

Washington Update

June 28, 2024

This Week In Washington

Senate – The Senate was in recess.

House – The House passed the Department of Defense Appropriations Act of 2025 ([H.R. 8774](#)), the Department of State, Foreign Operations, and Related Programs Appropriations Act of 2025 ([H.R. 8771](#)), and the Department of Homeland Security Appropriations Act of 2025 ([H.R. 8752](#)).

Biden Administration – On June 26, Vice President Kamala Harris [announced](#) the recipients of the new grants under the Pathways to Removing Obstacles to Housing (PRO Housing) grant competition. The Department of Housing and Urban Development is awarding \$85 million in funding through PRO Housing to 21 winners.

Supreme Court – On June 28, the Supreme Court of the United States overturned the Chevron Doctrine in a 6-3 decision. The Chevron Deference previously allowed federal agencies to interpret congressional statutes. According to the [opinion](#), the Court held that “courts may not defer to an agency interpretation of the law simply because a statute is ambiguous.” This decision will potentially have far-reaching impacts, such as diminishing federal agencies' ability to craft policy based on their scientific expertise.

Next Week In Washington

Senate – The Senate will reconvene on Monday, July 8, and is expected to continue processing nominees.

House – The House will reconvene on Monday, July 8, and may consider the Legislative Branch Appropriations Act of 2025 ([H.R. 8772](#)).

TAX

Senator Sanders Introduces Legislation to Impose a Windfall Profits Tax on Large Corporations

Key Points:

- *Senator Sanders (I-VT) has introduced legislation that would impose a windfall tax on “excessive” profits earned by large corporations.*
- *Specifically, the bill would place a 95 percent tax on all profits above a company’s average profit level from 2015 to 2019, with adjustments for inflation.*
- *The legislation would only apply to revenue in 2024, 2025, and 2026.*

On June 21, Senator Sanders (I-VT) announced the introduction of his [bill](#) to impose an income tax on the excess profits of certain corporations. According to a [press release](#), the legislation would impose a 95 percent windfall tax on “excessive profits of large corporations that are using inflation as an excuse to charge the American people outrageous prices on the products they sell.” The legislation, which was co-sponsored by Senator Markey (D-MA), also has a House companion bill led by Representative Bowman (D-NY).

The legislation would specifically impose a 95 percent windfall tax on companies’ profits that exceed their average profit level from 2015 to 2019, with inflationary adjustments. Notably, the tax would only apply to companies that make more than \$500 million in revenue per year and would be limited to 75 percent of a company’s income in the current year. In addition, the tax would only apply to revenues in 2024, 2025, and 2026. Senator Sanders’ office argues in a [summary sheet](#) that the proposed tax parallels similar tax regimes employed during World War I, World War II, and the Korean War used to mitigate war profiteering. The office further maintains that companies impacted by the legislation would be able to “make a reasonable return on their investments, but they would not be able to make windfall profits by ripping off American consumers.”

While relevant as a proposal by a senior Senator, it is extremely unlikely that such a proposal would move absent some significant developments such as a sweep by Democrats in the November election giving them control over Congress and the White House, and even in that case would be subject to significant debate.

For more information about tax issues, you may [email](#) or call Christopher Hatcher at 202-659-8201. Noah Hawkins contributed to this section.

FINANCIAL SERVICES

House Financial Services Committee Receives Testimony from HUD and FHFA Inspectors General

Key Points:

- *Republicans questioned the Inspectors General on the Biden Administration's push for FHFA to renew the title insurance waiver pilot program.*
- *Republicans accused the Biden Administration of violating the HATCH Act, but Democrats refuted these claims.*

On June 26, the House Financial Services Committee Housing and Insurance Subcommittee held a [hearing](#) entitled "Housing Oversight: Testimony of the HUD and FHFA Inspectors General". Full Committee Ranking Member Maxine Waters (D-CA) urged the Committee to "get serious" and pass the Housing Crisis Response Act of 2023 ([H.R. 4233](#)) to create over a million affordable homes, the Ending Homelessness Act of 2023 ([H.R. 4232](#)) to end homelessness, and the Downpayment Toward Equity Act of 2023 ([H.R. 4231](#)) to restore the American dream of home ownership.

