

**CED Public Policy Watch**  
**07.29.2022**

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**1. DEVELOPMENTS ON UKRAINE**

**Agreement on grain exports:** Only 12 hours after the signing of an agreement on Ukrainian grain exports, Russia [launched](#) a missile strike on Odesa, a key port for grain exports, leading to [concerns](#) over whether insurers will offer coverage for grain export ships transiting the Black Sea. However, the joint coordination center in Istanbul operated by Turkey, the UN, Russia, and Ukraine to assist with grain exports opened on Monday, and Ukraine [said work](#) had started on preparing three ports (Chornomorsk, Odesa, and Pivdennyi ) to resume grain exports; about 25 million tonnes of grain are currently stranded in Ukraine. The World Food Programme [stated](#) it is “optimistic” that the agreement “could lead to improvements in global food prices,” particularly in countries dependent on Ukrainian and Russian grain.

**Ukraine counteroffensive:** Ukraine announced that its counteroffensive in southern Ukraine [has begun](#), including attacks on the Antonivskiy bridge in Kherson designed to isolate the Russian-occupied city and disrupt Russian supply routes. In response, Russia [fired](#) 25 missiles at northern Ukraine, first targeted in the early phases of the war, from positions near Gomel, Belarus and reportedly [redeployed](#) troops to southern Ukraine. Russia also [captured](#) the Vuhlehirska power plant, Ukraine’s second largest, in the Donetsk region.

**Nord Stream 1 shipments cut:** Russia [cut](#) shipments of gas via the Nord Stream 1 pipeline from 40 percent of capacity to about 20 percent (33 million cubic meters per day). Germany [said](#) there is “no technical reason for a reduction in deliveries” and [termed](#) the cut a “power play” as German cities [began](#) efforts to reduce gas usage, including turning off lighting for monuments and reducing temperatures in

some public facilities in the city of Hannover, Lower Saxony. The city's mayor said "The situation is unpredictable. Every kilowatt hour counts." The German government [announced](#) that the gas surcharge to be imposed on customers will be higher than expected; Economy Minister Robert Habeck said "[w]e can't yet say how much gas will cost in November, but the bitter news is it's definitely a few hundred euros per household [.]"

**EU adopts gas rationing proposal:** Earlier in the week, the EU [adopted](#) a proposal that could lead to mandatory rationing of gas this winter, starting with a 15 percent voluntary reduction in gas usage beginning in August, along with exemptions for countries not connected deeply to the European gas network, mostly in southern Europe (the agreement also excludes the Baltic states, which have their own electricity grids). The EU believes the voluntary target would reduce total EU gas consumption by 45 billion cubic meters. Jozef Síkela, Czech minister of industry and trade, representing the EU's current presidency, praised the agreement, noting the EU "will stand tall against any Russian attempt to divide the EU by using energy supplies as a weapon." Ukraine also [claimed](#) that Russia's Gazprom has increased pressure in the pipeline without notice, raising fears of possible pipeline damage that could lead to further gas cuts.

**Lavrov in Africa-Russia's goal is to overthrow Zelensky government:** Russian Foreign Minister Sergei Lavrov [toured](#) four countries in Africa, including Egypt where he [addressed](#) the Arab League, to seek African support for the war in Ukraine amidst the food crisis affecting the continent. In Cairo, Lavrov said that Russia's war aims include overthrowing the government of President Zelensky, calling it "absolutely anti-people and anti-historical."

**Russia withdraws from International Space Station:** Russia [announced](#) it will withdraw from the International Space Station after 2024, six years before its planned decommissioning, blaming Western sanctions targeted at the Russian space program (which could have military applications). NASA reacted [strongly](#) to the Russian announcement; it had earlier said that Russia was using the ISS "for political purposes to support its war against Ukraine." There is [uncertainty](#) as to whether the ISS can be maintained if Russia no longer supports its propulsion control systems, located in ISS' Russian module.

**EU extends sanction to January 2023:** The EU [renewed](#) its current sanctions on Russia until January 2023. A train including sanctioned goods (cement) [transited](#) Lithuanian territory to the Russian exclave of Kaliningrad, the first since the EU gave Lithuania an exemption from sanctions for this purpose.

**Ukraine celebrates nationhood:** On Thursday, Ukraine celebrated Statehood Day, a holiday commemorating the Kyivan Rus' state's conversion to Christianity in 988, which Ukrainians regard as the beginning of Ukrainian nationhood. President Zelensky [observed](#) the holiday in a national address saying "Restless morning. Again – missile terror. We will not give up. We will not give up. Do not intimidate us. Ukraine is an independent, free, indivisible state. And it will always be like that." President of the European Council Charles Michel [responded](#) to Zelensky saying "The EU stands by you. For as long as it takes."

## 2. SCHUMER, MANCHIN REACH RECONCILIATION DEAL

Senate Majority Leader Charles Schumer (D-NY) and Senator Joe Manchin (D-WV) [agreed](#) Wednesday to a budget reduction deal, the proposed Inflation Reduction Act of 2022, containing an estimated \$739 billion in cost savings and \$433 billion in new spending, as well as permitting reform to speed the pace of energy investments.

