

***CED Public Policy Watch  
Weekly News Round-Up  
August 19, 2022***

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**1. DEVELOPMENTS ON UKRAINE**

**Military news:** Crimea [became](#) an increased focus of the war this week, with explosions at an ammunition depot there, disrupting rail service. In presumed retaliation for the attack, which Ukraine has not claimed, Russian rockets [struck](#) the ports of Odesa and Mykolaiv. Ukraine [claimed](#) that it had not lost any High Mobility Artillery Rocket System (HIMARS) of the 20 the US has provided, rejecting Russian claims to the contrary. Ukraine claimed the war has reached a “[strategic deadlock](#)” as Russian advances have slowed. On Thursday, Russia [announced](#) that it has deployed Kinzhal hypersonic missiles to the Kaliningrad enclave. Ukraine [published](#) its estimates of Russian losses (44,300), with most casualties concentrated among soldiers from poorer regions of Russia rather than Moscow or St. Petersburg. Estonia removed a Soviet-era monument from a predominantly Russian-speaking region and was [hit with a cyberattack](#) in response.

**Continued fighting near nuclear plant:** There were [reports](#) of continued shelling near the Zaporizhzhia nuclear plant, which Russia occupies. The sides traded charges as to who was responsible for the shelling. Russian Defense Minister Shoigu and UN Secretary General Antonio Guterres [discussed](#) security at the plant on Monday, with discussions centering around the possibility of an IAEA mission to the plant. Russia said it is [considering](#) shutting down the plant, and Ukraine said it is preparing for “all scenarios,” with one official [saying](#) “ [n]obody could have predicted that Russian troops would be firing on nuclear reactors with tanks. It is incredible.”

**Referendum on September 11:** Underscoring the urgency of the Ukrainian counteroffensive, the Russian occupation administration in Kherson [announced](#) it will hold a referendum on union with Russia on September 11. Referenda are also expected in Donetsk, Luhansk, and the Zaporizhzhia region.

**Political developments:** [Speaking](#) at an international security conference in Moscow, Russian President Putin claimed that the West wants to have a “NATO-like system” in the Asia Pacific and called US House Speaker Nancy Pelosi’s visit to Taiwan “a thoroughly planned provocation.” In similar remarks, Russian

Defense Minister Sergei Shoigu [said](#) that the Australia-United Kingdom-United States (AUKUS) group could become “a political-military alliance.” According to one [report](#), Shoigu also said that “Russia had no need to use nuclear weapons in Ukraine.” Finland will [reduce](#) the number of visas to Russians by 90 percent to avoid becoming a gateway to further travel by Russians in Europe.

**Russian energy profits:** Reuters [reported](#) that it had seen estimates of average prices state-owned Gazprom expects to charge for 2022, showing the figures will more than double from \$305 in 2021 to \$730 in 2022 per 1,000 cubic meters. These prices would mean Russia would earn \$338 billion from energy exports in 2022, a 30 percent rise over 2021. Then in 2023, Russia will earn \$256 billion, as gradual price falls take effect until 2025.

**Warning of difficult winter:** The mayor of Lviv in western Ukraine, Andriy Sadovyi, [said](#) that “[i]t’s likely that we’re in for a difficult winter. Its logical – there can’t be anything simple in a country that fights for its independence. But we have to be prepared for anything.” He also noted that the city is developing plans for emergencies “that may arise as a result of an enemy attack.”

**Grain shipments:** A total of [25 ships](#) carrying grain and edible oil have left Ukraine [this month](#), with four more departing this week carrying sunflower meal, corn, and sunflower oil. The first ship carrying Ukrainian wheat docked in Syria. Ukraine, Turkey, and the UN [met](#) in Lviv on [Thursday](#) to review the terms of and progress under the grain shipment agreement.

**Background to the war:** The Washington Post [reported](#) that the US “struggled” to convince both Ukraine and European allies of the likelihood of the Russian invasion in the months before it was launched in February. According to the story, US government analysts “concluded that Putin, who was about to turn 69, understood that he was running out of time to cement his legacy as one of Russia’s great leaders — the one who had restored Russian preeminence on the Eurasian continent [and said that] Putin calculated that any Western response to an attempt to reclaim Ukraine by force would be big on outrage but limited in actual punishment.” The story reported an exchange between a senior US official and the Ukrainian official’s response: “‘I’m serious. Start digging trenches. ... You will be attacked. A large-scale attack, and you have to prepare for it.’ We asked for details; there were none.”

