CED Public Policy Watch
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1. DEVELOPMENTS ON UKRAINE

Russian missile attacks continued, including one that hit a shopping center in Kremenchuk. Ukraine has also claimed that some missile attacks were launched from Belarus. Russian forces are no longer on Snake Island, near the Ukrainian maritime border with Romania, though Ukraine and Russia dispute whether Russian forces withdrew voluntarily or were forced to withdraw. President Zelensky reportedly told the G7 leaders meeting in Germany that the conflict should not be permitted to “drag on over winter” and requested additional weapons and security guarantees. Lithuania claims it was subject to a cyber-attack, including on Lithuanian state institutions; Reuters reported that a Russian hacker group, Killnet, claimed responsibility and connected the attack to Lithuania’s enforcement of EU sanctions on goods attempting to transit to the Russian exclave of Kaliningrad, and the country expects more attacks.

At the NATO Summit in Madrid, Turkey dropped its objections to Sweden and Finland joining NATO; President Biden said he supported selling US F-16 fighter planes to Turkey (which he had originally endorsed in December), and Greece requested a similar purchase of F-35 fighters as well. Greece also offered ships to assist with export of Ukrainian grain if agreement can be reached to lift the Black Sea blockade.

The US will increase its military forces in Europe, including a new bridge of 3,000 in Romania, more F-35 fighters in the UK, and naval deployments in Spain. Britain will commit an extra 1,000 troops, and other allies are expected to make additional commitments to NATO’s eastern flank. In concept, up to 300,000 NATO troops could be on high alert—although no detail on how this expansion of troops would be implemented—and additional material would be moved further east, in what NATO Secretary General Jens Stoltenberg said was “the biggest overhaul of our collective defence and deterrence since the cold war [.]”

Before the NATO Summit, the G7 leaders agreed to “stand with Ukraine for as long as it takes”; its statement on Ukraine stated that “[i]t is up to Ukraine to decide on a future peace settlement, free from external pressure or influence” and the country had a right to “choose its own future.” The US will provide Ukraine with the NASAMS advanced medium-to-long range surface to air missile defense system to protect larger cities like Kyiv. G7 Summit host German Chancellor Olaf Scholz said that Russia
had broken “all the rules, all the agreements we have made with each other on countries’ cooperation” and that the invasion had prompted changes “which will mark international relations for a very, very long time. So it is clear that, in relations with Russia, there can be no way back to the time before the Russian attack on Ukraine.”

By missing $100 million in dollar and euro payments on bonds on Sunday, Russia has defaulted on its foreign debt for the first time since the Bolshevik Revolution in 1917. However, the situation is complicated, as Russia claims that it has fulfilled its legal obligations to pay by sending funds to the Euroclear clearing house in Brussels, where they were frozen because of Western sanctions; one expert said “[t]his is the messiest and most legally uncertain case of sovereign default that I can think of [.]” Russia is also promising to pay foreign bondholders in rubles, but the funds would pass through National Settlement Depository (which is under sanctions).

The G7 also agreed to consider putting a cap on the price of Russian oil and invited other countries to join the effort. A price cap would be designed to prevent Russia from profiting off high oil prices driven by the invasion of Ukraine, while a US official claimed the cap would help “increase stability and the security of supply in global oil markets.” Following the meeting, finance ministries will hammer out details of how the cap would work; one idea would be to limit insurance brokerage to Russian oil priced at or under the cap; otherwise, the oil would be subject to sanctions.

The US announced a ban on the importation of Russian gold and imposed sanctions on a total of over 600 additional Russian companies and citizens in joint actions by the Treasury and State Departments.

Ukraine and the EU signed an agreement permitting Ukrainian freight carriers to enter the EU without a permit, which is designed to help exports of Ukrainian agricultural products and other goods. Talks continued on efforts to lift the Black Sea blockade and permit export of Ukrainian grain by sea; one report suggested a conditional agreement involving three ports, including Odesa, with ships traveling in the direction of Turkey through designated safe lanes under joint Russian, Ukrainian, Turkish, and UN supervision; in turn, the EU would pledge not to sanction Russian fertilizer exports.

2. NEW NATO STRATEGIC CONCEPT

At the NATO Summit in Madrid, the Alliance released a new strategic concept outlining “three core tasks: deterrence and defence; crisis prevention and management; and cooperative security” and promising to retain a “technological edge.” With respect to Russia, the document notes that “[t]he Russian Federation is the most significant and direct threat to Allies’ security and to peace and stability in the Euro-Atlantic area. It seeks to establish spheres of influence and direct control through coercion, subversion, aggression and annexation. It uses conventional, cyber and hybrid means against us and our partners. Its coercive military posture, rhetoric and proven willingness to use force to pursue its political goals undermine the rules-based international order.” In strong language, the Alliance declared that “NATO does not seek confrontation and poses no threat to the Russian Federation. We will continue to respond to Russian threats and hostile actions in a united and responsible way. We will significantly strengthen deterrence and defence for all Allies, enhance our resilience against Russian coercion and support our partners to counter malign interference and aggression. In light of its hostile policies and actions, we cannot consider the Russian Federation to be our partner. However, we remain willing to keep open channels of communication with Moscow to manage and mitigate risks, prevent escalation and increase transparency. We seek stability and predictability in the Euro-Atlantic area and between
NATO and the Russian Federation. Any change in our relationship depends on the Russian Federation halting its aggressive behaviour and fully complying with international law.”

