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Sent: Friday, February 17, 2023 8:00 AM
To: Ingram, Diane
Subject: [EXTERNAL] Executive Insight Brief



Executive Insight Brief

February 17, 2023

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Aerospace & Defense

[Ukraine war pushes US to review arms stockpiles \(Financial Times\)](#)

The Pentagon is reviewing its weapons stockpiles and may need to boost military spending after seeing how quickly ammunition has been used during the war in Ukraine, the most senior US military official said. General Mark Milley, chairman of the joint chiefs of staff, said the return of 20th-century ground warfare tactics in Europe was forcing US planners to reconsider assumptions made in recent decades that had led military strategists to retool capabilities for counter- terrorism and irregular combat in theaters such as Iraq and Afghanistan. "One of the lessons of this war is the very high consumption rates of conventional munitions, and we are re-examining our own stockages and our own plans to make sure that we got it right," Milley said in an interview with the Financial Times. "We're trying to do the analysis so that we can then estimate what we think the true requirement would be. And then we have to put that in the budget," he added. "Ammunition is very expensive." Any review may result in an increase in the military's \$817bn annual budget. Milley's comments come on the heels of a high-profile tour of allied capitals last week by Ukrainian president Volodymyr Zelenskyy, who made repeated requests for the west to increase its supply of armaments. Ukraine has received more than \$29bn in either arms or defense spending from Washington since the conflict began. The joint chiefs chairman was in Brussels on Tuesday, meeting other countries allied with Kyiv to coordinate massive amounts of lethal assistance ahead of a planned Ukrainian counter-offensive in the spring. Milley's remarks, which come a week before the first anniversary of Russia's full-scale invasion of Ukraine, reflect a broader reckoning among western allies about the possibility of the war dragging on indefinitely. The quantity of munitions required by the conflict has exposed vulnerabilities in the US defense industry, which is trying to pivot from peacetime production levels, and has also been beset by pandemic-related shortages in parts and labor. Milley has been one of Washington's most prominent advocates for a negotiated settlement between Kyiv and Moscow. While he did not tie the depletion of stockpiles to his support for peace talks, he said he still believed the war would end at the negotiating table, with neither side likely to achieve their military aims.

[NATO summit defense spending pledges may exceed 2% target, Austin says](#)

[China Sanctions Lockheed Martin and Raytheon as Tensions Over Balloon Increase \(WSJ\)](#)

China has imposed fresh sanctions on the U.S.'s two largest defense contractors, a largely symbolic gesture that nevertheless signaled escalating tensions between the world's two largest economies following the shooting down of a Chinese balloon by an Air Force fighter jet. On Thursday, the Chinese Commerce Ministry said it blacklisted Lockheed Martin Corp. and an arm of Raytheon Technologies Corp. over the companies' arms sales to Taiwan. Putting the companies on its "unreliable entities list" prohibits them from export and import activities related to China. The sanctions have little real effect since American defense companies are broadly barred from making military sales to China. Raytheon is also one of the largest sellers of commercial jet engines and aircraft parts to Chinese airlines. The sanctions come on the heels of Washington's blacklisting of six Chinese companies it said were linked to Beijing's surveillance-balloon program after the U.S. shot down one that had traversed the U.S. The U.S. has slapped sanctions in recent years on an increasing array of Chinese tech companies as well as entities that it says are tied to China's military. China's Ministry of Commerce said its sanctions bar Lockheed Martin and Raytheon Missiles & Defense from conducting trade relating to China or making any new investments in the country, and bar senior company executives from entering the country. The Chinese ministry also said it was imposing fines on the two firms that are worth twice the value of the arms that each company has sold to Taiwan since September 2020. It said the fines should be paid within 15 days but didn't specify how it would try to enforce the punishment.

[EU seeks new Russia sanctions package, targets Iran's drones](#)

[Lawmakers seize on spy balloon to inflate defense spending \(Politico\)](#)

Defense hawks in Congress cite many reasons to keep money flowing to the Pentagon: enemy fleets, hypersonic missiles, nuclear threats. Now they have a new one, and it was shot down over the Atlantic Ocean on Feb. 4. Lawmakers and lobbyists are pouncing on a Chinese spy balloon's seven-day incursion over North America this month to push back against possible defense budget cuts — and make the case for even more funding — as Congress grapples with the growing threat from Beijing and doubts about the military's ability to detect similar objects. "I don't think there's one U.S. senator who has been going to these briefings that thinks that the message out of this is less defense spending," said Sen. Dan Sullivan (R-Alaska). His state has been at the center of two of the recent flights. Some advocates for reining in spending already see hawks leveraging the incident for a bigger Pentagon budget. "Every emergency is an excuse for more money," said Sen. Rand Paul (R-Ky.), who has argued Republicans should "give up the sacred cow" of never trimming military spending. With the specter of cuts hanging over the coming budget season, top GOP military boosters on Capitol Hill are already warning they won't vote for reductions to the Pentagon. They plan to use upcoming military posture hearings to outline the wide array of threats the U.S. faces as a case for more, not less, money. That's likely

