat ISIS. The preliminary budget calls for an increase in defense spending of $54 billion to ramp up the fight against ISIS, improve troop readiness, and build new ships and planes.
Oil and Gas	**What we said we expected:** Strong emphasis on achieving U.S. "energy independence," leading to elimination of subsidies to renewables, opening of new areas of the country (including federal land) to oil and gas development, and changing environmental policy and greenhouse gas performance standards that have driven closures of U.S. coal-power plants, stymied demand for the fuel, restricted the U.S. fracking industry, blocked the Keystone XL pipeline and hamstrung refineries.
	Developments since inauguration: In March, President Trump signed an EO to promote energy independence and economic growth. The order rescinded six Obama administration presidential

[29] Some of the information in this section regarding what we expected was obtained from the article, "Trump Victory: Corporate Winners and Losers," Richard Milne, Financial Times, November 9, 2016, available at www.ft.com/content/8de13154-a677-11e6-8898-79a99e2a4de6.

[30] "Addressing the Impact of the 2016 U.S. Election."

[31] "Airline CEOs Are Optimistic Following Talk with President Trump," Andrew Sheivachman and Jason Clampet, Skift, February 9, 2017, available at https://skift.com/2017/02/09/airline-ceos-are-optimistic-following-talk-with-President-trump/.

	memorandums, reports and executive orders. Specifically, the EO eliminates multiple policies that built climate change considerations into federal decision-making, ends the year-old new coal mining leasing moratorium on federal lands, initiates an EPA review of rules governing oil and natural gas development (including regulations on methane emissions and fracking), ends White House guidance on incorporating climate change when reviewing energy, infrastructure and other proposed projects under the National Environmental Policy Act, and grants federal agencies 120 days to prepare recommendations to address existing policies that potentially restrict energy development.[32] If the above EO wasn't enough, the Trump budget proposal cut EPA spending by almost 30 percent, which could result in the department eliminating nearly 25 percent of its staff and more than 50 EPA programs.[33] In addition, the President signed two orders reviving the Keystone XL pipeline and Dakota Access pipeline. He also signed a related order that would expedite the environmental permitting process for infrastructure projects related to the pipelines. With respect to midstream/pipeline supply companies, the president signed a presidential memorandum in January instructing the secretary of commerce to develop a plan that would require any company that builds a pipeline within U.S. borders to use American-made materials and equipment. Since then, the Department of Commerce has reached out to oil and pipe companies, as well as steel manufacturers, requesting information about the feasibility and timeline of excluding all foreign materials and foreign-made pipe, and input on how it would impact the overall market. A review of all steel imports across the board for all industries has been announced. An alternative may be to impose a higher tax on imports, because many companies agree that American steel manufacturers don't have the capacity to support demand for both drill pipe and line pipe.[34]
Pharmaceuticals	**What we said we expected:** A more lenient approach to drug pricing than under a Democratic administration, with emphasis on constraining the upward spiral of soaring drug prices, e.g., remove entry barriers for drug providers that offer safe, reliable and cheaper products, give Medicare powers to negotiate drug prices to limit price increases, and "Right to Try" legislation.
	Developments since inauguration: In January, the president met with CEOs of some of the biggest pharmaceutical companies in the U.S. to emphasize the need for affordability and accessibility of prescription medicines, a less rigorous approval process, less regulation, and bringing more drug manufacturing into the country. During the meeting, the president questioned policies that enabled other countries to pay less than Americans for the same drugs. But specifics were not discussed.[35] In March, the president tweeted, "I am working on a new system where there will be competition in the Drug Industry. Pricing for

[32] "Presidential Executive Order on Promoting Energy Independence and Economic Growth."

[33] "Trump Budget Proposal Would Slice EPA Spending by Nearly a Third," Jennifer Dlouhy, OILPRO, http://oilpro.com/post/30487/trump-budget-proposal-would-slice-epa-spending-nearly-third?utm_source=DailyNewsletter&utm_medium=email&utm_campaign=newsletter&utm_term=2017-03-16&utm_content=Feature_1_txt.

[34] "Donald Trump increases pressure on pipeline makers, his latest industry target," Tom DiChristopher, CNBC, January 30, 2017, www.cnbc.com/2017/01/26/trumps-plan-to-force-pipeline-makers-to-use-us-steel-is-dictatorial-and-a-bad-idea.html.