Subcommittee Chairman Warren Davidson (R-OH) discussed the HUD Evaluation and Optimization Commission Act of 2024 ([H.R. 8302](#)) which would create a bipartisan commission to assess HUD and provide recommendations. He highlighted FHFA oversees about 70 percent of the federal housing market through Fannie Mae and Freddie Mac. He noted FHFA is supposed to promote homeownership and help first time borrowers but has moved forward with a new title insurance waiver program with no transparency and is considering a second lien proposal. He stated the proposal would add more debt against a secured asset and not just expose borrowers to problems with their mortgages but expose the entire mortgage-backed securities market.

Subcommittee Ranking Member Emanuel Cleaver (D-MO) declared the U.S. will never reduce or eradicate poverty without affordable housing.

Export-Import Bank Chair Lewis Testifies Before the House Financial Services Committee

Key Points:

- *Members on both sides of the aisle recognized the benefit of Ex-Im to combat Chinese dominance.*

- *Republicans expressed concern about Ex-Im allowing the Biden Administration to hinder projects that do not align with his climate directives.*

On June 27, the House Financial Services National Security, Illicit Finance, and International Financial Institutions Subcommittee held a [hearing](#) entitled “The Role of the Export-Import (Ex-Im) Bank of the United States Amid Intensifying Economic Competition with China.” Subcommittee Chairman Blaine Luetkemeyer (R- MO) said the bid for global economic domination by the Chinese Communist Party (CCP) is the biggest threat to national and international security. He noted the CCP does not follow trade and export credit financing rules. He said the Export-Import Bank of the U.S. (Ex-Im) is an important tool to compete against China. He added insurance and reinsurance risk-sharing program help boost American exporters and small businesses. He noted Ex-Im's profit results from successful risk management. He stated Ex-Im has sent \$9 billion to the U.S. Treasury for debt reduction since 1992. He said the Ex-Im charter lapse between 2015 and 2019 led foreign export credit agencies (ECAs) to fund projects. He stated the lapse led to job offshoring.

Subcommittee Ranking Member Joyce Beatty (D-OH) noted Ex-Im supports U.S. jobs and companies competing abroad. She said 90 percent of Ex-Im's authorizations directly benefit U.S. small businesses. She noted China and Transformational Exports Program (CTEP) allows U.S. exporters to compete with China in the ten transformational export areas. She highlighted artificial intelligence, renewable energy, finance technology, and semiconductors as transformational export areas. She noted historical bipartisan support for the bank.

House Financial Services Hearing on SEC Chair Gensler's Equity Market Structure Reforms

Key Points:

- *Democratic Members expressed interest and concern in the impact of artificial intelligence on the financial sector.*
- *Democrats and Republicans sent letters to Chair Gensler urging the SEC to analyze how reforms would impact the market prior to implementation.*
- *Members on both sides of the aisle highlighted the negative impacts SEC reforms could have with Representative Frank Lucas (R-OK) relating them to a vacuum.*

On June 27, the House Financial Services Capital Markets Subcommittee held a [hearing](#) entitled, “Solutions in Search of a Problem: Chair Gensler's Equity Market Structure Reforms.” Chair Ann Wagner (R-MO) said it is the job of the SEC to implement regulations

backed by ample research and planning. She explained the U.S. has the best and most liquid equity markets in the world. She said over the last 20 years, U.S. equity markets have become more competitive, efficient, and accessible. She explained the SEC proposed four new market regulations that could hurt participants in the U.S. markets. She said in October of 2023, the SEC created a [proposal](#) aimed at restricting volume-based trading in the market. She noted the SEC created five proposals within a year. She explained the already implemented [amendment](#) to update Rule 605. She noted the amendments to Rule 605 increased disclosures to capture more transparent market data. She stated the amendment of Rule 605 passed unanimously and voiced her support for the amendment. She said the new regulation will create more accurate information disclosure. She stated the new findings from the updated Rule 605 should be reviewed to determine if other proposals should be implemented or not. She reiterated the SEC has not identified clear problems and failures in the current market structure. She said market participants must be made better off for more amendments to be implemented.