## 2. RETAIL SALES FLAT AS GAS SPENDING FALLS

The Census Bureau’s advance [retail sales estimate](#) for July (which contains seasonal and calendar-related adjustments, but no adjustment for inflation) was \$683 billion, almost unchanged from June, but 10.3 percent above the same figure from last year. This estimate indicates that nominal consumer spending growth is no longer growing at the accelerated pace of the last year. Spending at gas stations fell 1.8 percent, offsetting slight increases in retail sales elsewhere. Gas station spending has accounted for almost a tenth of retail sales in recent months as prices were driven higher by the war in Ukraine.

## 3. FED MINUTES SHOW INTENT FOR CONTINUED RATE HIKES

The [minutes](#) from the Federal Reserve’s meeting last month were released Wednesday. They show that the central bank intended to continue raising rates, but that it “likely would become appropriate at some point to slow the pace of policy rate increases while assessing the effects of cumulative policy adjustments on economic activity and inflation.” The Fed anticipated the low inflation figure for July (which included no headline CPI inflation for the month) and did not expect it to change its plans

substantially, because “declines in the prices of oil and some other commodities could not be relied on as providing a basis for sustained lower inflation, as these prices could quickly rebound.”

#### 4. DECLINE IN HOUSING STARTS; MANUFACTURING INDEX REBOUNDS

New housing starts [fell](#) 9.6 percent in July to a seasonally adjusted annual rate of 1,446,000, down from 1,599,000 in June and 19.9 percent below the April 2022 high. Higher mortgage rates, driven by the Federal Reserve’s increases in the federal funds rate, reduce the ability of many buyers to pay for homes. The Conference Board’s latest [economic forecast](#) projects a steep decline (-10.0%) in residential investment in the third quarter of 2022. In contrast the news on housing starts, the Philadelphia Fed’s [Manufacturing Business Outlook Survey](#) rebounded in August after two months of consecutive negative readings. The diffusion index was 6.2, meaning that the share of firms reporting increased activity (26 percent) exceeded the share reporting declining activity (20 percent). This was a 19 point positive shift from the previous month, the largest such shift since January 2021.

#### 5. INITIAL UNEMPLOYMENT CLAIMS FALL, REVERSING TREND

Initial claims for unemployment insurance [declined](#) to 250,000 for the week ending August 13, arresting a months-long trend. The figure was 2,000 below last week’s revised level, and 12,000 below last week’s advance figure. The four-week moving average also declined, for the first time since April.

#### 6. CDC REFORM PROPOSALS

In a meeting with senior staff on Wednesday, CDC director Dr. Rochelle Walensky outlined in broad terms a plan to [reorganize the agency’s structure](#) which seeks to prioritize public health needs and efforts to curb continuing outbreaks, while putting less emphasis on the publication of scientific papers and rare diseases. CDC leaders call the [plan a “reset,”](#) and it comes amid [growing criticism](#) of the agency’s response to COVID-19, monkeypox, and other public health threats. The Department of Health and Human Services (HHS), which oversees CDC, plans to beef up the team responsible for responding to public health emergencies and require those officials to remain in their positions for at least six months. The plan also includes the establishment of a new executive team to set priorities and make decisions on spending “with a bias towards public health impact,” according to a briefing document. Additionally, the plan includes restructuring the agency’s communications office and further revamping CDC websites to make guidance for the public more clear and easier to find. “My goal is a new, public health, action-oriented culture at CDC that emphasizes accountability, collaboration, communication and timeliness,” noted Walensky.

The plan follows an [external review](#) launched by Walensky and headed by James Macrae, who has held senior positions at HHS, to evaluate the “CDC’s structure, systems, and processes” and “strategically position CDC to support the future of public health.” The review came as a [response to criticism](#) of CDC’s confusing public messaging and the agency’s inability to more quickly track critical COVID-19 data. “I actually really think many people have thought, this is CDC’s responsibility, to fix public health [and] the pandemic,” Walensky said in January in an interview with *Politico*. “The CDC alone can’t fix this. Businesses have to help, the government has to help, school systems have to help. This is too big for the CDC alone,” she said.