[35] "Trump's Plan for Lowering Big Pharma Drug Prices Comes at a High Cost," Jessica Wapner, Newsweek, February 3, 2017, www.newsweek.com/trump-drug-prices-big-pharma-552295.

	the American people will come way down!" This tweet underscores his campaign promise to use the government's bargaining power to drive down drug prices. In March, the president nominated Scott Gottlieb to run the Food and Drug Administration (FDA). Approved for confirmation on April 27, Gottlieb has a history of calling for faster approvals and greater regulatory transparency, and realigning the balance of power between the FDA and doctors. Having previously served as deputy commissioner at the FDA during the George W. Bush administration and on boards for several pharmaceutical companies, he is expected to focus on lowering drug prices by easing regulation over generic drugs, eliminating back-end rebates, speeding up clinical trials, and directing more regulatory emphasis on higher-risk products, not low-risk ones.[36]
Possible Losers	
Automotive	**What we said we expected:** Withdrawal from NAFTA and border tariffs impact carmakers that import parts or have factories in Mexico. Japanese carmakers will be hard hit if the yen strengthens relative to U.S. dollar.
	Developments since inauguration: In January and March, the president met with automotive executives to encourage them to hire and build in America, ending the "assault on the American auto industry."[37] Throughout the first 100 days, signals have been made to make clear the administration's intent to renegotiate NAFTA (as well as the other 13 U.S. free trade agreements), but specifics have yet to be articulated. In issuing two executive orders in March, the president authorized a comprehensive review of the source of U.S. trade deficits and issued a directive aimed at increasing the collection of duties from countries whose companies are engaging in "dumping" practices, i.e., selling products in the U.S. below their cost of production. Some view these orders as a sign of the administration softening its stance on NAFTA, leading to retention of major components of the deal, enhancing duty collections, and enforcing antidumping and other violations of trade and customs laws, rather than abandoning the pact altogether.[38] Notwithstanding what happens with NAFTA, tax and regulatory reform will play a significant role in providing the necessary economic incentives to encourage automakers to "hire and build American."
Consumer Products	**What we said we expected:** Repeal of trade agreements would likely cause shortages in raw materials, impacting the availability of consumer products. Shortages would likely increase prices, offsetting increases, if any, in disposable income from tax reform. Trade cases brought against a country – say, China – for allegedly using unfair subsidies to benefit their companies can affect companies that rely on suppliers in that country to make their products as well as the country's consumers to buy those products.

[36] "5 Drug Policy Positions Held by Trump's FDA Pick, Dr. Scott Gottlieb," Paige Winfield Cunningham, March 20, 2017, www.washingtonexaminer.com/5-drug-policy-positions-held-by-trumps-fda-pick-dr-scott-gottlieb/article/2617445.

[37] "Watch: Trump Speaks in Michigan after Meeting with Automakers," CNBC, March 15, 2017, www.cnbc.com/2017/03/15/watch-trump-speech-after-automaker-meeting.html.

[38] "After Calling NAFTA 'Worst Trade Deal,' Trump Appears to Soften Stance," Julie Hirschfeld Davis and Alan Rappeport, The New York Times, March 30, 2017, www.nytimes.com/2017/03/30/business/nafta-trade-deal-trump.html?_r=2.