Ranking Member Brad Sherman (D-CA) noted the SEC is discharging the mandates given to them by statute specifically the Dodd-Frank Wall Street Reform and Consumer Protection Act ([P.L. 111-203](#)). He said SEC investigators found investors are losing \$1.5 billion a year. He said entities who report zero-cost transactions are disingenuous and are misleading lenders to increase the day trading and gamification in the market. He said the SEC needs to work with the Financial Industry Regulatory Authority (FINRA) to enhance transparency of spreads, total costs, and best available executions. He said 90 percent of retail orders go to wholesalers. He noted the government should do everything possible to discourage the trade going to wholesalers. He said the government should encourage trade to go through exchanges because the public will be informed, and the consolidated audit trail is there. He noted crypto has moved towards more regulation, but the House of Representatives attempted to decrease crypto regulation when Congress created the Financial Innovation and Technology for the 21st Century Act (FIT 21) of 2024 ([H.R.4763](#)). He stated FIT 21 would have enabled stocks and bonds to avoid proper regulation. He noted the Senate blocked FIT 21. He said trading relies heavily on spreads. He stated the SEC needs to deal with exchanges insulating themselves from liability when they make mistakes. He said the SEC needs to shift the practical liability upon the brokers.

Treasury Sanctions Iranian Shadow Banking Network

Key Points:

- *The Treasury's sanctions eliminate U.S. entities from conducting transactions with blacked entities.*

- *This action supports U.S. national security efforts and builds on OFAC's previous actions against MODAFL in 2023.*

On June 25, the U.S. Treasury's Office of Foreign Assets Control (OFAC) sanctioned around 50 entities and individuals connected with a "shadow banking" network utilized by Iran's Ministry of Defense and Armed Forces Logistics (MODAFL) and the Islamic Revolutionary Guard Corps (IRGC). The "shadow banking" network provides sanctioned Iranian entities with access to the international financial system, ability to procure advanced weapons, and ability to financially support Iranian backed groups like Houthis.

Deputy Secretary of the Treasury Wally Adeyemo [stated](#):

"We have sanctioned hundreds of targets involved in Iran's illicit oil and petrochemical-related activity since President Biden took office, and we will continue to pursue those who seek to finance Iran's destabilizing terrorist activities. We continue to work with allies and partners, as well as the global financial industry, to increase vigilance against the movement of funds supporting terrorism."

SCOTUS Rules Against the SEC

Key Points:

- *The SCOTUS ruling against the SEC checks the agency's authority within the financial sector.*
- *The SEC continues to review the ruling's impact on its administrative authorities.*

On June 27, the Supreme Court of the United States (SCOTUS) voted 6-3 to uphold the ruling that the Securities and Exchange Commission's (SEC) enforcement of laws protecting investors from securities fraud regarding a Texas-based hedge investor was unconstitutional. This ruling determines the SEC seeking penalties for fraud instead of a federal court violates the Seventh Amendment right to a trial by a jury.

Chairman of the House Financial Services Committee Patrick McHenry (R-NC) celebrated the ruling [saying](#):

"The decisions handed down by the Court this week, from the overturning of Chevron to SEC v. Jarkesy, offer a welcome check to this Administration's overzealous regulators and their weaponization of the federal bureaucracy."

Chief Justice John Roberts [stated](#):

“The SEC's anti-fraud provisions replicate common law fraud, and it is well established that common law claims must be heard by a jury.”

Upcoming Hearings and Meetings

July 3

CFTC: Commissioner Pham is scheduled to speak on three panels at the Point Zero Forum to discuss [AI and DLT Adoption](#), [Global AI Regulatory Landscape](#), and [Digital Money Regulation](#).

July 9

Monetary Policy: The Senate Banking Committee will hold a hearing on the Semiannual Monetary Policy Report to the Congress, with Federal Reserve Board Chairman Jerome Powell testifying.