to include tough questions for the four-star general overseeing the protection of domestic airspace about potential shortcomings in how the military track objects near or over the U.S. Lawmakers are already eyeing more funding to enhance and quickly field those capabilities. The Chinese spy balloon stoked bipartisan uproar both at Beijing and at the Biden administration's decision to wait to shoot it down. The incursions come as Congress debates military spending hikes after securing two straight increases to President Joe Biden's defense budgets. This fiscal year, lawmakers ladled on an extra \$45 billion to the administration's Pentagon plans, cementing a 10 percent increase to the defense budget.

Budget & Appropriations

[Deficit set to hit \\$1.4T this year amid persistent inflation, federal experts say \(Politico\)](#)

Inflation is unlikely to cool to the Federal Reserve's target of 2 percent until 2026, the Congressional Budget Office predicted in its annual fiscal outlook on Wednesday. Additionally, nonpartisan analysts at the agency said the federal deficit under President Joe Biden will hit \$1.4 trillion this year, with the gap between the amount of money the federal government spends and how much revenue it brings in widening by \$3 trillion more over the next decade than the independent budget office originally predicted last May. That's thanks in part to passage of legislation like Democrats' climate, tax and health bill and bipartisan legislation to boost semiconductor manufacturing, among other measures. The projections come as Republican leaders and the White House wrestle over the \$31.4 trillion federal debt, with conservatives pushing for spending cuts to chip away at the nation's rising credit card tab. Deficits as a share of the economy are expected to grow from 5.3 percent this year to 6.9 percent of GDP in a decade, "a level exceeded only five times since 1946," the independent budget office noted on Wednesday. Debt held by the public is also expected to reach its highest level ever recorded in the next 10 years, hitting 118 percent of GDP in 2033. The debt could skyrocket to 195 percent of GDP by 2053, thanks to growing interest costs and increased mandatory spending on programs like Medicare and Social Security, CBO analysts said. Inflation will "gradually" slow this year as demand starts to sync more closely with supply. But the budget office projects that inflation will be higher this year and next year than originally anticipated, with the Federal Reserve likely hitting its target inflation rate of 2 percent in 2027.

[D.C. drama: Dems weigh veto fight with Biden over crime bill](#)

[Pentagon's Unidentified-Object Office is Underfunded, Senators Say \(WSJ\)](#)

The Pentagon office set up to detect and identify mysterious objects, such as the three shot down by the U.S. jet fighters over the past week, was mistakenly underfunded, said Sen. Kirsten Gillibrand, the New York Democrat who pushed to create the office. The Pentagon last year established the classified All-domain Anomaly Resolution Office, or AARO, from legislative language Ms. Gillibrand and Sen. Marco Rubio (R., Fla.) put in the National Defense Authorization Act for fiscal year 2022. Ms. Gillibrand and Mr. Rubio are leading a bipartisan group of legislators seeking to correct the funding disparity, Ms. Gillibrand said Tuesday. AARO's mission to "serve as the authoritative office of the Unidentified Aerial Phenomena (UAP) and UAP-related activities for the DoD," Deputy Secretary of Defense Kathleen Hicks said in a memo last year, using the military term for UFOs. The office works with other federal agencies to detect objects of interest near military installations or other areas of interest. It is required to report regularly to Congress. Ms. Gillibrand said in an interview that the inadequate funding level was a mistake in the appropriations process that Congress uses to allocate federal funds, attributing the error to an apparent miscommunication. Ms. Gillibrand couldn't say exactly how much money AARO needs, calling it classified. She said she and Mr. Rubio plan to send a letter to the Defense Department, asking for money to be reappropriated to fund the office fully for this year. AARO's financial situation highlights some of the gaps in government when addressing sightings like those this week. AARO is part of the Military Intelligence Program, which is composed of several offices. The Pentagon requested \$26.6 billion for its fiscal year 2023 budget for those clusters of offices related to military intelligence.

[Mike Gallagher: A New Cold Warrior](#)

[GOP to 'tighten' rules for earmarks while embracing their revival \(Politico\)](#)