## **7. ENERGY DEPARTMENT PUBLISHES WIND POWER ESTIMATES**

The Department of Energy [released](#) three reports on Tuesday documenting the growth of wind power, which it estimates accounted for 32 percent of US energy capacity growth in 2021. The land-based wind report showed that 13,413 megawatts (MW) of wind power was added in 2021, bringing the US to a cumulative capacity of 135,886 MW. The offshore wind capacity was much smaller: 42 MW of operating capacity, 932 MW currently under construction, and 18,581 MW awaiting permitting. The Committee for Economic Development has [outlined](#) general principles for streamlined permitting to improve the pace of infrastructure construction. Distributed wind power, smaller turbines installed on-site at homes, farms, or businesses, added 12 MW of capacity in 2021 to reach a cumulative total of 1,075 MW.

## **8. HOMELAND SECURITY I-9 VERIFICATION REFORM**

The Department of Homeland Security is [seeking](#) to make Form I-9 verification for new hires more compatible with remote work. Form I-9 is the paperwork that shows a new hire is eligible for work in the US, either through citizenship or through a work authorization for noncitizens. The proposed reforms would ease the requirements for physical document examination and permit employers (or agents acting on an employer's behalf) to use alternatives to physically examining the documentation, possibly as a pilot program, if the Department determines that the procedures offer an equivalent level of security. Comments on the proposal are due October 17.

## **9. NEW TRANSPORTATION DEPARTMENT GRANTS UNDER BIL**

The Department of Transportation [announced](#) \$2.2 billion in grants from the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) program under the Bipartisan Infrastructure Law (BIL). The funds are designed to be widely dispersed throughout the country. No one project received more than \$25 million, no state may receive more than \$341 million, and funding is split 50-50 between urban and rural communities. The types of projects funded are diverse, including roads, bridges, sidewalks, ports, and broadband. Separately, \$1.66 billions of BIL funds were [awarded](#) under the Low- and No-Emission Bus and Bus Facilities programs. The largest of these grants were to the Massachusetts Bay (\$116 million), New York (\$116 million), and Los Angeles (\$104 million) transit authorities, to purchase electric buses.

## **10. FURTHER WATER CUTS IN COLORADO RIVER**

As the West continues in severe drought, the Interior Department's Bureau of Reclamation will [cut](#) the supply of water that Arizona and Nevada receive from the Colorado River; the amount shared with Mexico will also fall. The eight [Colorado River Compact](#) states (Arizona, California, Colorado, Nevada, New Mexico, Utah, Wyoming) had failed to agree on an overall plan for joint water reduction of 15-30 percent, forcing this week's cuts. Arizona will lose about 3 percent of its water level from last year, for a total of 21 percent water reduction over two years. Mexico's share will fall to 7 percent of what it should receive, potentially impacting farming in the Mexicali Valley in the state of Baja California. The Interior Department will [continue](#) to press the Compact states for agreement on further reductions. Because of the low flow in the Colorado River, Lake Mead is less than one-quarter full, raising concerns that the water level will fall so low as to prevent hydroelectric power generation at the Hoover Dam on the Nevada-Arizona border.

## 11. TENSIONS CONTINUE OVER TAIWAN

China continued military exercises in the Taiwan Strait this week; a Congressional delegation led by Sen. Ed Markey (D-MA) made a previously unannounced [visit](#) and met with President Tsai Ing-wen. Markey said that “we have a moral obligation” to prevent a conflict between China and Taiwan and noted that “Taiwan has demonstrated incredible restraint and discretion during challenging times [.]” Taiwan gave demonstrations of its [anti-aircraft](#) and [F16-V fighter jet](#) capabilities to reporters. Chinese Ambassador to the US Qin Gang [said](#) that “Congress is part of the government of the US - it's not an independent, uncontrollable branch. Congress is obliged to abide by the foreign policy of the United States,” thus rejecting arguments that Congress acts independently of the White House in making these visits, despite the separation of powers in the US Constitution between the executive and legislative branches.