	Developments since inauguration: Trade policy and the potential for renegotiation of all or a portion of the 14 U.S. free trade agreements is the elephant in the room for retailers and consumer products companies. All eyes are on the administration's every move toward policy specifics. Needless to say, with the torrid pace of retailer bankruptcies in the first quarter of 2017, major retailers have launched a campaign to defeat the BAT proposal on the grounds that it would increase the cost of a wide variety of goods.[39] (As noted on page 6 of this Flash Report, the BAT was not included among the "core principles" for tax reform released by the White House.)
Shipping	**What we said we expected:** Shipping could be adversely affected by trade policy if it spawns a wave of protectionism and unwinds the decades-long trend toward globalization.
	Developments since inauguration: Again, trade policy rears its head with the need to understand policy specifics to better understand the industry implications, if any.
Technology	**What we said we expected:** Disruption of technology-friendly trade agreements and tariffs for moving jobs offshore to low-cost countries may be imposed. Opposing the H-1B Visa program that enables access to highly skilled workers not available in the U.S. could stifle innovation and dampen start-ups.[40] The security versus privacy issue is in play. More cyber legislation as well as initiatives to enforce stronger protections and retaliation against cyber attacks. Some benefit to the industry from infrastructure investment.
	Developments since inauguration: The April EO focusing on H-1B visa reform has caught the technology industry's attention, which has long argued that it must attract the best and most qualified workers with advanced skills from across the globe to compete in the global marketplace. Many believe that the EO should be directed toward outsourcing firms based outside of the U.S. that are gaming the visa system to discriminate against American workers by hiring foreign workers at lower-than-market wages. That said, the mood inside the Beltway toward foreign workers is already having a chilling effect in Silicon Valley.[41] As with other industries, trade policy remains an open question.
Telecommunications	**What we said we expected**: The ATT/Time Warner merger could get blocked. The industry could see changes in FCC regulations, e.g., enforcement of net neutrality could be curtailed.
	Developments since inauguration: In February, Time Warner shareholders voted to approve the company's sale to AT&T for $85.4 billion and the FCC announced that it didn't plan to review the deal, clearing the way for the Justice Department to very likely approve it.[42]

[39] "Retailers Go To 'BAT' Against Trump Import Tax," George Anderson, Forbes, February 8, 2017, www.forbes.com/sites/retailwire/2017/02/08/retailers-go-to-bat-against-trump-import-tax/#63d6353a4353.

[40] "What Are President-Elect Trump's Positions on Tech and Innovation?," Frank Konkel, Nextgov, November 10, 2016, available at www.nextgov.com/cio-briefing/2016/11/what-are-President-elect-trumps-positions-tech-and-innovation/133076/?oref=nextgov_cio_briefing.

[41] "Tech Industry is Fine with H-1B Visa Reform — As Long as It Doesn't Affect Their Companies," David Pierson, Los Angeles Times, April 18, 2017, www.latimes.com/business/la-fi-tn-silicon-valley-visas-20170418-story.html.

[42] "FCC Chief Doesn't Plan to Review AT&T–Time Warner Merger," Jacob Kastrenakes, The Verge, February 27, 2017, www.theverge.com/2017/2/27/14751082/fcc-att-time-warner-merger-no-review-plans-ajit-pai.

	In April, the FCC chair reported preliminary plans to roll back the agency's net neutrality rules developed by the Obama administration. Net neutrality refers to the requirement for internet service providers (ISPs) to treat all internet traffic equally regardless of the size of the content provider, the type of internet traffic (e.g., streaming video vs. checking email) or any other variation of internet use. In essence, the current rules treat all internet traffic the same. Opponents of the rollback view strong net neutrality rules as crucial to maintaining competition on the internet.[43] Also, in April, President Trump signed into law a rollback of internet privacy protections. Under the measure, ISPs are permitted to collect and sell their customers' web browsing history, location information, health data and other personal details. Supporters of the law argue that it levels the playing field between ISPs such as Comcast, AT&T and Verizon, and current internet advertisers such as Google and Facebook. While consumers can easily opt out of using a search engine which they believe violates their privacy, they may not be likely to change their ISP given the limited number of offerings in any given market and the relative cost and effort of effecting a change.
Mixed	
Banking	**What we said we expected:** Lighter-touch regulation through agency appointments and a moratorium on new legislation. Likely to be some tweaking/rollback of Dodd-Frank, with smaller, community and regional banks most likely to receive regulatory relief. The industry would benefit from a strong economy.
	Developments since inauguration: The president has signed two executive orders directing Treasury Secretary Steven Mnuchin to review the Dodd-Frank Act. • The first, in February, authorized a review of the U.S. financial system in light of several core principles that foster economic growth and vibrant financial markets, make regulation efficient and appropriately tailored, and enable American competitiveness and advance American interests in global markets.[44] • The second, in April, ordered a review of the Orderly Liquidation Authority (OLA) and Financial Stability Oversight Council determination and designation processes. The review must consider the potential adverse effects of failing financial companies on U.S. financial stability, and whether the availability or use of OLA leads or could lead to excessive risk taking on the part of creditors, counterparties and shareholders.[45] Trump also selected Christopher Giancarlo to be the chair of the Commodity Futures Trading Commission (CFTC), which regulates derivatives trading. As chair, Giancarlo sits on the Financial Stability Oversight Council (FSOC). Giancarlo has been critical of portions of

[43] "FCC Chairman Said to be Planning Rollback of Net-Neutrality Regulations," John D. McKinnon, The Wall Street Journal, April 6, 2017, www.marketwatch.com/story/fcc-chairman-said-to-be-planning-rollback-of-net-neutrality-regulations-2017-04-06.