House Republicans are trying to pull off a seemingly impossible feat: Making the vilified practice of congressional earmarking both popular with the public and tolerable among their own naysayers. New rules that the GOP is hashing out are aimed at putting a new sheen on steering federal money to specific projects back home, a practice often derided within the party as wasteful government excess. The chamber's new majority plans to limit the types of projects that are eligible for guaranteed cash. For instance, they would prevent lawmakers from locking in funding for items like city parks and county museums — things that might brandish a member's name. Lawmakers would still be free to secure money for projects like building bridges or water systems, according to six people familiar with the decision who spoke on condition of anonymity. "We want to be even clearer about not doing commemorations, not doing 'monuments to me,' making sure there's absolutely no personal entanglements," said Rep. Tom Cole (R-Okla.), the party's No. 2 appropriator in the House. The move is, in part, a result of Speaker Kevin McCarthy's bargain with his Freedom Caucus detractors during the speaker's race last month. It's also the latest step in a longtime push to defuse the political risk behind the GOP's overwhelming support for

continuing earmarks — which were banned by Congress more than a decade ago at the behest of Tea Party activists aggrieved by member abuses of them. Under the newest constraints, House Republicans can claim they're cracking down on federal overreach, all while enjoying the spoils of a process that fiscal conservatives have famously derided as a "gateway drug to spending addiction." But the new spin won't necessarily ward off ultimatums from the sizable group of earmark opponents who made themselves known after the November midterms. A quarter of the conference opposed the push to eliminate the GOP's conference-wide ban on earmarks in a secret-ballot vote — a critical bloc that McCarthy and his team will need for broader spending bills this year. Negotiations on earmarks are ongoing and details are tightly held. But the final guidelines could be announced as soon as this month.

Advanced Technologies

[Navy eyeing Littoral Combat Ships as 'mothership' for unmanned platforms, SecNav tells lawmakers \(Breaking Defense\)](#)

The Navy is studying the potential of using Littoral Combat Ships as motherships for unmanned vessels, with the "current phase" of its study expected to wrap up in 2023, according to a letter to key lawmakers obtained by Breaking Defense. "The Navy continues to conduct fleet experimentation in pursuit of future capabilities across multiple platforms, including an ongoing study of the supporting infrastructure required to operate a future hybrid manned/unmanned fleet," Navy Secretary Carlos Del Toro wrote in a Feb. 1 letter. The memo was sent to House Armed Services Committee chairman Rep. Mike Rogers, R-Ala., and House Appropriations defense subcommittee chairman Rep. Ken Calvert, R-Calif. If the LCS can be used in such a manner, it could give new life to a ship that has been plagued with design and production issues almost from inception. While the Navy is actively seeking to retire the LCS from its inventory, lawmakers have fought back, with the argument that rather than scrap the ships the service should find a new way to use them. After back and forth debate, in the fiscal 2023 budget Congress allowed the Navy to retire five of the nine Littoral Combat Ships the service wanted to decommission. Del Toro's letter was prompted by a requirement in a previous defense spending bill directing the service to provide the congressional defense committees with information about "alternative uses" for the Littoral Combat Ship. "This effort uniquely focuses on dedicated platforms acting as a mothership for a variety of future unmanned capabilities," the letter continues. "To date, this study has analyzed current Navy platforms that could be repurposed for this concept." The letter also says the service is "exploring the potential use of LCS" for either foreign military sales or excess defense articles transfers.

[Space Command crafting requirements to improve satellite mobility](#)

[US 'Strike Force' to Thwart Theft or Use of Disruptive Technology \(Bloomberg\)](#)

US enforcement agencies are forming a “strike force” to combat adversaries trying to steal advanced technology, hack for financial gain or use new tools to collect intelligence. The move comes as government officials are grappling with how to respond to new threats such as the balloon they allege that China sent to collect intelligence. It was shot down off the coast of South Carolina on Feb. 4 after flying across the US. The “disruptive technology strike force,” led by the Justice and Commerce departments, will use intelligence and data to help identify early threats to trade secrets and protect critical supply chains, Deputy Attorney General Lisa Monaco said in a speech Thursday in London. “Today, autocrats seek tactical advantage through the acquisition, use and abuse of disruptive technology: innovations that are fueling the next generation of military and national security capabilities,” Monaco said at the independent research institute Chatham House. The US and its ally nations are grappling with how to respond to emerging technological threats and tumultuous geopolitical events, ranging from spying to the exploitation of capital investments and the theft of secret software algorithms. Monaco didn’t provide specific details on how the new strike force will be organized and what its initial efforts will include. But she said US prosecutors, agents and analysts use law enforcement tools in novel ways. analyzing foreign investments in US businesses to detect and to deter bad actors — all to protect American technology and know-how from being exploited by our adversaries,” she said. “Today, the greatest risks come not only from investment in our physical assets, but from transactions where datasets, software and algorithms are the assets.” She cited actions by the Chinese government as particularly concerning. “If a company is operating in China and is collecting your data, it is a good bet that the Chinese government is accessing it,” she said.