**Tax increases:** The plan raises revenues through a 15 percent minimum tax on corporate book income (\$313 billion), taxing carried interest as ordinary income rather than more favorable capital gains treatment (\$14 billion), and additional funding for the IRS to enforce existing tax laws (\$124 billion). In line with the President's campaign promise, the deal [includes](#) "no tax increases at all for families making under \$400,000 a year."

**Drug pricing:** The bill would also use Medicare's bargaining power to push down the prices it pays for prescription drugs (\$288 billion) and cap seniors' out-of-pocket drug costs at \$2,000.

**Healthcare subsidies/Energy priorities:** The plan then spends on energy priorities (\$369 billion) and an extension of Affordable Care Act subsidies covering up to 13 million Americans who would have lost the subsidies (\$64 billion.)

**Climate:** The climate provisions of the deal will [reportedly](#) include home energy rebates and new tax credits for purchases of electric vehicles for lower- and middle-income Americans and for solar panels and "implements a new program that would make it more costly to emit methane"; a summary of the bill estimates that it would reduce carbon emissions by roughly 20 percent by 2030. Senator Tina Smith (D-MN) lauded the climate provisions as "the most significant action we've taken on climate" Congress has ever taken." Additionally, Schumer, House Speaker Nancy Pelosi (D-CA), and the President have also agreed to enact separate legislation "easing the federal permitting rules for pipelines and other infrastructure" -- a particular interest of Senator Manchin.

**Manchin on Inflation/debt/climate:** For his part, Manchin [noted](#) that "[w]e must be honest about the economic reality America now faces if we want to avoid fanning the flames of inflation. At its core, the purpose of reconciliation is to get our economic and financial house in order. . . . It is past time for America to begin paying down our \$30 trillion national debt and get serious about the record inflation that is crushing the wages of American workers." On climate, Manchin called the bill's provisions "commonsense solutions through strategic and historic investments that allow us to decarbonize while ensuring American energy is affordable, reliable, clean and secure." Noting the separate agreement on permitting legislation, Manchin [said](#) "[o]ur persistent and increasing dependence on foreign energy and supply chains from countries who hate America represents a clear and present danger and it must end. The increased risk of geopolitical uncertainty demands that we turn our focus to increasing U.S. energy production and bringing good paying energy and manufacturing jobs back to America [to] ensure all energy infrastructure, from transmission to pipelines and export facilities, can be efficiently and responsibly built to deliver energy safely around the country and to our allies."

**Vote count:** Democrats would need every senator and almost every member of the House to pass the deal as a reconciliation bill. Some other Democratic legislators have longstanding demands from the Build Back Better framework unmet by this deal. In a [statement](#), the President supported the "historic" deal and called for its quick enactment. The Senate is likely to begin addressing the bill next week.

### 3. CHIPS AND SCIENCE ACT PASSES CONGRESS

The CHIPS and Science Act of 2022, designed to incentivize the domestic production of semiconductors and support applied scientific research in the US, passed Congress on a bipartisan basis with a 64-33 final vote in the Senate and a 243-187 vote in the House. The bill largely adopts the Senate's United States Innovation and Competition Act but moves in the direction of the House's America COMPETES Act in several respects (notably on the purposes of the new funding for the National Science

Foundation). The President strongly supports the legislation, having mentioned it in his [State of the Union](#) Address in March and again at a [manufacturing-focused summit](#) on Monday. In promoting the bill this week, the President [said](#) “China is moving ahead of us in producing these sophisticated chips. It’s no wonder China is watching this bill so carefully, and actively lobbying U.S. businesses against this bill.”

**Subsidies/tax credits/training/R&D:** The Act contains \$52.7 in subsidies for domestic semiconductor production, managed by the Departments of Commerce and Defense, and an investment tax credit for domestic semiconductor manufacturing as well as \$200 million to train and expand the domestic semiconductor workforce. The Act also authorizes funding, for both basic and applied research, for the National Science Foundation (\$81 billion including \$20 billion for a new Directorate for Technology, Innovation, and Partnerships focusing on applied research), the National Institute of Standards and Technology (\$10 billion, including \$3.1 billion for partnerships with manufacturers), the Department of Energy (\$67.9 billion), and the National Aeronautics and Space Administration. The Act also directs the Commerce Department to establish twenty geographically distributed regional technology and innovation hubs (\$10 billion). Overall, the Act is a rare example of bipartisan cooperation and contains numerous provisions designed to promote a welcome public-private collaboration.

#### **4. GDP CONTRACTS FOR SECOND CONSECUTIVE QUARTER**

The US economy [contracted](#) at an 0.9% annualized rate in the second quarter, the second consecutive quarter of decline, marking one common definition of recession. Personal consumption grew at a slow rate of 1.0% annualized, while investment declined by 13.5%. In recent months, to tame inflation, the Federal Reserve has hiked the federal funds rate, and interest rates throughout the economy have also risen, increasing the cost of capital for many investments. The investment decline was led by two sectors sensitive to interest rates: residential investment (-14.0%) and nonresidential structures (-11.7%). In the first quarter of the year, GDP had declined at a 1.6% rate.