## 12. MONKEYPOX UPDATES

As of August 16, the [US has 12,689 confirmed](#) cases of monkeypox, with cases confirmed in every state except for Wyoming. States with the highest total case counts include New York (2,620), California (1,945), Florida (1,268), Texas (1,048), and Georgia (1,013). [Globally](#), as of August 16, there have been 38,019 confirmed cases, with 37,632 of those cases reported in locations that have not historically reported monkeypox. There have been five confirmed deaths in locations that have not historically reported monkeypox, in Spain, Brazil, Ecuador, and India. The US [leads the world](#) in the most cases at 12,636, followed by Spain (5,792), the UK (3,201), Germany (3,186), and Brazil (2,985).

Across the US, at least [seven children](#) have tested positive for monkeypox. The most recent confirmed case was in Florida, with a child under four years old testing positive, according to state health data. The Florida case follows one in Maine reported Friday, and two in California, two in Indiana, and a case in a non-US resident reported in Washington DC. An [eighth child](#), in the Houston area and under the age of two, has a presumptive case of monkeypox. Testing confirmation will take a week, but officials are expecting it will be confirmed. The [CDC](#) suggests that monkeypox should be considered when children or adolescents present with a rash that could be [consistent with the disease](#), especially if epidemiologic criteria are present. Young children, children with eczema, and children with immunocompromising conditions are thought to be at increased risk of severe disease.

On Thursday, the Administration [announced](#) several steps to accelerate monkeypox prevention and treatment. Starting Monday, jurisdictions that have adopted the interdermal approach to vaccination (which involves lower dosing and spreads existing supplies) and that have used 90 percent of their existing supply will be able to order from a new supply of 1.8 million doses. Second, the Department of Health and Human Services will make 50,000 doses of the TPOXX ([tecovirimat](#)) treatment available to jurisdictions on a formula weighted with 75 percent on the number of cases in that jurisdiction and 25 percent on the number of high-risk individuals in that jurisdiction.

The first possible case of [human-to-dog monkeypox transmission](#) has been reported in Paris in a four-year-old Italian Greyhound. The dog belongs to two men who were diagnosed in early June; twelve days after their symptoms began, their dog began developing lesions and later tested positive for the virus. Dr. Rosamund Lewis, technical lead on the monkeypox response for WHO, noted that previously, only animal-to-human transmission of the virus had been reported. " Lewis [said](#) during a Washington Post

Live event on Monday that "[t]his has not been reported before, and it has not been reported that dogs have been infected before."

Bavarian Nordic A/S, the only vaccine company with an approved monkeypox vaccine, is [no longer certain it can meet demand](#) as cases continue to rise around the world. The Danish company is now exploring options such as outsourcing production, including the transfer of technology to a US contract manufacturer, to meet accelerating demand. "We're looking at ways to get help from partners in all the various production steps of the vaccine," said Rolf Sass Sorensen, a vice president at the firm. Bavarian has raised its financial outlook as governments around the world have spent hundreds of millions of dollars ordering its Jynneos vaccine, which was originally created for smallpox. At its current bulk facility located north of Copenhagen, the company can produce 30 million doses per year.

### 13. PANDEMIC NEWS

The UK on Monday became the [first nation](#) to [approve](#) an updated version of Moderna's COVID-19 vaccine. The bivalent vaccine targets both the original strain of the virus and the Omicron strain. The decision by the Medicines and Healthcare products Regulatory Agency (MHRA) was made following the [results](#) of a clinical trial where Moderna reported that the booster provided a stronger immune response to Omicron subvariants than the original vaccine. "The virus, SARS-CoV-2, is continually evolving in order to evade the immunity provided by vaccines. This novel bivalent vaccine represents the next step in the development of vaccines to combat the virus, with its ability to lead to a broader immune response than the original vaccine," said Professor Sir Munir Pirmohamed, Chair of the Commission on Human Medicines. The health service is expected to provide [more details](#) "in due course" about how and when eligible people could access the booster dose.