July 10

Monetary Policy: The House Financial Services Committee may hold a hearing on the Semiannual Monetary Policy Report to the Congress, with Federal Reserve Board Chairman Jerome Powell testifying.

July 11

FDIC, SEC, FSOC, Treasury Nominations: The Senate Banking Committee will hold a hearing on the following nominations: Christy Goldsmith Romero to be Chairperson and Member of the Board of Directors of the Federal Deposit Insurance Corporation (FDIC); Caroline Crenshaw to be a Member of the Securities and Exchange Commission (SEC); Kristin Johnson to be an Assistant Secretary (Financial Institutions), Department of Treasury; and Gordon Ito to be a Member of the Financial Stability Oversight Council (FSOC).

July 24

SEC: SEC Chair Gensler will participate in a [Fireside Chat](#) with the Office of Minority and Women Inclusion.

For more information about financial services issues you may email [Joel Oswald](#) or [Mahlet Makonnen](#). Ashley Kinder contributed to this section.

ENERGY & ENVIRONMENT

Upcoming Hearings and Events

July 11

Pipeline Inspections: The Pipeline and Hazardous Materials Safety Administration (PHMSA) will hold a [virtual meeting](#) titled “Validate In-Line Inspection (ILI) Capabilities to Detect/Characterize Mechanical Damage.” The meeting will discuss research conducted by the Pipeline Research Council International (PRCI) that drew on inline inspection (ILI), “energy pipeline operating company, and mechanical damage assessment subject matter experts to employ and extend existing testing protocols aimed at evaluating ILI system performance and identifying areas for improvement.”

July 25

FERC Open Meeting: The Federal Energy Regulatory Commission (FERC) will hold its monthly [open meeting](#).

September 10-11

Electric Generation Interconnection: FERC will hold a [workshop](#) on “Innovations and Efficiencies in Generator Interconnection.” FERC intends for the workshop to “provide a public forum for the presentation and discussion of opportunities for further innovation and increased efficiency in the generator interconnection process.”

For more information about energy and environment issues you may [email](#) or call Frank Vlossak at 202-659-8201.

HEALTH

House Appropriations Subcommittee Marks Up FY25 LHHS Bill

Key Points:

- *On June 27, the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies held a markup.*
- *The draft proposes a seven percent cut in funding for the Department of Health and Human Services (HHS) and a 22 percent cut for the Centers for Disease Control and Prevention (CDC).*

On June 27, the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies held a [markup](#) and favorably reported the following bill to the Full Committee:

- [H.R.](#), FY25 Labor, Health and Human Services, Education, and Related Agencies Act by a voice vote.

The draft of the FY25 LHHS bill proposes a seven percent cut in funding for HHS and a 22 percent cut for the CDC. Although the bill maintains a steady funding level for the National Institutes of Health (NIH), it would consolidate 27 research centers into 15. Subcommittee Chair Robert Aderholt (R-AL) stressed the importance of stopping out-of-control spending and critically viewing some of these programs. Ranking Member Rosa DeLauro (D-CT) expressed concerns about how the draft eliminates funding for Title X family planning and cut \$150 million from programs at the Substance Abuse and Mental Health Services Administration (SAMHSA).

House Ways and Means Marks Up Health Care Bills

Key Points:

- *On June 27, the House Ways and Means Committee held a markup on four health care bills.*
- *The Nancy Gardner Sewell Medicare Multi-Cancer Early Detection Screening Coverage Act was favorably reported to the House, as amended, by a vote of 38-0, and the Treat and Reduce Obesity Act (TROA) was favorably reported to the House, as amended, by a vote of 36-4.*

On June 27, the House Ways and Means Committee held a [markup](#) and favorably reported the following bills to the House:

- [H.R. 2407](#), the Nancy Gardner Sewell Medicare Multi-Cancer Early Detection Screening Coverage Act, as amended, by a vote of 38-0.
- [H.R. 8816](#), American Medical Innovation and Investment Act, as amended, by a vote of 40-0.
- [H.R. 1691](#), Ensuring Patient Access to Critical Breakthrough Products Act, as Key amended, by a vote of 36-5.
- [H.R. 4818](#), the Treat and Reduce Obesity Act (TROA), as amended, by a vote of 36-4.