While two quarters of negative growth is one definition of a recession, Treasury Secretary Janet Yellen [declined](#) to call it a recession, noting that “job creation is continuing, household finances remain strong, consumers are spending and businesses are growing [.]” contrasting the current state with a “broad-based weakening of our economy.” The Conference Board [Consumer Confidence Index](#)® decreased in July to 95.7, down from 98.4 in June. The *Present Situation Index*, a consumer assessment of current business and labor market conditions, fell to 141.3 from 147.2 last month. The *Expectations Index*, measuring consumer assessment of the near future, declined slightly to 65.3 from 65.8.

#### **5. FED ANNOUNCES SECOND 0.75 PERCENT RATE HIKE**

The Federal Reserve Wednesday announced a unanimous vote for another 0.75 percentage point increase in the federal funds rate, to a target range between 2.25 and 2.5 percent. “The labor market is extremely tight and inflation is much too high,” Fed Chairman Jerome Powell [stated](#) at a press conference following the decision. He also suggested that future increases might be smaller: “as the stance of monetary policy tightens further, it likely will become appropriate to slow the pace of increases while we assess how our cumulative policy adjustments are affecting the economy.”

#### **6. CBO RELEASES LONG-TERM BUDGET OUTLOOK**

The Congressional Budget Office (CBO) Wednesday released its July 2022 [Long-Term Budget Outlook](#), showing it expects the national debt to reach 98 percent of GDP by the end of 2022 and rise to 185

percent of GDP by 2052. CBO also expects interest rates to rise from current levels; the rate on 10-year Treasury notes, currently about 2.8 percent, climbs to 4.6 percent by 2052 in CBO's projections. Net interest on the debt, the mathematical product of these two factors, grows from 1.6 percent of GDP in 2022 to 7.2 percent in 2052. These projections are generally more favorable than those of the [previous](#) Long-Term Budget Outlook, released in March 2021 but still reflect considerable fiscal challenges.

CED released the following statement on the CBO report:

New York, NY, July 28, 2022: Dr. Lori Esposito Murray, President of the Committee for Economic Development of The Conference Board (CED), released the following statement on the [Long-Term Budget Outlook](#) released Wednesday by the Congressional Budget Office (CBO):

"CBO's projections have once again showed that our long-run fiscal trajectory is unsustainable. CBO projects that debt will grow from 98 percent of GDP to 185 percent over the next 30 years and that debt service payments by the Treasury will more than quadruple as a share of the economy, reaching 7.2 percent of GDP and threatening every item of discretionary spending.

CED has long [urged policymakers](#) to address our significant fiscal challenges urgently. The debt incurred during and prior to the pandemic makes us more vulnerable to rising interest rates. Now, interest rates are rising, increasing the debt service burden in real time as Treasury borrowing is rolled over at higher rates.

CED [solutions](#) to our fiscal crisis include:

- A fundamentally reformed health care system based on cost-responsible consumer choice among private health care plans;
- Eliminating tax preferences for particular sources or uses of income to make the tax code simpler and fairer and yield additional revenues with the lowest possible tax rates;
- Enactment of a full set of annual appropriations bills to exercise oversight and identify inefficiencies and potential savings;
- Ensuring that future legislation is fully paid for without costs hidden by budget gimmicks and finding sources for additional revenues to meet the challenges of an aging workforce; and
- Adopting a credible plan to pay back the pandemic debt over the coming decades with a dedicated funding mechanism. CED also recommends considering the establishment of a successor to the National Commission on Fiscal Responsibility and Reform (the "Bowles-Simpson Commission"), or even an empowered legislative vehicle like the "super-committee" used in 2011.

These CBO projections show that if we do not adopt these solutions, our government risks a cycle of high interest, high deficits, and high debt service payments, and generations will devote an increasing share of their livelihood to paying for past choices."

## **7. WEEKLY UNEMPLOYMENT CLAIMS REACH NEW HIGHS; DURABLE GOODS ORDERS IMPROVE**

Initial claims for unemployment insurance [reached](#) 256,000 this week, the highest unrevised figure reported this year. However, last week's figure, initially reported as 251,000, was revised upward by 10,000 to 261,000, the highest number of the year. The recent higher volume of unemployment claims suggests a slowing labor market. However, the Census Bureau released Wednesday its [advance report](#) on durable goods orders and shipments for June 2022. The report showed that new orders for manufactured durable goods increased to \$272.6 billion, a 1.9 percent from May. This was a [stronger increase](#) than analysts had expected. However, the increase was heavily concentrated in a few sectors, powered by motor vehicles and volatile defense aircraft orders, which jumped 80 percent in June.