The US is expecting its supply of newly updated COVID-19 boosters to be [available in the next three weeks](#), assuming FDA and CDC work through their processes for authorization as expected, according to White House COVID coordinator Dr. Ashish Jha. In June, the administration directed Moderna and Pfizer to produce bivalent vaccines for the upcoming winter designed to target both the more contagious Omicron subvariants of the virus and the original strain. "We're going to know more about this in the upcoming weeks and these vaccines will become available by early to mid-September," Jha said at an event hosted by the US Chamber of Commerce Foundation, including the caveat that FDA and CDC need to act before anything can be official.

In collaboration with the Wildlife Conservation Society, Amélie Desvars-Larrive, professor at the University of Veterinary Medicine Vienna, and her team of Austrian researchers published the first [COVID data tracking dashboard](#) for cases in animals. The research, published in [Scientific Data](#), utilizes two major health databases to extract unstructured data, generating a global dataset of SARS-CoV-2 events in animals. The interactive visualization [allows users](#) to explore which animals have contracted COVID-19 and how many cases were reported for each species, as well as symptoms experienced within species. The dashboard has so far collected 704 cases of COVID-19 in animals from the [Program for Monitoring Emerging Diseases](#) and the [World Animal Health Information System](#) in 27 different species across 39 different countries. Most confirmed cases are in mink at 187 cases, followed by cats and dogs with 177 and 160 cases respectively.

Shoppers attempted to [flee an Ikea store](#) in Shanghai on Saturday as authorities tried to quarantine them due to a visit by a close contact of a six-year-old boy who tested positive for COVID-19 after returning to Shanghai from Tibet. Videos show a chaotic scene of guards attempting to close the doors



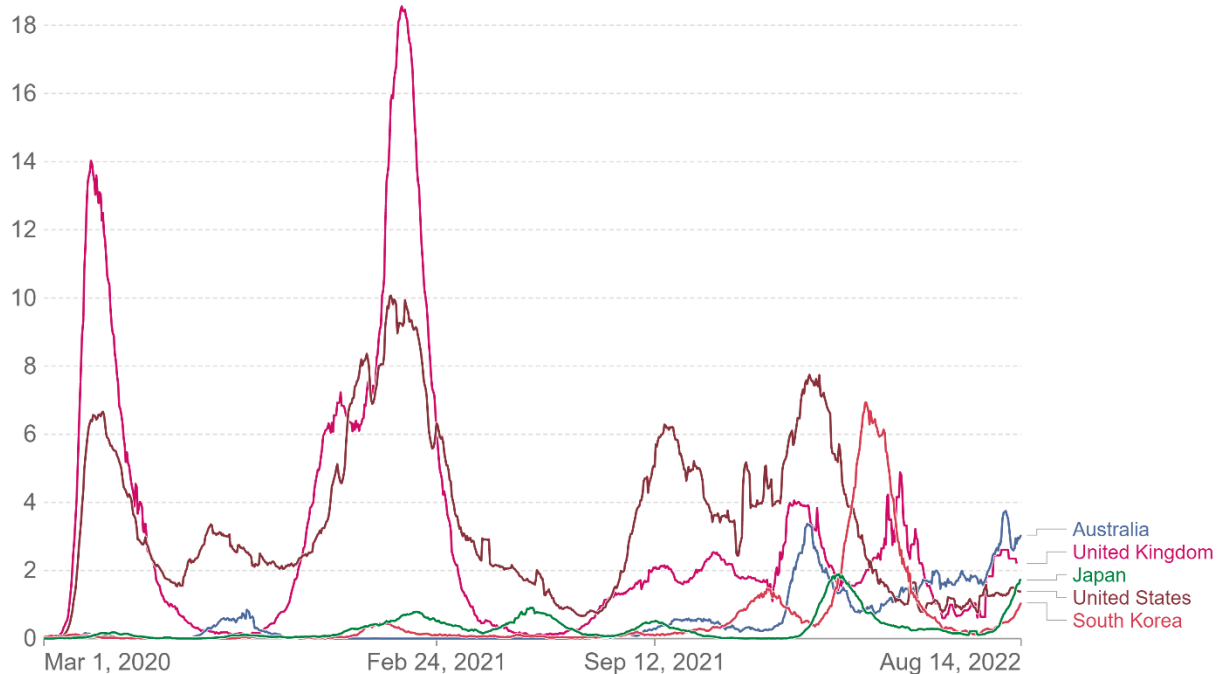
of the store, with shoppers pushing through, some making a successful escape. By Sunday, nearly 400 close contacts of the boy, who is asymptomatic, had been traced while 80,000 people had been ordered to undergo PCR testing, according to Shanghai Daily. The city endured a severe two-month lockdown earlier this year, and has since experienced flash lockdowns of areas where positive cases or close contacts with infected individuals have been detected.