Chairman Jason Smith (R-MO) advocated for the Nancy Gardner Sewell Medicare Multi-Cancer Early Detection Screening Coverage Act, which grants access to new screening technology that can detect multiple types of cancer through Medicare. He also supported the passage of TROA because it corrects the urgent need to address continuity of care by allowing Medicare to cover anti-obesity medications for new Medicare patients already taking the drug. Ranking Member Richard Neal (D-MA) applauded the progress made during the 2024 open enrollment period in which over 21.4 million Americans got access to affordable health insurance through the Affordable Care Act (ACA). He also applauded the improvements made to the Nancy Gardner Sewell Medicare Multi-Cancer Early Detection Screening Coverage Act. He expressed concerns about TROA because it rations access to anti-obesity medication through Medicare.

CMS Cuts the Price of 64 Drugs that Outpaced Inflation

Key Points:

- *On June 26, HHS revealed that 64 Medicare Part B drug prices will be reduced for eligible Medicare beneficiaries.*
- *The eligible drugs will have a decreased Part B coinsurance rate from July 1, 2024 through September 30, 2024.*

On June 26, HHS [revealed](#) that the prices of 64 Medicare Part B drugs will be reduced for eligible beneficiaries. The eligible drugs will have a decreased Part B coinsurance rate from July 1, 2024, to September 30, 2024, because each drug company raised prices faster than the rate of inflation.

According to White House Domestic Policy Advisor Neera Tanden, “Without the Inflation Reduction Act, seniors were completely exposed to Big Pharma’s price hikes. Not anymore. Thanks to President Biden and the new Medicare inflation rebate program, seniors are protected and benefitting from lower Part B drug costs. The Biden Administration will

continue fighting to bring down the cost of health care and prescription drugs for all Americans.”

A fact sheet is available [here](#).

FDA Issues Draft Guidance on Diversity Requirements for Clinical Trials

Key Points:

- *On June 26, the Food and Drug Administration (FDA) issued draft guidance to assist medical product sponsors for Diversity Action Plans.*
- *These plans aim to increase enrollment of participants of historically underrepresented populations in clinical studies.*

On June 26, the FDA issued [draft guidance](#) to assist medical product sponsors for Diversity Action Plans. These plans aim to increase enrollment of participants of historically underrepresented populations in clinical studies. Dr. Richard Pazdur, Director of the FDA's Oncology Center of Excellence and acting director of the Office of Oncologic Diseases in the FDA's Center for Drug Evaluation and Research, discussed the importance of enrollment in trials saying, “These plans may help ensure that sponsors are thinking critically and intentionally about the many characteristics of the patient population they aim to treat when designing their clinical study”.

The draft guidance covers the format, content, and submission guidelines for Diversity Action Plans. These plans must cover the sponsor's goals and execution plans separated by populations relevant to the study. The guidance recommends sponsors consider other areas of diversity that may be represented in their study. The requirement to submit a plan applies to clinical studies whose enrollment begins 180 days after the final guidance is published. Comments are currently being accepted until September 26, 2024, and can be submitted [here](#).

For more information about health care issues you may [email](#) or call Nicole Ruzinski Bertsch at 202-659-8201. Windsor Warlick and Maddy Suna contributed to this section.

CYBERSECURITY, PRIVACY, AND ARTIFICIAL INTELLIGENCE

House Homeland Security Committee Holds Hearing on U.S. Cyber Workforce

Key Point:

- *The House Committee on Homeland Security held a hearing addressing America's cyber workforce gap, the latest in a series of efforts from lawmakers aimed at growing and diversifying the sector. Witnesses highlighted several potential improvements to the workforce pipeline, including efforts to improve talent recruitment and streamline security clearance protocols.*

On June 26th, the House Committee on Homeland Security held a [hearing](#) on filling America's cyber workforce gap, the latest in a series of efforts from lawmakers aimed at growing and diversifying the sector. The hearing featured four federal government officials, representing the Department of Homeland Security (DHS), Department of Defense (DOD), National Institute of Standards and Technology (NIST), and the Office of the National Cyber Director (ONCD). Members of Congress from across the aisle took the opportunity to ask witnesses about the government's cumbersome hiring process, highlighting significant issues with talent recruitment and onerous clearance protocols.