With respect to China, another focus of the summit given the invitations given to the leaders of Japan, South Korea, Australia, and New Zealand as NATO’s partners in the Pacific region, the strategic concept stated that China’s “stated ambitions and coercive policies challenge our interests, security and values,” while “remaining opaque about its strategy, intentions and military build-up. The PRC’s malicious hybrid and cyber operations and its confrontational rhetoric and disinformation target Allies and harm Alliance security,. [China] strives to subvert the rules-based international order . . . The deepening strategic partnership between the People’s Republic of China and the Russian Federation and their mutually reinforcing attempts to undercut the rules-based international order run counter to our values and interests.” The document noted that NATO remains “open to constructive engagement” with China, “including to build reciprocal transparency” and committed itself to “protect against [China’s] coercive tactics and efforts to divide the Alliance.”

Additionally, the strategic concept addressed transnational threats including terrorism, cyber security, and climate change, among others.

3. REAL GDP REVISED DOWNWARD

Real GDP fell by 1.6 percent in the first quarter of 2022, according to a revision from the Bureau of Economic Analysis – a worse figure than the -1.4 percent in the “advance estimate” and -1.5 percent in the first revision several weeks ago. According to BEA, the downward revision reflects decreases in exports and both government spending and private inventory investment as well as an increase in imports (which are subtracted from GDP). Initial unemployment claims, which fell slightly, held essentially steady at 231,000.

4. MIXED ECONOMIC STATISTICS ON INFLATION AND DURABLE GOODS ORDERS

US consumer spending rose 0.2 percent in May, less than expected, while inflation-adjusted consumer spending fell 0.4 percent. The Core Personal Expenditures inflation gauge rose to 4.7 percent year-on-year, according to the Commerce Department, In a positive sign for the economy, durable goods orders rose 0.7 percent in May, higher than the 0.2 percent predicted in the Wall Street Journal’s poll of economists. Pending home sales also rose 0.7 percent in May, far higher than expected, according to the National Association of Realtors, although the group also noted that “the housing market is clearly undergoing a transition. Contract signings are down sizably from a year ago because of much higher mortgage rates.”

5. SUPREME COURT LIMITS EPA AUTHORITY

In a 6-3 ruling in West Virginia v. EPA, the Supreme Court sharply curtailed EPA’s authority to regulate greenhouse gas emissions from existing power plants, with Chief Justice Roberts writing for the majority that “it is not plausible that Congress gave EPA the authority to adopt on its own such a regulatory scheme” without “clear congressional authorization.” Because rules issued under both Presidents Obama and Trump had earlier been vacated by courts, it is not clear what rules will apply going forward and under what standard. The Biden Administration is expected to press Congress for action on climate change, which may now include granting additional authority to EPA, and the President said EPA would
continue to take action based on “lawful executive authority, including the EPA’s legally-upheld authorities.”

6. SUPREME COURT TAKES CASE ON ELECTION POWERS

The Supreme Court agreed to hear a case during its next term, beginning in October, about whether state courts can overrule state legislatures in setting rules for elections. The North Carolina Supreme Court overturned a map proposed by the Republican state legislature, saying it violated the state constitution and amounted to partisan gerrymandering. In March, the US Supreme Court let the North Carolina Supreme Court’s map stand, but three Justices, led by Justice Alito, would have heard the case then and indicated some sympathy for the state legislature’s argument.

7. 311 FOR CYBER BREACHES?

The US Cybersecurity and Infrastructure Security Agency is reportedly considering a national 311 emergency number for businesses, particularly small- and medium-sized businesses, to be able to report cyber security incidents. An advisory committee to CISA has endorsed the idea which would also require approval from the Federal Communications Commission.

8. ENERGY STANDARDS FOR COMMERCIAL REFRIGERATORS AND FREEZERS

The Energy Department is considering revising energy conservation standards for commercial refrigerators, freezers, and refrigerators using its authority under the Energy Policy and Conservation Act which requires revision of standards every six years. The new standards would be somewhat more stringent than current standards under the Act’s requirement that “any new or amended energy conservation standard must be designed to achieve the maximum improvement in energy efficiency that DOE determines is technologically feasible and economically justified.”