[Spy balloons, sky clutter and UFOs: what flies in the ‘forgotten space’?](#)

[U.S. Escalates Apple Probe, Looks to Involve Antitrust Chief \(WSJ\)](#)

The Justice Department has ramped up work in recent months on drafting a potential antitrust complaint against Apple Inc., according to people familiar with the matter. The investigation into whether Apple has monopoly power that it abuses began in 2019, but enforcers have escalated their efforts in recent months, with more litigators now assigned to the case and new requests for documents and consultations with companies involved, the people said. The Justice Department’s investigation deals in part with Apple’s policies

governing mobile third-party software on its devices, which has been the focus of much of the criticism targeting Apple's competitive practices. The department is also looking at whether Apple's mobile operating system, iOS, operates in an anticompetitive way by favoring its own products over those of outside developers, the people said. An Apple spokeswoman declined to comment. In the past, Apple has said it doesn't operate its business in a way that hurts developers. It has said that it embraces competition on the App Store, including when apps compete directly with Apple's own products. A Justice Department spokeswoman declined to comment. One question mark around the department's Apple investigation has been the involvement of its top antitrust official, Jonathan Kanter. The agency initially sidelined Mr. Kanter, who was confirmed in November 2021 as assistant attorney general for the antitrust division, from overseeing the Apple case because of his prior representation of clients who have accused Apple of anticompetitive behavior, the people said. The department subsequently has studied whether Mr. Kanter could be allowed to oversee the investigation and any lawsuit against Apple, the people said. The status of that process couldn't be learned, but the people said he likely would be involved in any action against Apple.

Military Installations & Communities

[Senator Asks Biden to Block Relocation of Space Command, Citing National Security Worries \(Military.com\)](#)

A U.S. senator is begging President Joe Biden's administration to reverse a 2021 decision to relocate U.S. Space Command from Colorado to Alabama, saying moving the headquarters would delay operations and harm national security. Sen. Michael Bennet, D-Colo., gave an impassioned floor speech Wednesday criticizing the decision to move Space Command's headquarters, a process which has been underway since the waning days of President Donald Trump's administration. Moving the command from Peterson Space Force Base in Colorado Springs to Huntsville, Alabama, would cause further delays in setting up a permanent headquarters as tensions continue to rise with China, he argued. "We cannot let China or Russia set the rules of the road for space in the 21st century," Bennet posted on Twitter prior to his speech. "America has to lead, and we don't have time to waste." In January 2021, during the last days of the Trump administration, the Department of the Air Force selected the Army's Redstone Arsenal in Huntsville as the preferred location for Space Command's permanent headquarters. Since that announcement, members of Colorado's congressional delegation in Washington have been fighting to have the decision reviewed in hopes of keeping the base, as well as 1,400 jobs and millions of dollars of economic impact, in their home state. But Bennet argued on the Senate floor Wednesday that his fight to reverse the decision goes beyond wanting to protect assets in his home state. He said keeping the headquarters in Colorado will allow it to reach full operational capacity sooner amid rising tensions with competitors.

[Lack of amphib is a training issue, says Marine Corps assistant commandant](#)

[A year on, Pentagon's border mission investigation still missing \(MilitaryTimes\)](#)

More than a year after a major investigation into the National Guard's federally controlled mission at the U.S.-Mexico border began, neither U.S. Northern Command nor Defense Department leaders can say when its findings will be released. Weeks after a December 2021 Military Times investigation revealed systemic and organizational issues with the mission throughout fiscal 2021, NORTHCOM announced an internal administrative investigation into a "wide range of alleged issues" there. The federally-controlled border mission, requested by the Department of Homeland Security and run by Joint Task Force-North, then consisted of an estimated 3,000 Guard troops stitched together from nearly three dozen units mobilized piecemeal from 20 states. The border force, known as Task Force Phoenix, experienced issues with alcohol and drug abuse that were compounded by command-and-control issues stemming from a hastily-assembled organizational structure. At least one cavalry troop operating in south Texas temporarily disbanded due to leadership problems, and an understrength battalion-level headquarters there needed additional manpower to control its more than 1,000 troops. Three died there. National Guard troops mobilized under the Pentagon's authority can provide only limited support to Border Patrol personnel due to legal restrictions on using federal troops for law enforcement. The command's deputy leader, Lt. Gen. A.C. Roper, was tapped to lead the Army Regulation 15-6 probe. Roper is an Army Reserve officer who served as the police chief in Birmingham, Alabama, from 2007 to 2017. He referred questions about the investigation to NORTHCOM public affairs officials when reached via social media. Roper submitted his findings in September. But even as migrant apprehensions and drug seizures remain at or near record highs, neither NORTHCOM nor defense department officials have said what the investigative team found, or even when the findings will be officially approved.