In his [testimony](#) to the Committee, Seeyew Mo, Assistant National Cyber Director at the Office of the National Cyber Director (ONCD), explained that "The problem is clear—we need more talent, not only in the Federal government, but also in state, local, tribal, and territorial governments, and the private sector. The number of open cyber jobs—approximately a half-million nationwide—is enormous and the trend line must improve."

Witnesses and Members alike offered potential solutions to the cyber workforce shortage, highlighting strategies to both educate and train employees while also streamlining the government's cumbersome security clearance processes. Eric Hysen, Chief Information Officer at the U.S. Department of Homeland Security (DHS), took the opportunity to discuss the agency's Cybersecurity Talent Management System, which focuses on improving the federal government's recruitment efforts and targets underrepresented populations that have historically faced barriers to the cyber workforce. "Hysen said DHS is laying early groundwork for a more robust cyber talent pipeline, building partnerships for K-12 cyber curricula across the country and training thousands of educators already this year" ([CyberScoop](#)). Similarly, Rodney Petersen, director of the National Institute of Standards and Technology's (NIST) National Initiative for Cybersecurity Education, highlighted his department's workforce recruiting and training efforts at two-year colleges, historically Black colleges and universities, and other minority-serving institutions.

ONCD is also focused on security clearance reform for the workforce. Mo cited significant progress on reducing average wait times and refining the “pool hiring process,” which requires just one certificate per applicant that “multiple agencies can jump on.” Streamlining the clearance process offers another potential solution to the industry’s skilled workforce shortage.

Although the hearing highlighted a suite of potential improvements to the cyber workforce pipeline, witnesses urged that there is a lot that needs to be done. “There’s no one single solution. There’s no silver bullet,” Mo said. “We’re fixing a lot of processes along the way.”

CISA Findings Indicate Half of Critical Open-Source Projects Contain Memory-Unsafe Code

Key Point:

- *This week, CISA released guidance highlighting significant memory safety vulnerabilities within critical open source software projects, many of which comprise the IT stacks used by government agencies and the private sector. The report makes the case for “memory safe roadmaps,” intending to address the cybersecurity vulnerabilities posed by memory spillover risks.*

This week, the Cybersecurity and Infrastructure Security Agency (CISA) released new [guidance](#) aimed at addressing memory safety vulnerabilities within critical open source software (OSS) projects. In its report, the agency cited findings that over half of OSS projects rely on code that does not internally manage memory spillover risks, exposing them to potential exploitation by hackers.

The nation’s top cybersecurity agency estimated that 52 percent of 172 projects listed by the Open Source Security Foundation contain code deemed as memory unsafe, with the largest projects disproportionately written in memory-unsafe languages. CISA concludes that most critical OSS projects, even those written in memory-safe languages, potentially contain cybersecurity vulnerabilities. The agency’s guidance responds to recent intrusion attempts into open-source software. These applications, which are free to download, often comprise large parts of the IT stacks used by government agencies and the private sector. “Memory-unsafe languages require developers to properly manage memory use and allocation. Mistakes, which inevitably occur, can result in memory-safety vulnerabilities such as buffer overflows and use after free. Successful exploitation of these types of vulnerabilities can allow adversaries to take control of software, systems, and data” ([CISA](#)).

Specifically, the guidance calls for the adoption of memory-safe roadmaps by software manufacturers, those of which are designed to address safety concerns, particularly in external dependencies. “CISA and other U.S. cyber authorities have been pushing developers to solely use memory-safe code, though a paradigm shift would be a major undertaking for organizations who have propped up their systems on varied code types” ([Nextgov/FCW](#)).

