CED Public Policy Watch
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1. DEVELOPMENTS ON UKRAINE

The Pentagon confirmed that Russian forces have withdrawn from areas around Kyiv and Chernihiv, though Ukrainian Defense Minister Hanna Mal'ya believes that attacks would resume if Russia obtains full control of Donetsk and Luhansk in eastern Ukraine. In the wake of the massacres discovered in Bucha and other cities as Russian forces withdraw, Ukrainian President Zelensky addressed the UN Security Council with harsh words, calling Russian forces “butchers and looters” and stating that “more consequences are needed, not just for Russia but for the political behavior that allowed this evil to come to our land.” France opened a war crimes probe (its civil law system prosecutors have power to investigate crimes against humanity in other countries), Ukraine is investigating 4,000 reports of war crimes, and the UN General Assembly voted to suspend Russia from the Human Rights Council, 94-24, with 58 abstentions. NATO Secretary General Jens Stoltenberg noted that Russia’s redeployment of troops to the east and south portended a “crucial phase of the war.” A Red Cross team trying to reach the besieged city of Mariupol was detained but later freed. The Red Cross does not have regular access to the city.

2. FRESH SANCTIONS ON RUSSIA/SENATE VOTES

The US and EU launched two fresh rounds of sanctions this week in response to what the Administration termed “war crimes” in Ukraine and French President Emmanuel Macron’s declaration that “[w]hat happened in Bucha imposes a new package of sanctions.”
In a major escalation of sanction, the US Treasury has “prohibited Russia from making debt payments with funds subject to US jurisdiction” (in dollars or other currencies). Russia will still be able to make sovereign debt payments “at this time” with funds outside US jurisdiction. A White House statement noted that Russia “will now need to choose between draining its available funds to make debt payments or default,” with deadlines for debt repayments rapidly approaching in the next 30 days.

Additional US sanctions announced on Wednesday, coordinated with the G7 and the EU, include (1) a forthcoming ban on all new investment in Russia “by U.S. persons wherever located”; (2) full blocking sanctions on Sberbank, Russia’s largest bank, and Alfa Bank, Russia’s largest private bank, freezing any of their assets in the US financial system or subject to US jurisdiction, and prohibiting US persons from doing business with them; and (3) additional sanctions against Russian officials and family members, including President Putin’s two adult daughters, relatives of Foreign Minister Lavrov, former President Dmitry Medvedev, and others. Essential humanitarian activities “that benefit the Russian people and people around the world,” including supply of food and agriculture, medicine, and telecommunications (“to support the flow of information and access to the internet which provides outside perspectives to the Russian people”) remain exempt from sanctions.

The EU adopted a ban on Russian coal in response to “heinous crimes” in Ukraine massacres. It would take effect in August as a first step towards energy independence from Russia. Additional sanctions in the EU’s package include measures against four Russian banks and banning most Russian vessels from EU ports. The coal ban will cost Russia about €4 billion per year; the EU imports less than 20 percent of its coal from Russia. EU Commission President Ursula von der Leyen also stated that “[w]e are working on additional sanctions, including on oil imports.” President Macron wants to go further, stating that on both coal and oil, “we need to be able to move forward” but promising coordination with Germany, which is reluctant to ban Russian oil fearing the impact it would have on the economy.

The UK “has banned all new outward investment to Russia and committed to end all imports of Russian coal and oil by the end of the year, with gas to follow as soon as possible,” also banning imports of Russian iron and steel and sanctioning an additional eight oligarchs. Foreign Secretary Liz Truss declared that “[w]e will not rest until Ukraine prevails.”

Additionally, the US seized a Russian yacht, the Commerce Department added 120 Russian and Belarusian companies to its “entities list” of companies acting contrary to US national security interests, and Indonesia, as chair of the G-20 group of annual economies, stated that it is “currently looking into” suspending Russian participation in this year’s summit, which “requires a very careful consideration from us as the presidency of [the] G-20.”

The Senate passed three bills on Russia policy which would bring legislation into alignment with steps the Administration has already taken on economic relations with Russia. One bill, which passed 100-0, removes “permanent normal trade relations” status with Russia, permitting the President to impose tariffs on the remaining amount of Russian goods not already subject to sanctions, and also reauthorizes the Global Magnitsky Act permitting sanctions of foreign individuals for human rights violations. Another bill bans Russian energy imports by law (action the President has already taken), and the third enables easier transfer of arms to the Ukrainian government. The bills now return to the House for final action.

3. BRAINARD WARNS OF TOUGHER ACTION ON INFLATION
Federal Reserve Governor Lael Brainard spoke to a meeting at the Minneapolis Federal Reserve Bank on Tuesday indicating that the Fed may have to take “stronger action” against rising inflation. Her comments echoed those of Fed Chair pro tempore Jerome Powell (PPW, 3.25.22) in which he warned that if inflation accelerates, interest rates may have to rise faster than the Fed had announced after its last meeting. Nevertheless, the repetition of the threat showed the Fed’s seriousness on inflation. Her comments also focused on the impact of inflation on the poor, again echoing Powell’s remarks in March that “if you are a middle-income person, you’ve got room to absorb some inflation. If you’re at the lower end of the income spectrum, it’s very hard because you’re spending most of your money already on necessities, and the price is going up.”