[44] "Presidential Executive Order on Core Principles for Regulating the United States Financial System," February 3, 2017, www.whitehouse.gov/the-press-office/2017/02/03/presidential-executive-order-core-principles-regulating-united-states.

[45] "Trump Issues Dodd-Frank Executive Order," Melanie Waddell, ThinkAdvisor, April 21, 2017, www.thinkadvisor.com/2017/04/21/trump-issues-dodd-frank-executive-order.

	Dodd-Frank; thus, his selection is seen as yet another sign of the administration's plan to overhaul the 2010 financial reform law. At this point, some White House advisers are considering the possibility of a modified version of the Financial Choice Act, introduced in the House last summer, to make it more palatable in the Senate. The biggest hurdle is one of timing, given the high priority given to healthcare reform and tax reform.[46] What makes Dodd-Frank reform especially difficult is reducing the risk of unintended consequences. As Dodd-Frank reform waits its turn, some believe that the greatest opportunity for consensus lies with regulations that impact smaller banks and credit unions.
Healthcare	**What we said we expected**: Repeal of the Affordable Care Act (ACA), with the overriding question of how, including with or without a valid replacement. Other possibilities include tax-free health savings accounts, requiring price transparency across all providers, allowing interstate insurance policy sales and reforming the veterans healthcare delivery system.
	Developments since inauguration: After failing to garner enough support for passage, the American Health Care Act of 2017 (AHCA) was withdrawn from consideration. Without delving into the reasons for the failure, the broader question is whether any healthcare reform is possible looking forward and the form it will take. In February, former House Speaker John Boehner predicted that a full repeal and replace of Obamacare is "not what's going to happen" and Republicans will instead just make fixes to the existing healthcare law.[47] If anyone should know, it's Boehner, who tried and failed to obtain a Republican consensus on healthcare reform during the period he presided over a Republican majority as Speaker of the House from 2011 to 2015. Looking back, it is difficult to pinpoint when, if ever, the Republicans achieved a broad consensus on healthcare. With some conservative Republican factions calling for a clean repeal of the ACA, it is not unreasonable to question whether a Republican majority backed replacement plan is possible going forward. Therefore, the question remains, what happens next? Will the administration's next attempt at a healthcare reform bill be more oriented toward "rescue and repair" than "repeal and replace?" Such a strategy may enable moderate Democrat support, especially if the ACA healthcare exchanges continue to deteriorate. The recent McArthur-Meadows Amendment discussed on page 4 of this Flash Report is an example of such a tactic as it would allow the states to set their own standards and, as a result, increase choice and lower costs. Alternatively, will there be another attempt at a "repeal and replace" that will address the pushback received on multiple portions of the AHCA? Meanwhile, the only definitive actions taken against the ACA occurred in January, when the president signed an EO authorizing, to the maximum extent permitted by law, government agencies to waive, defer or delay the implementation of any ACA requirement that would impose a fiscal burden on any state or a fee, tax or regulatory burden on individuals, families, providers, payers, recipients of healthcare services, or makers of medical devices, products or medications. This EO can

[46] "Revised Financial CHOICE Act to Come Soon," Seth Welborn, DSNews, March 23, 2017, www.dsnews.com/daily-dose/03-23-2017/revised-financial-choice-act-come-soon.