House Homeland Security Hearing Raises Cyber Insurance Concerns

Key Point:

- *This week, the House Committee on Homeland Security, Subcommittee on Cybersecurity and Infrastructure Protection held a hearing to discuss the cybersecurity of U.S. critical infrastructure systems. Experts and industry representatives highlighted concerns with cyber insurance, urging that a standardized policy could help stabilize the market.*

On Thursday, the House Committee on Homeland Security, Subcommittee on Cybersecurity and Infrastructure Protection held a [hearing](#) to discuss the cybersecurity of U.S. critical infrastructure. Experts and industry representatives raised concerns that U.S. businesses face obstacles in securing cybersecurity insurance needed to hedge against the impact of breaches, stating that standardized cyber insurance policy would help address the issue.

In her testimony to the Committee, Kimberly Denbow, Vice President of Security and Operations at the American Gas Association, stated that there are a limited number of cyber insurance providers willing to write policies and that when policies are available their terms are difficult to understand.

Ranking Member Eric Swalwell (D-CA) agreed with the industry’s concerns, stating that “Demand for cyber insurance has increased, premiums have gone up, and some issuers are reluctant to write new policies. So, we are in a unique position to bring certainty and stability to the market.”

As cyber operations perpetrated by bad actors increasingly target critical infrastructure, federal officials warn that the largely privately owned critical infrastructure sectors “should not expect to be entirely successful at fending off hackers.” Cybersecurity and Infrastructure Security Agency (CISA) officials have told owners and operators to “focus on ensuring that critical systems are resilient against attacks to fend off worst-case scenarios” ([CyberScoop](#)).

Matthew McCabe, Managing Director of Cyber Broking at Guy Carpenter & Co. LLC, expressed additional concern, stating that cyber insurance does not typically cover acts of war. As a result, the business community questions the extent to which insurance policies would cover damages linked to conflict.

Members and witnesses alike discussed the potential of a federal “backstop” for the cyber insurance industry. Under the proposal, the federal government would provide financial protection for the market in the event of large-scale insurance losses. Still, experts explained that crafting such a backstop at the federal level would face major hurdles.

Upcoming Hearings and Meetings

July 01

U.S. Institute of Peace: The United States Institute of Peace holds a virtual [discussion](#), beginning at 9 a.m., on "Cyber Scams and Human Trafficking in Cambodia and Vietnam."

July 02

The Association of the U.S. Army: The Association of the U.S. Army [holds](#) a "Hot Topic" forum at 8 a.m. on "Cyber & Information Advantage."

For more information about cybersecurity issues you may email [Mahlet Makonnen](#) or [Frank Vlossak](#). Gray Eisler contributed to this section.

TRADE

Senator Brown Calls on Biden Administration to Oppose U.S. Steel Acquisition, Address Mexican Steel Import Surge

Key Points:

- *Senator Brown (D-OH) has led a letter urging the Biden Administration to oppose Nippon Steel's acquisition of U.S. Steel.*
- *On the same day, Senator Brown issued a letter to USTR Tai urging action to address the influx of Mexican steel imports.*

On June 25, Finance Committee Members Senator Brown (D-OH) and Senator Casey (D-PA), as well as Senator Fetterman (D-PA) sent a [letter](#) to Treasury Secretary Yellen, Commerce Secretary Raimondo, and U.S. Trade Representative (USTR) Tai criticizing Nippon Steel's plan

to acquire U.S. Steel. The letter asserts that “Nippon Steel’s planned acquisition of U.S. Steel stands to destabilize our trade enforcement system that is in place to safeguard American industry, workers, and national security from bad actors.” The three Senators in the letter note that Nippon Steel’s history of dumping practices has harmed the U.S. steel industry, specifically citing past rulings from the International Trade Commission (ITC) which concluded that Nippon Steel dumped nickel-plated, cold-rolled, corrosion-resistant, and hot-rolled flat steel in the U.S. market. In turn, the letter suggests that Nippon Steel’s acquisition of U.S. Steel could impede future ITC antidumping rulings. The correspondence also argues that Nippon’s acquisition could result in U.S. Steel exiting a market “with little explanation,” specifically noting that U.S. Steel declined to provide critical data to the ITC and exited a market without explanation upon Nippon’s announced plans to acquire it. In addition, the signatories caution that the acquisition could allow Nippon Steel to avoid trade regulations by using an “American company” designation to “undermine trade cases from the inside.” In turn, the letter calls on the Biden Administration to protect U.S. workers by blocking the acquisition.