4. **UNEMPLOYMENT CLAIMS: LOW NUMBERS, METHODOLOGY REVISION**

*Initial claims for unemployment insurance (UI)* declined by 5,000 to 166,000 for the week ending April 2 (last week’s claims were revised down substantially by 31,000). Since the Omicron-related surge in new COVID-19 cases subsided, new and continuing claims have remained at historically low levels. Continuing claims for UI, lagged in reporting by one week, increased by 17,000 to 1.52 million.

The Department of Labor (DOL) also announced a revised methodology for seasonal adjustment of UI claims data. In March 2020, DOL adopted a different methodology to account for the large increase in UI claims caused by the pandemic’s workforce disruptions. DOL has reverted to the methodology it previously used given the recent stabilization of UI claims.

5. **CLOSING THE “FAMILY GLITCH” UNDER THE AFFORDABLE CARE ACT**

In what the President described as “the most significant administrative action to improve implementation of the [Affordable Care Act] since its enactment,” the Internal Revenue Service has issued a proposed rule that would close the “family glitch” under which some people who have employer-based insurance (as opposed to purchasing insurance on the Marketplace) cannot receive subsidies for the insurance, even though they would be able to receive the subsidies as individuals rather than under family plans. Current regulations state that people who can obtain “affordable” insurance (defined as 9.5 percent of household income) from employers cannot receive subsidies on the Marketplace. The rule would change the definition of “affordable” to reflect the price of family, rather than employee-only, coverage.

This President said this change could be worth “hundreds of dollars per month” for “hundreds of thousands of families,” noting it affects “about 5 million people” and also stating “it’s estimated that 200,000 uninsured people would gain coverage, and nearly 1 million Americans” would have more affordable coverage. Treasury and the IRS, however, declined to give a formal cost or coverage estimate in the proposed rule, noting that the agencies are “unable to estimate the size of the population affected by the proposed regulations because contribution amounts for family coverage are not observed in the tax data.” The agencies wrote, however, that the change “would likely lead to a decrease in the total amount employers are spending on health insurance as the Federal government increases spending on” premium subsidies, and they “have determined that new take-up of Exchange coverage may be modest for eligible families because many would either still prefer employer coverage or prefer to purchase other goods and services, or save or invest, rather than insure all family members.” The IRS specifically requested comments on the expected cost impact of the rule.
The Administration hopes the change will become effectively in time for Marketplace open season this fall. Comments on the proposal are due June 6.

6. JAPAN STEEL TARIFF REMOVED

The US and Japan reached an agreement on steel imports; accordingly, the President removed the 25 percent tariff on steel imports from Japan that had been in place since 2018. The Proclamation removing the tariff states that the US will move to a tariff-rate quota system of 1,250,000 metric tons annually for “steel articles that are melted and poured in Japan” and will “monitor bilateral steel and aluminum trade,” reviewing it annually. The new measures are designed with a view to “limiting transshipment, discouraging excess capacity and production, and strengthening the United States-Japan partnership.”

7. METHANE EMISSIONS REACH HIGHEST LEVEL EVER

The National Oceanic and Atmospheric Administration (NOAA) announced that global methane emissions in 2021 had a record annual increase of 17 parts per billion (ppb), the highest increase since systematic records began in 1983, and above the 2020 increase of 15.3 ppb. The agency measured total atmospheric methane levels at 1,895.7 ppb, “around 162% greater than pre-industrial levels.” Similarly, the agency concluded that “levels of carbon dioxide also continue to increase at historically high rates,” with a global surface average in 2021 of 414.7 parts per million (ppm), up 2.66 ppm over 2020. The rate of increase over the last decade “represents the fastest sustained rate of increase in the 63 years since monitoring began.”

From the scientific perspective, the agency notes that “[w]hile carbon dioxide remains in the atmosphere for much longer than methane, methane is roughly 25 times more powerful at trapping heat in the atmosphere, and has an important short-term influence on the rate of climate change.” The agency based its calculations using data from its Global Monitoring Laboratory which “annually collects more than 15,000 air samples from monitoring stations around the world” and from “using air samples from a subset of sites from the Global Greenhouse Gas Reference Network, which is composed of NOAA’s four baseline observatories in Hawaii, Alaska, American Samoa and the South Pole, and from samples collected at about 50 other cooperative sampling sites around the world.” As the Washington Post noted, the US and EU have partnered in a Global Methane Pledge announced last year designed to cut emissions to reach a target of 1.5 degrees Celsius above pre-industrial levels, but major emitters such as Russia, China, and India have not joined.