[Bill would launch clinical trials on cannabis use for vets pain, PTSD](#)

[Hundreds of tankers, recon jets grounded in hunt for faulty tail pins \(DefenseNews\)](#)

The Air Force is speeding up its hunt for a faulty component on hundreds of KC-135 Stratotankers that, if it failed in flight, could cause an aircraft's tail to fall off. Air Force Materiel Command on Tuesday directed maintainers to inspect the entire KC-135 aerial refueling fleet, as well as the RC-135 family of reconnaissance planes and the WC-135

Constant Phoenix radiation-sensing jet, for potentially faulty tail pins before their next flight. As of Sunday, 24 of the 90 KC-135s that were inspected had non compliant pins, the Air Force said. Planes with the proper parts have been cleared to fly. The components, formally known as “vertical terminal fitting pins,” help attach an aircraft’s tail fin — its “vertical stabilizer” — to the rest of the fuselage. The tail gives pilots control over a plane while turning. “We’re taking this action out of an abundance of caution, after consulting with our engineering experts,” said Col. Michael Kovalcheck, senior materiel leader in the Air Force Life Cycle Management Center’s legacy tanker division. “We are working closely with Air Mobility Command and all operational users and anticipate all potentially affected aircraft will be inspected.” The service owns about 360 KC-135s, plus around three dozen RC-135 and WC-135 variants that are based on the same Boeing-built fuselage. The Stratotanker fleet entered service in 1956, followed by the RC-135s in 1964 and the WC-135s in 1965. KC-135s with problematic pins are allowed to fly to a repair shop that will replace the part, AFMC said. The KC-135 program office said the fix can happen within a day, and most will take place at the Oklahoma City Air Logistics Complex, which is where the Stratotanker undergoes depot maintenance.

Homeland Security

[Pro-ISIS content at heart of Section 230 Supreme Court arguments \(The Hill\)](#)

The Supreme Court will have its sights set on Big Tech next week when it hears arguments involving Section 230, a controversial liability shield for online platforms, in cases in which Twitter, Google and Facebook are at the center. But the dispute may have broader impacts for diplomats and international organizations. It was brought about by families of terrorist attack victims for pro-ISIS content posted to and recommended on social media, but the companies also are arguing they don’t need Section 230 protections because they weren’t liable under a federal anti-terrorism law in the first place. Sen. Chuck Grassley (R-Iowa) and some legal scholars argue taking Big Tech’s position would let terrorism sympathizers off the hook, while other observers contend that holding the companies liable would lead foreign countries to reciprocate in their courts against the U.S. The justices will consider the dispute through two separate cases that present the same material issues. After considering how Section 230 applies in *Gonzalez v. Google* on Tuesday, the justices will turn to the anti-terrorism portion in *Twitter v. Taamneh* the following day. Rulings in the cases are expected by the summer. The latter case arose after an ISIS-linked attacker killed Nawras Alassaf and 38 other people at an Istanbul nightclub in 2017. Alassaf’s family sued Twitter, Facebook and Google by alleging the companies contributed to ISIS’s growth and that they could have taken more aggressive enforcement action to combat pro-ISIS content. The relatives brought the lawsuit under the Justice Against Sponsors of Terrorism Act (JASTA), which in 2016 amended the nation’s anti-terrorism laws to allow civil suits against entities that aid and abet terrorism. Congress passed JASTA to allow families of victims of 9/11 to sue Saudi Arabia, nearly unanimously

overriding then-President Obama's veto for the only time during his presidency.

[The financial system is alarmingly vulnerable to cyber attack](#)

[China Threat Raises Stakes for Navy's Cyber Offense Evolution \(Bloomberg\)](#)

Offensive information warfare will be critical in a possible future conflict with China, defense officials said at an industry conference Tuesday, using the war in Ukraine as an example. US adversaries are constantly studying and improving in the information warfare space, threatening infrastructure and co-opting social media messaging for political gain, Chris Cleary, the Navy's principal cyber advisor, told reporters at a media roundtable Tuesday. Flooding information channels with reasons the US shouldn't get involved in defending Taiwan and convincing enough of the American public to agree, Cleary said as an example, "The Chinese might be like, 'Well, we've won.'" Improved offensive capabilities are part of the Navy's "secure, survive, strike" Cyberspace Superiority Vision, said Cleary, whose roundtable was part of WEST 2023, a conference co-hosted by AFCEA International and the US Naval Institute. Cleary noted that the offensive cyberspace has traditionally been overly classified because it grew out of intelligence community activities. In order to better equip forces focused on cyber warfare, though, the Navy is making efforts to "professionalize" non-kinetic operations. "That wouldn't be a surprise then to infer that we're going to work with industry," Cleary said. The Navy is also "beginning to tiptoe" into information operation campaigns and going after "gray matter," he said. "It's not just turning your computer off. It's the information that comes through that computer that influences your own thought process."