#### 14. COUNTRY SPOTLIGHT: JAPAN

Japan is seeing a surge in the number of [COVID-19-related deaths](#) as the country wrestles with the ongoing seventh wave of the virus fueled by the BA.5 Omicron subvariant. The number of confirmed daily deaths linked to the virus has been exceeding 200 nearly every day in recent weeks. On Wednesday, new cases hit [record highs](#) in 15 of the country's 47 prefectures, while 286 deaths were reported nationwide. An expert panel under the health ministry cautioned people not to underestimate the Omicron variant; the proportion of fatalities among all Omicron carriers stood at 0.13 percent as of February, higher than the fatality count for seasonal influenza, which is estimated to be 0.006-0.09 percent.

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

7-day rolling average. Due to varying protocols and challenges in the attribution of the cause of death, the number of confirmed deaths may not accurately represent the true number of deaths caused by COVID-19.



Source: Johns Hopkins University CSSE COVID-19 Data

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Amid the country's rising case and death rate, Japan's [hospitals are struggling](#) to admit patients. Japan reported a record number of weekly cases of ambulances struggling to find a hospital for patients, reaching a high for a third week. The numbers comprise cases in which ambulance crews ask facilities for patient acceptance over four times. Sunday's record number of weekly ambulance cases is believed to have been caused by COVID-19 cases which remain high nationwide, in addition to a lack of open facilities during the Bon summer holidays (which began on August 13 and ended on August 16.)

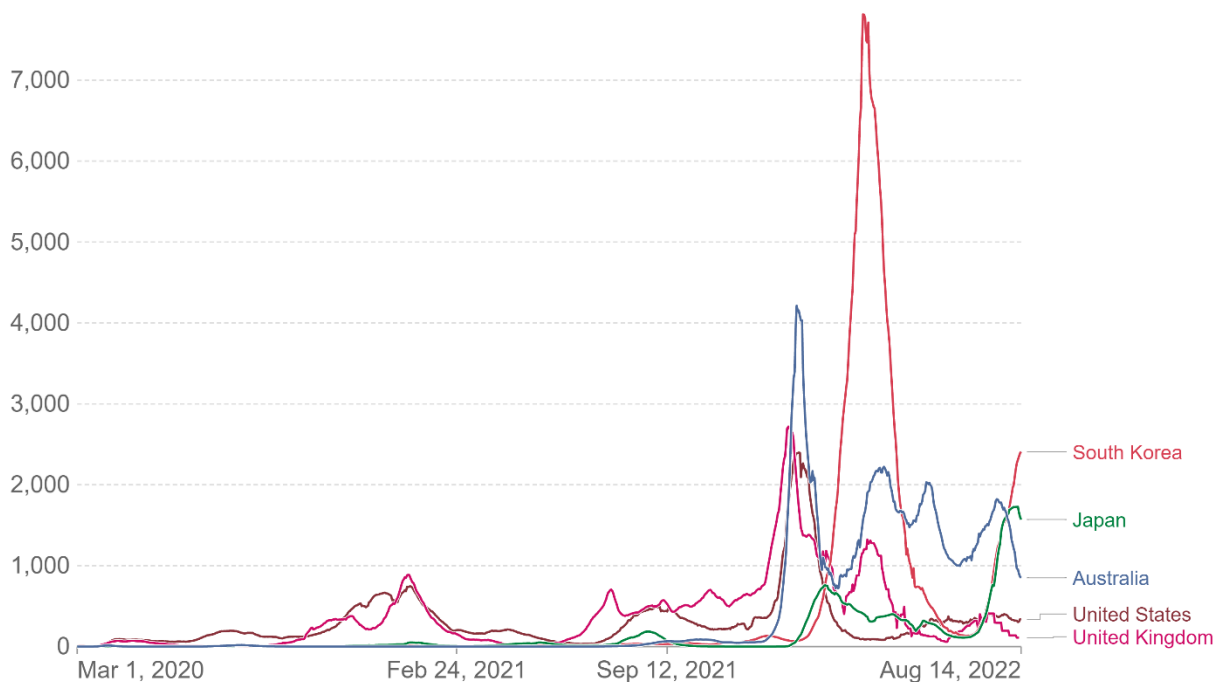
Despite Japan's rising COVID-19-related deaths and growing strain on hospitals, the public, having grown weary of virus precautions and tired of staying home, spurred an [economic bounce back](#). Increased spending on goods and services allowed for Japan's economy to grow at an annualized rate of 2.2 percent during Q2, according to government data shared on Monday. After the initial Omicron wave came to an end, shoppers and travelers flooded the streets; in turn, case numbers climbed back up to record highs. This time, fed up with self-restraint, the public reacted less fearfully, explained Izumi Devalier, head of Japan economics at Bank of America. "After the Omicron wave ended, we had a very nice jump in mobility, lots of catch-up spending in categories like restaurant and travel," she said. Still, Japan remains an economic laggard, noted Devalier, adding that consumers, especially the elderly, remain sensitive to COVID-19 risks.