## 8. IMF DOWNGRADES US AND GLOBAL ECONOMIC FORECASTS

The International Monetary Fund this week downgraded its [forecast](#) for global economic growth to 3.2 percent in 2022—slower than their 3.6 percent forecast in April, and much slower than the 6.1 percent from 2021. The downgrade was driven heavily by COVID-19 lockdowns and the real estate crisis in China, food and energy shortages resulting from the war in Ukraine, and tighter financial conditions in the US and Europe. The IMF's US forecast is for 2.3 percent growth for 2022, a downgrade of 1.4 percentage points from April's projection. In addition, the IMF noted that interest rate increases from global central banks are "[expected to bite](#)" next year, with global growth slowing to 2.9 percent.

## 9. ADMINISTRATION STEPS ON STRATEGIC PETROLEUM RESERVE

The Administration [announced](#) a Notice of Sale to continue drawing reserves from the Strategic Petroleum Reserve (SPR) onto global energy markets. Over 125 million barrels from the SPR have already been sold. The Treasury Department [estimates](#) that the net impact of SPR sales and similar actions in other countries "have reduced gasoline prices by up to about 40 cents per gallon" from estimated prices absent the drawdowns. The Administration also announced a [proposed rulemaking](#) governing replenishment of the SPR, which will likely take place after Fiscal Year 2023.

## 10. NEW CYBERSECURITY POLICIES FROM TWO AGENCIES

While FDA's public comment period on its new [draft guidance document](#) on cybersecurity vulnerabilities in medical devices, the National Credit Union Administration (NCUA) is [proposing](#) requiring Federally-insured credit unions to report cyber incidents to NCUA as soon as possible "and no later than 72 hours" after the credit union "reasonably believes that it has experienced a reportable cyber incident." The notification is intended to serve as an "early alert" rather than a "detailed incident assessment." NCUA is acting because of the increased frequency of cyber attacks on the financial services sector and because of concentration in other elements of the related financial system: as of March 2022, "the top five credit union core processing system third-party vendors provided service to credit unions holding approximately 87 percent of total credit union system assets. . . . Significant problems or a failure with a critical vendor or CUSO has the potential to result in disruption, including losses, to many credit unions and, in turn, pose risk to the National Credit Union Share Insurance Fund (NCUSIF) and national economic security" as well as cyber security. Comments on the proposed rule are due September 26.

## 11. BUSINESS COALITION TO COORDINATE WITH BIPARTISAN INFRASTRUCTURE LAW INVESTMENTS

Vice President Harris [announced](#) that a new "Economic Opportunity Coalition" of 24 companies and foundations will work to align investments in underserved communities with the investments the government is making under the Bipartisan Infrastructure Law. Companies in the coalition either have made major investments, totaling "tens of billions," in underserved communities or have pledged to do so. The coalition will focus on four principal goals: getting investments to "community development financial institutions, minority depository institutions, and other local financial institutions"; supporting entrepreneurship and minority-owned businesses, including commitments for \$6 billion in purchases from diverse supplies and linking technical assistance to \$10 billion in loans and equity made available under the American Rescue Plan; expanding access to credit for underserved consumers and financing early-stage financial services companies serving these consumers; and making infrastructure



investments, including \$25 billion in investments in affordable housing, in underserved communities, all linked to government investments under the infrastructure law.

## 12. SENATORS PROPOSE AIRLINE FINES FOR FLIGHT CANCELLATIONS

Senators Elizabeth Warren (D-MA) and Alex Padilla (D-CA) wrote the Transportation Department [proposing](#) fines on airlines that cancel flights because of staff shortages, adding that DOT could also adopt “more concrete rules requiring airlines to offer refunds to passengers whose flights are delayed.” Buttigieg noted that cancellation rates on weekends have recently fallen to around 1.5 percent, close to normal levels, instead of the 3-4 percent seen earlier this summer.

## 13. BIDEN-XI CALL

Amid tensions over a mooted trip to Taiwan by House Speaker Nancy Pelosi, the President and Chinese President Xi Jinping [spoke](#) for over two hours on Thursday in a call China described as “candid,” with Xi saying the US should not “play with fire” over Taiwan. Xi [complained](#) that the US’ description of China as its most serious long-term challenge was “misperceiving China-US relations and misreading China’s development [.]” The US [summary](#) of the call stated that US policy on Taiwan has not changed and that the US “strongly opposes unilateral efforts to change the status quo or undermine peace and stability across the Taiwan strait [.]” Taiwan [said](#) a drone “glanced by” an island near the Chinese coast. Earlier, the President had [said](#) that the idea of a trip by the Speaker to Taiwan was “not a good idea right now.”