[Homeland Security hires outside lawyers for potential impeachment](#)

[Mexico claims largest synthetic drug lab bust to date \(ABC News\)](#)

Mexican soldiers seized more than a half million fentanyl pills in a raid on what the army's announcement Wednesday called the largest synthetic drug lab found to date. The army said the outdoor lab was discovered in Culiacan, the capital of the northern state of Sinaloa. Sinaloa is home to the drug cartel of the same name. Soldiers raided the lab Tuesday and found almost 630,000 pills that appear to contain the synthetic opioid fentanyl. They also reported seizing 282 pounds (128 kilograms) of powdered fentanyl and about 220 pounds (100 kilograms) of suspected methamphetamines. "This is the highest-

capacity synthetic drug production lab on record during this administration,” the army said in a statement. Mexican drug cartels produce the opioid from precursor chemicals shipped from China, and then press it into pills counterfeited to look like Xanax, Percocet or Oxycodone. People often take the pills without knowing they contain fentanyl and can suffer deadly overdoses. The bust came on the same day that the U.S. Senate Foreign Relations Committee held a hearing on the huge number of U.S. fentanyl overdoses that occur annually, currently around 70,000. The committee's chair, Sen. Bob Menendez, a Democrat from New Jersey, called on Mexico to do more. “This means asking Mexico to do more to disrupt the criminal organizations from producing and trafficking fentanyl, although a politicized judiciary and incidents of Mexican security forces colluding with drug cartels will make that difficult,” he said.

Transportation & Infrastructure

[EPA chief pledges to hold train company accountable over Ohio toxic train disaster as residents' frustrations grow \(CNN\)](#)

The head of the US Environmental Protection Agency told CNN the agency plans to hold the train company Norfolk Southern accountable as investigations continue into the derailment of a train carrying hazardous chemicals earlier this month in a small Ohio town. Speaking to CNN's Jason Carroll on Thursday morning in East Palestine, Ohio, EPA Administrator Michael S. Regan said the agency has full authority to use its enforcement capabilities over the crisis. “We issued a notice of accountability to the company, and they've signed that, indicating that they will be responsible for the cleanup,” Regan told CNN. “But as this investigation continues, and as new facts arise, let me just say, and be very clear, I will use the full enforcement authority of this agency, and so will the federal government, to be sure that this company is held accountable.” The interview comes two weeks after a train carrying toxic chemicals derailed in East Palestine, a town of under 5,000 people along the Ohio-Pennsylvania border. The derailment led to a blaze that lasted for days and the ordered evacuation of residents until local and state officials declared that the air and water were safe enough for people to return. State officials have repeatedly said water from the municipal system – which is pulled from five deep wells covered by solid steel casing – is safe to drink. However, the state's EPA encouraged residents who get water from private wells to get that water tested, the governor's office said. Despite the assurances, a chemical odor lingered days afterward and officials estimate thousands of fish were killed by contamination washing down streams and rivers, fueling residents' concerns about water and air safety. Hundreds of East Palestine residents attended a town hall Wednesday night to express their frustrations and mounting distrust. The train operator had agreed to attend but later pulled out of the event due to safety concerns.

[6 key things to know after the toxic train derailment in Ohio](#)

[Air India Places Record Order for 470 Planes From Airbus and Boeing \(New York Times\)](#)

An Indian airline has ordered a record 470 planes, worth more than \$100 billion at list prices, from Boeing and Airbus, in a sign of the scale of the post-pandemic rebound in the aviation industry and the growing market in India. The deals, struck by Air India, are part of an ambitious overhaul by the Tata Group, the powerhouse conglomerate that took control of the carrier about a year ago. It is planning to buy 220 jets from Boeing and 250 from Airbus, and is expected to pay less than list price, as is typical in such transactions. In a statement, President Biden said the Boeing order would support more than one million American jobs, many of which would not require a college degree. He also said the deal reflected the strength of the ties between the United States and India. President Emmanuel Macron of France echoed a similar sentiment with respect to Airbus. Both leaders spoke separately with Prime Minister Narendra Modi of India. The airline business is booming in India, with the government planning to build 80 new airports over the next five years. Boeing has projected that passenger traffic in the country will increase 7 percent annually over the next two decades. Tata Group is buying single-aisle and wide-body jets from both Boeing and Airbus, which expect to start deliveries late next year. Tata, which makes the Land Rover, operates the historic Pierre Hotel in New York and sells Tetley tea globally, also owns two other airlines — Vistara, a full-service carrier in partnership with Singapore Airlines, and AirAsia India, a budget airline. The company operates 230 aircraft and employs thousands of pilots and crew members.

[Airbus Boosts Wide-Body Production, Increasing Pressure on Boeing](#)

[Tesla agrees to open chargers to public amid White House electric vehicle push \(Politico\)](#)

The Biden administration unveiled moves Wednesday to expand the nation's supply of electric vehicle chargers — including opening up thousands of Tesla's proprietary stations to rival companies' cars and trucks. The upgrades will allow Tesla to qualify for federal dollars under the administration's plans to build a national network of 500,000 chargers, and comes despite two years of on-and-off tension between CEO Elon Musk and President Joe Biden's administration. Tesla's pledge is among a growing list of private-sector commitments, hailed by the White House, that are aimed at putting 100,000 new public chargers on the nation's roads. Administration officials also rolled out new minimum standards that chargers will have to meet to receive a share of \$5 billion in electric vehicle charging grants. And they issued final requirements for domestic manufacturing of those

chargers. Tesla, which operates the nation's second largest charging network behind ChargePoint, has agreed to make at least 7,500 of its chargers — nearly half its current total of Superchargers — open to non-Tesla electric vehicles for the first time. Those Tesla chargers are now compatible only with its own cars. Cars that use a rival charging standard known as CCS — which include most of the electric vehicle market besides Tesla — will be able to use select Tesla chargers after the company installs new stations and upgrades software and hardware by the end of 2024, according to administration officials. Mitch Landrieu, the Biden administration's infrastructure coordinator, said he and other administration officials met with the heads of top automakers last year to discuss expanding the electric vehicle charging network. He said Musk indicated then that "his intent was to work with us to make his network interoperable."