At present, government-approved antigen testing kits are available at either medical facilities or select drugstores. But amid a shortage in kits, the government is planning to make [test kits available online](#) for those infected and have no underlying illnesses. A health ministry panel gave the green light on Wednesday for the plan, although it is unknown when manufacturers will have their products registered for approval for online distribution.

## 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

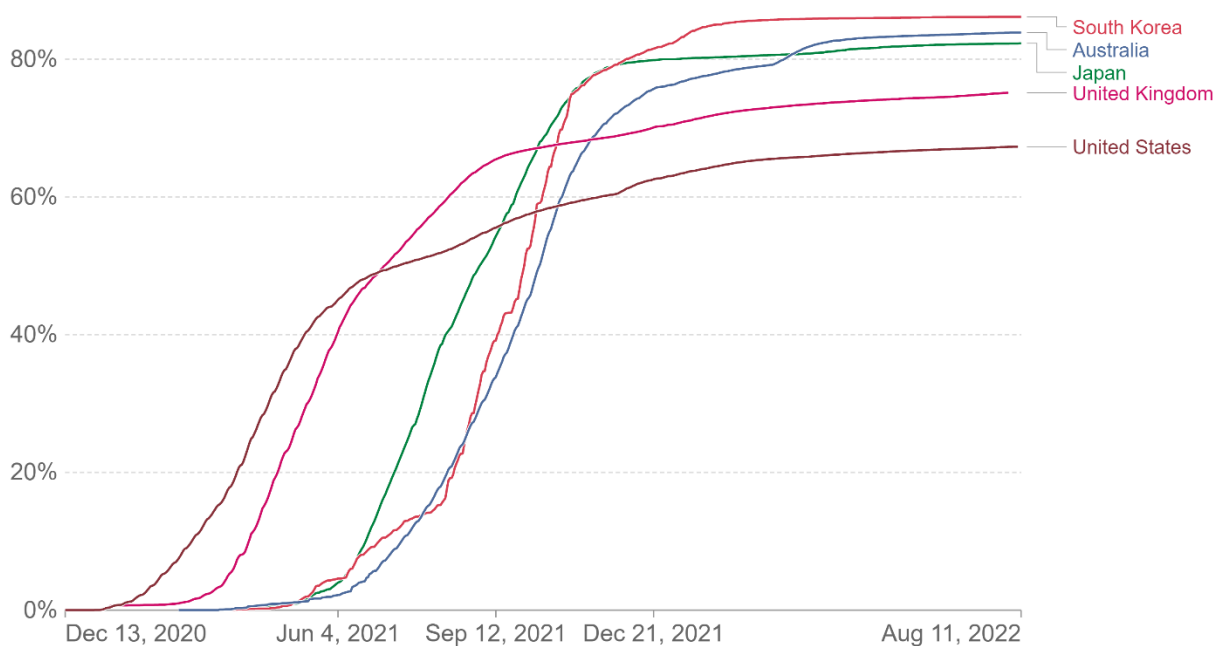
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## Share of people who completed the initial COVID-19 vaccination protocol

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.