## 14. JAPAN ANNUAL DEFENSE PAPER

Japan issued its annual [defense white paper](#) this week, focusing on threats in the region resulting from the Russian invasion of Ukraine, Chinese threats against Taiwan, and North Korea. Minister of Defense Nobuo Kishi wrote that “unilateral changes to the status quo by force should never be tolerated, as they shake the very foundation of the international order based on universal values that has supported the peace and prosperity of the international community” and noting that “[a]s strategic competition between nations becomes more apparent against the backdrop of changes to the global power balance, the existing order is being exposed to serious challenges, especially in the Indo-Pacific region, which is at the center of this competition.” Kishi also stated that in the face of “unprecedented challenges, the ties between the partners are further strengthened,” calling the Japan-US alliance “unshakeable” and highlighting increased cooperation with Australia “and quadrilateral cooperation among Japan, the U.S., Australia, and India” as well as working “together with European nations to ensure that the region is free and open.” Japan is [considering](#) raising its military spending in next year’s budget as well as revising its national security strategy.

## 15. MONKEYPOX DECLARED GLOBAL PUBLIC HEALTH EMERGENCY

On July 23, the WHO Director-General [determined](#) that the outbreak of monkeypox constitutes a Public Health Emergency of International Concern (PHEIC), representing the highest level of alert. In [just two months](#) the global outbreak in non-endemic countries has led to more than 15,000 cases, with over two-thirds reported in the [WHO European Region](#). Skin-to-skin contact with an infected person can [transmit the virus](#), as well as contact with an infected person’s clothing or other linens. “Monkeypox generally starts with flu-like symptoms – fever, swollen glands, muscle aches and headaches. A rash usually develops a few days later, though in this outbreak it sometimes comes first,” said Dr. Marshall Glesby, an infectious disease specialist at Weill Cornell Medicine and New York-Presbyterian.

In the US, *Politico* [reported](#) that the US may soon declare monkeypox a public health emergency. The Administration [reportedly](#) informed Congress of several options for addressing monkeypox given “the scope and urgency of the current situation,” the most ambitious of which could cost nearly \$7 billion, focused on “domestic end-to-end vaccine manufacturing capacity and technology transfer” (currently, the only FDA-approved vaccine, Jynneos, is only made in Denmark, which has [led](#) to inspection and supply chain challenges.) The Administration’s option would provide about 19 million doses of vaccine. Rep. David Cicilline (D-RI) said that he hoped “the experience of COVID will inform the response to this outbreak.” Senator Ed Markey (D-MA) called on CDC to “reduce barriers” to [obtain](#) tecovirimat, a treatment, and Senator Richard Burr (R-NC) [wrote](#) to demand a “detailed strategy” on monkeypox.

## 16. PANDEMIC NEWS

The Baoshan district of Shanghai ordered a [three-day lockdown](#) of some of its steel warehouses from July 26 after a residential neighborhood was classified as high-risk after the detection of a local COVID-19 case. However, operations within these warehouses are running normally. “It’s like quarantine, we are not allowed to leave the warehouses. Steel can’t be transported in or out, but we still work and we have food stored,” a worker at one of the warehouses told Reuters. Shanghai reported 14 new domestically transmitted asymptomatic COVID-19 cases and two local symptomatic cases for July 26.

In a pair of related studies [published](#) July 26 in *Science*, researchers argue that the [origin](#) of the COVID-19 pandemic was at the Huanan Seafood Wholesale Market in Wuhan, China, and resulted from at least two instances of the SARS-CoV-2 virus transmitting from live animal hosts to humans working or shopping there. The researchers cite evidence that SARS-CoV-2 genomic diversity prior to February 2020 likely comprised of two distinct lineages, A and B, and were the result of at least two separate cross-species transmission events into humans. The first zoonotic transmission likely involved lineage B around November 18, 2019, while the separate introduction of lineage A likely occurred within weeks of this event. In the scientists’ view, it is unlikely that SARS-CoV-2 circulated widely in humans before November 2019 and thus support a narrow window between when the virus first jumped to humans and when the first cases of COVID-19 were reported. “It’s vital that we know as much about the origin of COVID-19 as possible because only by understanding how pandemics get started can we hope to prevent them in the future,” said Joel O. Wertheim, PhD, associate professor in the Division of Infectious Diseases and Global Public Health at UC San Diego School of Medicine, and co-author on both papers.

New York State’s [COVID-19 hospitalizations](#) are at their highest since mid-February, and New York City’s rate has surged 70 percent in just the last month. People who have never been vaccinated, and even those who are fully vaccinated and boosted but received their last dose in 2021, are seeing higher hospitalization rates from COVID-19. The ability of [BA.5 to evade immunity](#) is likely to blame for the increase in breakthrough infections. A Columbia University study found that BA.5 and BA.4 are 4.2 times more vaccine-resistant than BA.2.