Biotechnology & Healthcare

[US M&A: primary care dealmaking is in rude health \(Financial Times\)](#)

Merger and acquisition activity in the US has yet to stir from its sick bed following a weak 2022. One sector remains in rude health, however. Patient care has emerged as a bright spot for Wall Street financiers as companies jostle to take advantage of a shift in how medical care is paid for in the US. Interest in healthcare transactions bucks a broader trend. Only 1,090 deals, worth \$100bn, have been announced so far this year, according to data from LSEG. That marks a 50 per cent drop in volume and an even steeper 60 per cent decline in value from the same period last year. CVS Health agreed to buy primary care provider Oak Street Health last week for \$10.6bn. That comes just months after the drugstore operator snapped up home care provider Signify Health for about \$8bn. Even Amazon is wading in, buying primary care operator One Medical for about \$3.9bn last summer. A push to reduce healthcare spending and increase efficiency forces consolidation. The US federal government is the top customer, providing \$1.6tn on Medicare and Medicaid healthcare benefits in 2021 — or more than a third of the total. In recent years, government programmes have shifted towards value-based care. Unlike the traditional fee for service model, the value-based approach tries to reward doctors for keeping patients healthy instead of paying for every service they perform. Helping people stay healthy, and manage their chronic health problems, ideally means fewer costly hospital stays. Primary care clinics and home care services can deliver this preventive care well. More money is expected to be spent in this area. That partly explains why the defensive S&P Healthcare index has climbed over the past year while the broader market fell. There are downsides to primary care M&A. Target prices are high. Opening and running medical practices is capital intensive. Neither Oak Street nor One Medical is profitable. Companies with large health insurance divisions such as CVS and UnitedHealth have better odds of benefiting from acquisitions by reducing claims.

5 leading healthcare trends for 2023

Health industry could be playing defense on Medicare (Axios)

After years of trying to squash the expansion of government-funded health care and preserve business from private payers, the healthcare industry is suddenly facing new threats to the revenue it receives from Medicare. Behind all of the political posturing around sustaining the program is a cold, hard fact — the program's trust fund is expected to go bankrupt as soon as 2028. To prevent that from happening, lawmakers have three options: raise taxes, cut benefits, or cut payments to the healthcare industry. House Republicans' statements on Medicare have been carefully worded, and notably don't say that the program shouldn't be touched. After warning that Medicare is "on the pathway to insolvency," House Energy and Commerce Committee Chair Cathy McMorris Rodgers said in a statement last week that "Republicans stand ready to strengthen and preserve these programs, without cutting benefits to seniors." Republicans are shining a spotlight on the program's long-term finances as they call for federal spending reductions. But the GOP has ruled out tax increases as a solution and is acutely aware that it will be hammered by Democrats if it proposes benefit reductions for seniors. Amid all of the debt ceiling and spending drama, the Biden administration has proposed two Medicare Advantage payment rules that threaten insurers' profits. The first claws back billions of dollars in overpayments made to insurers for administering private Medicare plans over the last few years. The second, which was proposed earlier this month and has not been finalized, would decrease payments to Medicare Advantage plans by more than 2% next year, insurers say. The payment update could translate into a \$540 decrease in benefits per member per year, according to an Avalere analysis funded by the Better Medicare Alliance and released yesterday. Democrats have already reduced what Medicare will pay pharmaceutical companies in the future through the Inflation Reduction Act, which allows the program to negotiate the cost of certain drugs and imposes financial penalties to companies whose price increases outpace inflation.

With \$520 million in hand, two entrepreneurs try to upend the biotech funding model

Moderna CEO Stéphane Bancel will testify before Senate next month on Covid vaccine price hike (CNBC)

Moderna CEO Stéphane Bancel will testify before the Senate health committee in March over the company's price for its Covid-19 vaccine when the shots are sold on the private

market. Sen. Bernie Sanders, chairman of the health panel, confirmed in a statement on Wednesday that Bancel would appear at a hearing titled: "Taxpayers Paid Billions For It: So Why Would Moderna Consider Quadrupling the Price of the COVID Vaccine?" Bancel will testify at 10 a.m. ET on March 22. The Moderna CEO stirred controversy last month when he said the company could increase the price of the shots to \$110 to \$130 a dose, significantly higher than the \$26 the U.S. government pays for the omicron boosters. Sanders sent a letter to the CEO calling the proposed price hike "outrageous." Moderna, in a statement Wednesday, said it will provide the vaccines to the uninsured at no cost through a patient assistance program. "For uninsured or underinsured people, Moderna's patient assistance program will provide COVID-19 vaccines at no cost," the company said. Sanders, in a letter to Bancel last month, slammed the proposed price hike as "outrageous" because the vaccine was developed in cooperation with the National Institutes of Health using taxpayer money.