8. DEFENSE PRODUCTION ACT INVOKED FOR LARGE CAPACITY BATTERIES

Noting that “[t]he United States depends on unreliable foreign sources for many of the strategic and critical materials necessary for the clean energy transition—such as lithium, nickel, cobalt, graphite, and manganese for large-capacity batteries,” the President invoked the Defense Production Act to permit purchases of large-capacity batteries to promote domestic manufacturing of batteries for electric vehicles, permitting US mining companies and others access to a $750 million fund to encourage mining of these minerals now frequently sourced abroad. “We need to end our long-term reliance on China and other countries” for minerals necessary to produce batteries for electric vehicles, the President said. The Presidential Determination opens the door to purchases made through both “environmentally responsible domestic mining and processing” and “recycling and reuse; and recovery from unconventional and secondary sources, such as mine waste.
9. PANDEMIC NEWS

CDC announced on Monday that it will conduct a review, headed by a Federal official outside the agency, over the next month to evaluate “CDC’s structure, systems, and processes” and “strategically position CDC to support the future of public health.” While the review seems broader than the response to the COVID-19 pandemic – it will focus on a variety of “core capabilities” of the agency – CDC Director Rochelle Walensky also noted that “[n]ever in its 75-year history has CDC had to make decisions so quickly, based on often limited, real-time, and evolving science.” The effort will reportedly be led by Jim Macrae, Associate Administrator for Primary Health Care at the Health Resources and Services Administration, like CDC a part of the Department of Health and Human Services.

Even as COVID-19 cases have risen in half the states over the past week, overall figures remain low, to an average of about 28,700 cases. However, in anticipation of a winter surge in cases, on Wednesday, an FDA advisory committee outlined a very aggressive schedule for the Administration to achieve its goal of authorizing new COVID-19 vaccines by the fall that better protect against fast-evolving variants. Robert Johnson, an official at HHS, noted that vaccine manufacturers would need several months to produce hundreds of millions of doses of a reconfigured vaccine. To get shots into arms ahead of this coming winter, clinical trials would need to be underway by next month. At the meeting, experts described the guesswork involved in redesigning vaccines, as no one can predict which variant will dominate late this year when many consider a new surge likely. COVID-19 has been mutating at a pace that far exceeds that of the flu virus, for which vaccines are redesigned annually, noted Trevor Bedford, a biostatistician at the Fred Hutchinson Cancer Research Center. While that pace may slow, the virus’s plasticity to date indicates it “is likely to keep on evolving,” said Bedford.

10. COUNTRY SPOTLIGHT: BRAZIL

Amid declining COVID-19 case numbers, Brazil loosened its pandemic-related restrictions for international travelers on Saturday, ending its testing requirement for vaccinated Brazilians and foreigners. "In general, the new rules confirm vaccination as the basis for national border policy for all modes of transportation," the Brazilian Health Regulatory Agency (Anvisa) said in a statement. "Complete immunization is mandatory for all individuals eligible for vaccination and who intend to enter Brazil." Brazilians and permanent residents entering the country who are not fully vaccinated must present a negative COVID-19 test result. Brazil also dropped Anvisa’s COVID-19 health questionnaire for travelers, which had been required since December 2020.

COVID-19 has claimed over 660,000 lives in Brazil, making the country one of the hardest hit, second only to the US. Now, Brazil’s daily COVID-19 death toll lies at around 200, from over 3,000 at the height of the virus a year ago. A poll published on Sunday by Datafolha found that disapproval numbers of President Jair Bolsonaro have fallen amid loosening of restrictions. In September 2021, 54 percent of voters rated Bolsonaro’s COVID-19 strategy “poor” or “awful,” compared to 46 percent now. Approval is higher among older, less-educated voters. During the height of the pandemic, Bolsonaro spoke out against lockdowns, mask use, and vaccines; in response the Brazilian Senate’s COVID-19 inquiry committee established in April 2021 accused Bolsonaro of committing crimes against humanity for his handling of the COVID-19 pandemic. The committee’s final report, 1,000 pages long, charged that Bolsonaro and his allies committed “the crime of epidemic” by both failing to act to stop the spread of the virus and undermining efforts to do so. The reported noted that the federal government’s “actions and inactions exposed people to contamination and, after they were infected, they became the disease vector” and “the profusion of virus spread allowed the emergence of a Brazilian variant.”
A study published using Brazilian data effectively ruled out ivermectin as a treatment for COVID-19 infection. Ivermectin, an anti-parasitic drug which surged in popularity despite a lack of evidence that it works, showed no sign of alleviating infection by COVID-19. In the early days of the pandemic, laboratory experiments on cells suggested that ivermectin may block the COVID-19 virus. Consequently, doctors began prescribing ivermectin to treat COVID-19, despite an FDA warning that it was not approved for use against the virus. The study, which compared over 1,300 people infected with COVID-19 in Brazil who received either a course of ivermectin or a placebo, determined no benefit to use of the deworming drug.
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.

Source: Official data collated by Our World in Data
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.