## 17. WHITE HOUSE SUMMIT ON FUTURE OF COVID-19 VACCINES

On Tuesday, the White House held a [summit](#) on the next generation of COVID-19 vaccines. Top White House officials and private sector representatives set forth a [vision of vaccines](#) that surpass current efficacy: vaccines that protect against infection, rather than merely hospitalization and death. Others spoke of vaccines not administered via injection but by a nasal mist or a skin patch. “Obviously,



everyone has mentioned that investment is needed here,” said Dr. Francis Collins, the former National Institutes of Health director and Biden’s acting science adviser. “It’s all going to come down to money.” Participants acknowledged the scientific challenges in developing next-generation vaccines, including the lofty public investment needed for such an ambitious feat. Dr. [Akiko Iwasaki](#), a Yale professor and co-founder of a company seeking to commercialize a vaccine booster delivered nasally who has briefed CED Trustees, noted that she attended the summit to stress the need for government support. “I’m really here to talk about the need for collaboration between the government, the private sector, and academia,” said Iwasaki. “We need to move quickly to start testing these nasal vaccines, and that requires a significant US government investment, both [financial] resources and help with the manufacturing.”

## 18. EPIDEMIOLOGIST PREDICTIONS ON THE PANDEMIC’S COURSE

Omicron subvariant BA.5 is currently responsible for approximately 80 percent of new COVID-19 infections in the US, according to [data](#) from the CDC. As BA.5 spreads across the US, more people are becoming infected for the [second or third time](#). According to a new analysis from the gene sequencing company Helix, reinfections by BA.5 are more prevalent but do not happen more frequently. Out of nearly 300,000 infections since March 2021, the share of reinfections nearly doubled from 3.6 percent during the BA.2 wave in May to 6.4 percent during the BA.5 wave in July. However, infections are not getting closer together. In April, during the BA.2 wave, the average time between positive tests for the same person was 230 days; in July it was 270 days. Shishi Luo, Associate Director of Bioinformatics and Infectious Disease at Helix, attributes the increasing prevalence of reinfections to waning immunity, broad spread of the virus, and viral mutations that evade the body’s defenses.

There is concern that BA.5 possibly leads to [more severe infection](#) than previous Omicron subvariants. Preliminary lab research shows that BA.5 has a mutation in the spike protein that allows the virus to bind better to lung tissue. Comparatively, Omicron BA.1 and BA.2 largely infected the cells of the upper respiratory tract. Still, some experts reassure that there is no reason for concern as of now; for instance, Singapore’s Ministry of Health said Monday that there is “currently no clear evidence that Omicron variants cause more severe disease.”

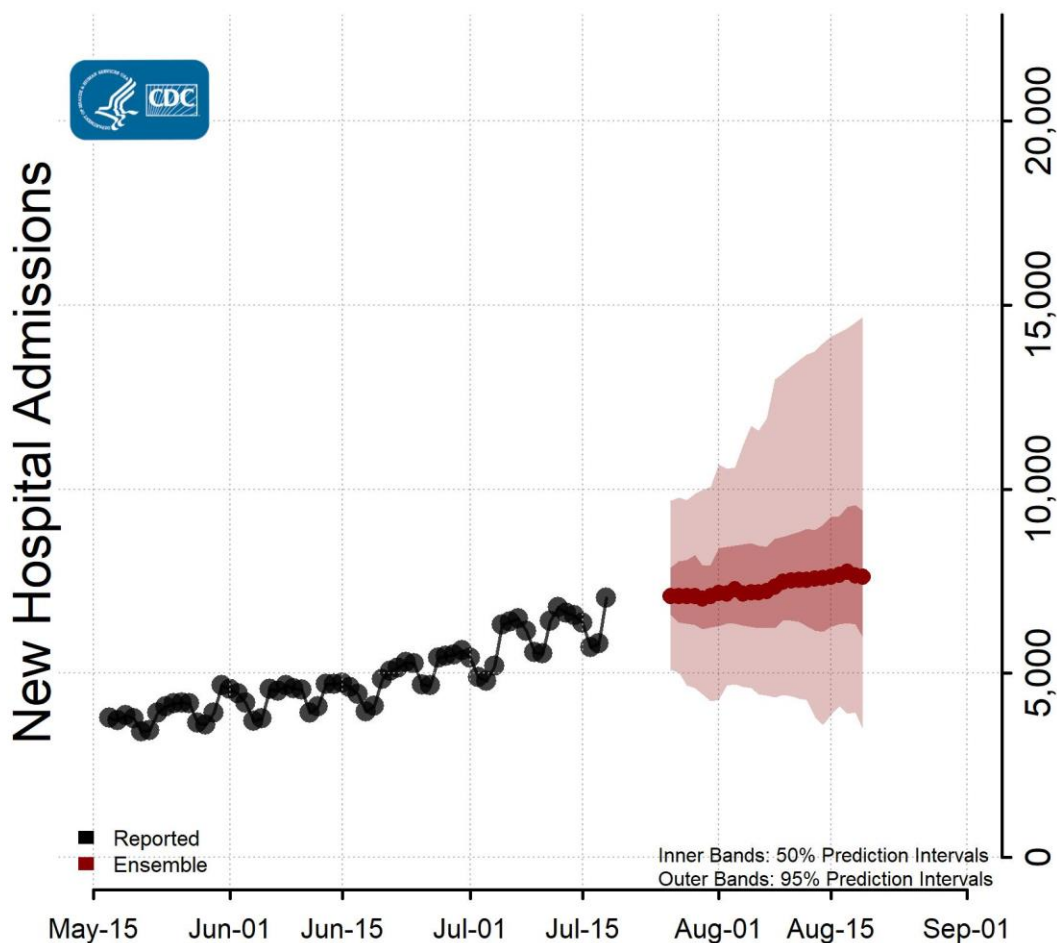
Dr. Anthony Fauci, White House Chief Medical Adviser, said Monday that a COVID-19 booster [specific](#) to the BA.5 subvariant of Omicron is the nation’s “best guess” for dealing with the virus this fall. Both Pfizer and Moderna have been working on [BA.5 specific boosters](#) that are expected to be ready in the fall. Fauci noted that the FDA will likely authorize these updated boosters, adding that they would be bivalent vaccines, meaning that they would target BA.5 along with the “ancestral” strain of COVID-19. Still, the virus remains a moving target. “There’s always the possibility that you’re going to have the evolution of another variant and hopefully if that occurs it will vary off from the BA.5 only slightly in the sense of being a sub-sub-lineage of it and not something entirely different,” noted Fauci.