Climate & Development

[World Bank President, Dogged by Climate Questions, Will Step Down Early \(New York Times\)](#)

David Malpass, the embattled president of the World Bank, said on Wednesday that he would step down by June, roughly a year before his term expires. Mr. Malpass, who was nominated in 2019 for a five-year term by President Donald J. Trump, has overseen an organization that lends billions of dollars each year to poor countries grappling with health crises, hunger, conflict and a warming planet. But last September he came under fire for his own views on climate change. When asked if he accepted the overwhelming scientific consensus that the burning of fossil fuels was causing global temperatures to rise, he demurred. "I'm not a scientist," he said. The exchange, during a live interview at a New York Times event, set off a slow-motion public relations crisis for Mr. Malpass that came to a head on Wednesday when he said he would resign from his role by June 30. "Having made much progress, and after a good deal of thought, I've decided to pursue new challenge," Mr. Malpass, 66, said in a statement that was issued shortly after he informed the board of the bank as well as senior staff about his intention to resign. Asked about the reason for his early departure, Mr. Malpass said in a text message that he was "very proud of my over four years of hard, successful work here." "I'm leaving on my own schedule, having managed effectively through multiple global crises," he said. During his tenure, Mr. Malpass led the bank through a global recession triggered by the coronavirus pandemic and Russia's war in Ukraine, which upended the world economy. The departure of Mr. Malpass is likely to add new urgency to sweeping changes that were already underway at the World Bank. It will also give President Biden, who came to office with an ambitious climate agenda, the opportunity to install a leader whose term will stretch until 2028.

[US leads search for new World Bank chief with climate at heart](#)

[Oil Demand to Hit New Record This Year as China Reopens, IEA Says \(WSJ\)](#)

The world will burn more oil than ever this year, the International Energy Agency forecast, as China's emergence from Covid-19 lockdowns returns global crude demand to its upward, pre pandemic trajectory. The Paris-based energy watchdog said in a monthly report that it expects oil demand to grow to a record 101.9 million barrels a day this year, propelled almost entirely by booming demand in Asia. The figure is 200,000 barrels a day more than the IEA was forecasting last month. That translates into some two million barrels a day of annual growth this year. Asian nations will account for 1.4 million barrels a day of that, and China alone will account for 900,000 barrels a day, the IEA said. After some of the world's most draconian Covid-19 lockdowns, China abandoned most of those restrictions late last year. Demand for aviation fuels is expected to soar by 1.1 million barrels a day globally this year to 7.2 million barrels a day, roughly 90% of global pre pandemic demand. January, in particular, saw an uptick in air travel around China's Lunar New Year holiday, the IEA said. The IEA also boosted its supply forecast Wednesday, attributing that to the surprising resilience of Russian crude production despite Western sanctions. Global Covid-19 restrictions knocked crude-oil demand sharply, sending prices reeling. While most experts assumed crude demand would eventually return to pre pandemic levels, it has taken longer than some had expected and has yet to reach its 2019 peak of 100.5 million barrels a day. Longer term, the IEA has projected overall oil demand would peak some time in the middle of the next decade, plateauing until about 2050, and then falling. It cited an accelerated push by governments away from fossil fuels, driven in part by energy-security concerns stemming from Russia's invasion of Ukraine.

[The US plan to become the world's cleantech superpower](#)

[Soaring fuel bills may push 141m more into extreme poverty globally \(The Guardian\)](#)

Soaring energy prices triggered by the Russia-Ukraine conflict could push up to 141 million more people around the globe into extreme poverty, a study has found. The cost of energy for households globally could have increased by between 62.6% and 112.9% since Russia's invasion of Ukraine, according to a modeling study by an international group of scientists published in Nature Energy. The study modeled the impact of higher energy prices on the spending of 201 groups, representing different expenditure levels, in 116 countries, covering 87.4% of the global population. Despite efforts by governments to insulate consumers from the price rises, researchers estimated that overall household

expenditure rose by between 2.7% and 4.8%. As a result, they estimate that an additional 78–141 million people worldwide could be pushed into extreme poverty.

Next Week's Hearings

Armed Service Committees

House: None Listed

Senate: None Listed

Appropriation Committees

House: None Listed

Senate: None Listed

Homeland Security Committees

House: None Listed

Senate: None Listed

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