9. PARTNERSHIP FOR GLOBAL INFRASTRUCTURE AND INVESTMENT

The President signed a memorandum establishing this partnership, noting an estimated $40 trillion infrastructure shortfall in the developing world, focusing on both new financing mechanisms and technical assistance. Through the partnership, the US and “like-minded partners” will “emphasize high-standards and quality investments in resilient infrastructure” with high standards on labor rights and environmental protection. In a veiled reference to criticisms of China’s Belt and Road Initiative, the memorandum noted that “[t]oo often, financing options lack transparency, fuel corruption and poor governance, and create unsustainable debt burdens, often leading to projects that exploit, rather than empower, workers; exacerbate challenges faced by vulnerable populations, such as forced displacement; degrade natural resources and the environment; [and] threaten economic stability [.]” However, the memorandum offered few further details of the new US initiative.

10. PANDEMIC NEWS

On Monday, a federal appeals court in New Orleans agreed to reconsider its own April ruling that allowed the administration to require vaccination for federal workers. The order from the Fifth US Circuit Court of Appeals vacates an earlier ruling by a three-judge panel that upheld the mandate. After the latest ruling, a block on the mandate imposed in January by a Texas federal judge remains in effect,
while the Fifth Circuit’s seventeen judges consider the appeal en banc. Last September 9, the President issued an Executive Order requiring more than 3.5 million federal executive branch workers to receive vaccination, with only limited exceptions and no testing alternative.

Since the start of the widespread use of COVID-19 antiviral drug Paxlovid, patients have reported COVID-19 rebound after taking the recommended course of the drug. Reports in medical literature as well as on social media prompted the CDC’s Health Alert Network to issue a health advisory on May 24. The advisory noted that “a brief return of symptoms may be part of the natural history of SARS-CoV-2 . . . infection in some persons, independent of treatment with Paxlovid and regardless of vaccination status.” By no means are experts recommending that people stop using the antiviral. However, the unexpected rebound phenomenon raises questions about how best to prescribe it. “Question number 1 in my mind is the timing. I think maybe we’re giving it too early,” said Emory University School of Medicine and Grady Health System infectious disease specialist Carlos del Rio, MD. “If you get started right away, maybe you suppress the virus [and] the immune system doesn’t rev up in the way it normally would,” speculated Robert Wachter, MD, chair of the University of California, San Francisco, Department of Medicine. He and others have also suggested that 5 days might not be a sufficiently long treatment course.

An FDA panel of independent vaccine experts voted 19 to 2 on Tuesday to recommend new COVID-19 shots that specifically target the Omicron variant for the fall. The existing COVID-19 vaccines were developed to target the original strain of the virus; as it has evolved rapidly since the start of the pandemic, these vaccines have become less effective at protecting against infection and mild illness, although they remain effective at protecting against severe illness. Pfizer and Moderna presented data, based on studies of several hundred people, showing their Omicron-specific shots significantly boosted the immune response against Omicron BA.1 compared to the original shots that targeted the original virus strain. However, the updated shots did not perform as well against BA.4 and BA.5, though the immune response was still strong.

11. COUNTRY SPOTLIGHT: INDONESIA

As holder of the G20 presidency for 2022, Indonesia is preparing to host the seventeenth G20 Heads of State and Government Summit taking place this November in Bali. A primary focus of Indonesia as G20 President is the strengthening of global health architecture through stronger collective cooperation in defeating the pandemic. In an interview on June 14, Indonesian Health Minister Budi Gunadi Sadikin said the country should be ready to treat COVID-19 as endemic later this year. Indonesia believes it can overcome the next COVID-19 wave, likely to be driven by Omicron subvariants BA.4 and BA.5, which is expected to hit the island nation mid-July. Indonesia’s expected peak next month would see approximately 17,400 new daily cases based on the assumption that the amount would be 30 percent of that during the original Omicron peak in the third week of February. Indonesia’s forecast is based on the experience of South Africa, the first to report the emergence of the new Omicron subvariants, which saw its peak in 30 days. South Africa’s peak, as well as Indonesia’s upcoming peak, offers insight into how other countries may experience peaks caused by BA.4 and BA.5.
As of June 24, 143 cases of BA.4 and BA.5 have been detected in Indonesia through whole-genome sequencing, according to Health Ministry spokesperson Mohammad Syahril. "We will remain vigilant. People who are at high risk, older adults, elderly, people with comorbidities are our main concern," said Syahril. So far, hospitalizations have remained low as most patients have not experienced severe symptoms. He noted that the Ministry of Health will carry out contact tracing and testing so that infected people can be quarantined and hospitalized without delay. A serological survey in March revealed that 99.2 percent of Indonesia’s population has COVID-19 antibodies due to vaccination, previous infections, or both. Despite research pointing that levels of neutralizing antibodies from a previous infection or vaccination are several times lower against BA.4 and BA.5 compared with the original coronavirus, vaccination is still expected to offer strong protection against severe disease.
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.