Projections for this fall are cloudy. For July 13-19, most recent data available, the [CDC reported](#) a seven-day daily average of 6,180 new COVID-19-related hospital admissions. This number is a 4.7 percent increase from the prior seven-day average from July 6-12. The CDC’s July 25 ensemble [forecast](#) predicts that the number of new daily confirmed COVID-19 hospital admissions will “remain stable or have an uncertain trend,” with 3,500 to 14,700 new confirmed COVID-19 hospital admissions likely reported on August 19, 2022. Ensemble forecasts combine diverse independent team forecasts into one forecast. The ensemble forecast of July 18 included forecasts from 18 modeling groups. Models make various

assumptions about the levels of social distancing and other interventions. (CDC only releases publicly its estimates for the forthcoming four weeks. The following graph, as presented by the CDC, features the measure “new confirmed COVID-19 hospital admissions reported in the US each day” on the right axis.)

Harvard-trained public health physician and critical-care pulmonologist Dr. Vin Gupta noted that he worries about the [coming winter](#), since respiratory viruses transmit more readily in colder, drier air, and many high-risk individuals remain unboosted. Dr. Gupta recommends that those at higher-risk continue to remain vigilant in public places and wear a high-quality mask such as an N95. He also urges those who are high-risk to ensure close communication with their primary care doctors in the event that they need viral therapeutics, as time to treatment is critical in maximizing effectiveness of these drugs.

## National Forecast



### 19. COUNTRY SPOTLIGHT: JAPAN

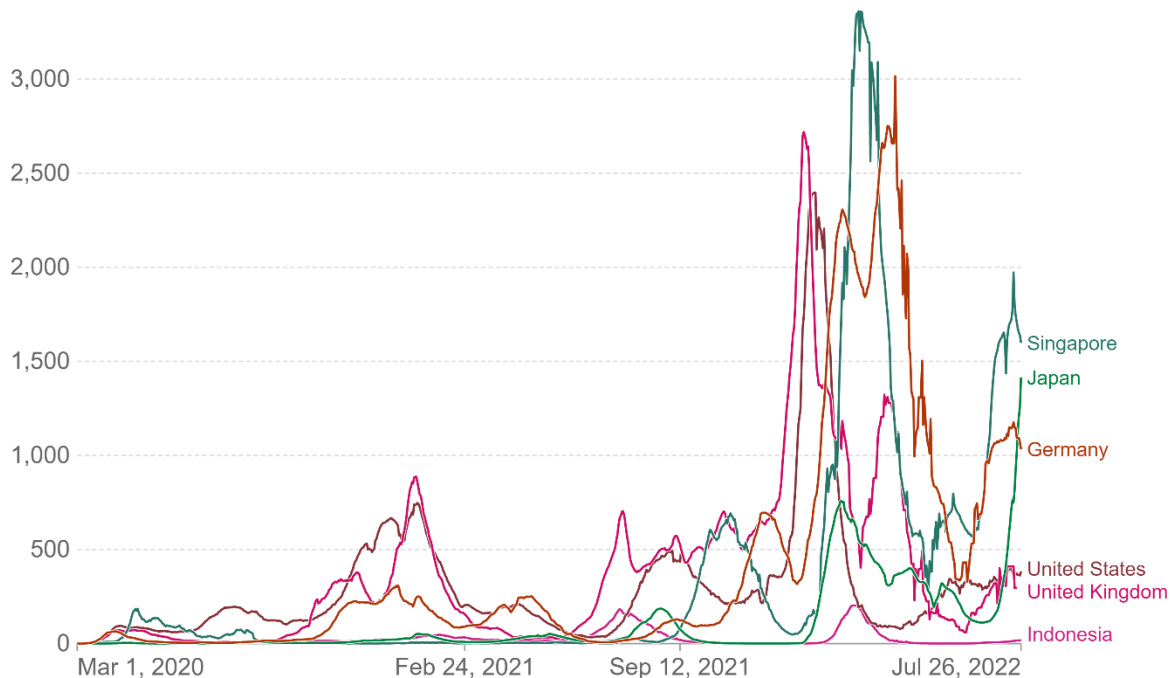
On July 23, Japan reported 200,954 new COVID-19 cases, shattering the [daily record](#) for the fourth straight day amid a seventh wave of the virus. Caseloads continue to elevate throughout the country; single-day records were reported in 17 of Japan's 47 prefectures, including Tokyo, which saw a daily