[47] "Boehner: Republicans won't repeal and replace Obamacare," Darius Tahir, Politico, February 23, 2017, www.politico.com/story/2017/02/john-boehner-obamacare-republicans-235303.

	result in neglect of the ACA by not funding it in the budget process, e.g., cutting back on subsidies.
Industrials	**What we said we expected:** Renovating the inner cities and rebuilding highways, bridges, tunnels and other infrastructure (including the border wall) is expected to benefit materials and heavy equipment manufacturers. Fair trade is a priority and offshoring is to be targeted. Global supply chains of U.S. industrials may also be affected.
	Developments since inauguration: The president has proposed $1 trillion in infrastructure improvements, but offered few specifics as to the source of funding. In early March, the heads of 16 federal agencies met in the White House to map out a six-part strategy to reinvigorate the nation's bridges, railways and sewers. The strategy would solicit new projects, expedite existing projects, examine new funding streams, and explore sweeping policy and regulatory changes. Administration officials view infrastructure spending as a rare opportunity to join forces with congressional Democrats, but it remains to be seen whether a bipartisan infrastructure package is feasible. The president has signed orders directing the Department of Commerce to streamline the manufacturing permitting process and giving the department 180 days to maximize the use of U.S. steel in the Keystone XL and Dakota Access pipelines. Trade policy is also an open question for the various manufacturing and distribution industry sectors. The administration's emphasis on deregulation is also important. A recent study found that 94 percent of manufacturers surveyed reported that the regulatory burden has increased over the last five years, with 72 percent indicating "significantly higher." More importantly, 87 percent of manufacturers surveyed indicated that if compliance costs were reduced permanently and significantly, they would invest the savings in hiring, increased salaries and wages, more R&D, or capital replacement.[48] This opportunity is certainly not lost on the administration. For example, the EPA's regulatory reform task force's pending 30-day public comment period is intended to gather input on which Obama era regulations the administration should roll back. Industrials may benefit from such rollbacks.
Insurance	**What we said we expected:** Similar to banking, a lighter regulatory hand (e.g., roll back or at least delay of the fiduciary standard and less concern about non-bank SIFIs), with the state of the economy being the main driver.
	Developments since inauguration: Regulatory reform continues to be under review. Due to the inability to pass healthcare reform, as discussed above, the Trump administration is now in the position of having to decide whether to continue Obamacare subsidies to payers to hold down the premiums and deductibles. During the Obama administration, House Republicans sued the federal government, alleging that payments to insurers are unlawful because the money has not been appropriated by Congress. A lower-court judge agreed. It is certainly ironic that it's now up to the Trump administration to decide whether to pursue an appeal or end the payments. If the payments end, premiums and deductibles will skyrocket and the specter of finger pointing between the administration and the Democrats looms.

[48] "New Study: Manufacturers Face 297,696 Regulatory Restrictions," Jennifer Drogus, National Association of Manufacturers, January 18, 2017, www.nam.org/Newsroom/Press-Releases/2017/01/New-Study--Manufacturers-Face-297-696-Regulatory-Restrictions/#sthash.K8KEFevW.dpuf.

Utilities	**What we said we expected:** The overall effect of the Trump administration on utilities is unclear, but it could certainly alter the competition model in the various ways to generate power – coal, natural gas, nuclear, wind and solar. If Trump were to strike down the Clean Power Plan, it would impact strategic decisions by U.S. utilities to replace coal plants with wind and solar facilities.
	Developments since inauguration: 2017 was supposed to be a big year for coal, but since the election there have been a number of actual or planned plant closures – even though the current political winds are trending toward reducing regulations restricting coal and other fossil fuel plants. President Trump's March EO to repeal the climate control regulations put in place by the Obama administration is intended to create more jobs by enabling companies to produce and use coal. However, given the hundreds of coal plants closed or planned to be decommissioned over the last decade, the bottom line is that utilities may be taking a long view toward investment in terms of where the regulatory climate and the related cost of renewable energy (which incidentally carries much less regulatory risk) may be a decade from now.[49] To illustrate, cost-effective alternatives to coal in the form of natural gas may give pause to utilities considering a reversion to the beleaguered commodity. In addition, solar and wind power costs are trending downward. If that isn't enough, utilities have grown weary fighting the climate change battles with investors and environmental advocates, making more environment-friendly cost-effective options more attractive.[50]

[49] "Under Trump, Utilities Find Themselves Between a Rock and a Hard Place," Travis Hoium, The Motley Fool, April 2, 2017, www.fool.com/investing/2017/04/02/under-trump-utilities-find-themselves-between-a-ro.aspx.

[50] "Trump Declares End to 'War on Coal,' but Utilities Aren't Listening," Reuters, CNBC, April 5, 2017, www.cnbc.com/2017/04/05/trump-declares-end-to-war-on-coal-but-utilities-arent-listening.html.

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