figure above 30,000 for the third day in a row. In [response](#) to the climbing caseloads, the government is beefing up the number of available hospital beds and expanding the scope of those eligible for fourth doses of vaccine. But despite the fast spread of the new variant, the government is not planning to slow social and economic movement in the near future. While the government is taking steps to reduce the strain on the medical system to increase capacity and promote booster doses, it shortened the self-quarantine period for close contacts of those infected with the virus to limit strain on economic activity.

## Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World  
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

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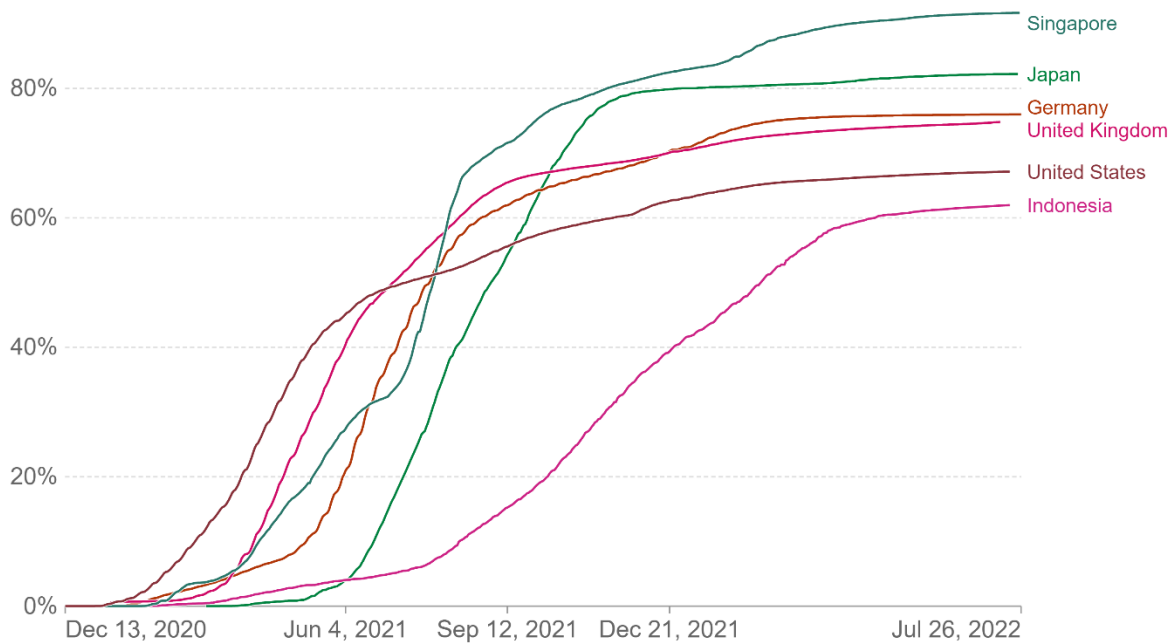
As of July 26, residents of Japan who have received a complete course of COVID-19 vaccine can print their [vaccine passports](#) from selected convenience stores and supermarkets. The system, implemented by the Ministry of Health, Labor and Welfare, was launched Tuesday at 1,187 convenience stores and supermarkets, most of them on the northern island of Hokkaido. The service is set to gradually expand across the country starting next month. Vaccine passports are issued those who have received a minimum of two doses of the following approved Covid-19 vaccines: Pfizer, Moderna, AstraZeneca, Bharat Biotech, and Novavax. A single shot of Johnson & Johnson's vaccine is also accepted.

Earlier this week, Japan granted its [first payment for death](#) related to COVID-19 vaccination. A health ministry panel awarded a lump sum compensation payment for the first time to the family of a woman who died after suffering an allergic reaction resulting in a sudden heart attack linked to receiving vaccination. The woman, who was 91 years of age, had pre-existing conditions. The Ministry of Health, Labor and Welfare has not released details on whether she had previously been vaccinated. A panel spokesperson said Monday that “a scientifically rigorous causal relationship is not necessary” in determining damages. Under Japan’s vaccination law, COVID-19 vaccines are considered “ad hoc”; under this designation, deaths that can be causally linked to a vaccine can lead to compensation.

## Share of people who completed the initial COVID-19 vaccination protocol

Total number of people who received all doses prescribed by the initial vaccination protocol, divided by the total population of the country.

Our World  
in Data



Source: Official data collated by Our World in Data

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Note: Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.