On the same day, Senator Brown issued a letter to USTR Tai and National Security Advisor Sullivan calling for them to “take action to mitigate the unsustainable surge of Mexican steel imports into the U.S. market.” Specifically, the letter states that Mexican steel imports are 472 percent over the historic baseline. Senator Brown asserts in the correspondence that surging Mexican steel imports are unsustainable and that the Biden Administration must act to “take remedial action to stop China and other countries from routing steel imports through Mexico to evade tariffs.”

House CCP Committee Holds Hearing on Semiconductors, Ships, and Drone Supply Chains

Key Points:

- *The House CCP Committee recently held a hearing to discuss supply chain challenges for shipbuilding, semiconductors, and drones.*
- *The hearing included consideration of additional Section 301 investigations to combat Chinese non-market practices in critical sectors.*

On June 26, the House Select Committee on the CCP held a hearing entitled, “From High Tech to Heavy Steel: Combatting the PRC’s Strategy to Dominate Semiconductors, Shipbuilding, and Drones.” The hearing, which sought to cover the CCP’s control over critical national security supply chains, included testimony from the American Enterprise Institute and the Alliance for American Manufacturing. Within his opening remarks, Chairman John Moolenaar (R-MI) cautioned that U.S. industrial capacity has waned while China’s has

increased. Specifically, he stated that the CCP has utilized illegal subsidies, “hardball tactics,” intellectual property theft, and forced labor to gain a “stranglehold” over critical global supply chains. In turn, Chairman Moolenaar called for actions to revitalize domestic industries, rebuild the nation’s shipbuilding capacity, and reduce the prevalence of Chinese drones in the U.S. market. Further, Ranking Member Krishnamoorthi (D-IL) asserted in his opening remarks that additional trade enforcement actions, such as Section 301 investigations, may be necessary to counter the CCP’s unfair and non-market practices relating to ships, semiconductors, and drones.

The hearing shortly follows a [letter](#) from Chairman Moolenaar and Ranking Member Krishnamoorthi urging Commerce Secretary Raimondo to regulate Chinese drones in the U.S. that pose national security risks. Within their June 13 letter, the two signatories argued that drones should be considered within Commerce's proposed rulemaking aimed at considering national security risks for connected vehicles.

Business Groups Call on Senate Finance Committee to Reauthorize GSP

Key Points:

- *Over 300 American businesses have signed a letter urging the Senate Finance Committee to renew GSP and refund tariffs on program-eligible goods.*
- *The letter also requests that any legislative solution to reauthorize GSP include expanding competitive need limitations, among other reforms.*

On June 19, over 300 American businesses signed a [letter](#) led by the Coalition for GSP urging Senate Finance Chairman Wyden (D-OR) and Ranking Member Crapo (R-ID) to pass legislation to renew the Generalized System of Preferences (GSP). Within the letter, the signatories argue that multiple small business owners have accrued “huge personal debts” and that U.S. companies have paid \$3.7 billion in extra taxes on GSP-eligible products since the program expired in January 2021. Further, the letter supports retroactive refunds for duties on GSP-eligible goods, asserting that such refunds follow decades of pre-established legislative precedent. The correspondence argues that modest changes to the GSP Reform Act ([H.R. 7986](#)) could ensure GSP’s long-term utility and effectiveness. Specifically, the signatories argue for a legislative solution that includes the CNL Update Act ([H.R. 6555](#)), which would include a 5 percent annual growth provision and increase competitive need limitations for businesses to \$600 million under the program. In addition, they argue that additional analysis should be required before changes to rules of origin requirements are made. In turn, the letter cautions that Congress should ensure that altered eligibility criteria do not deter long-term investments or participation in the program. Further, it calls on the

Committee to restore duty-free treatments for nations that lost eligibility before the program expired like Turkey and India.

The correspondence follows a Senate Finance Committee hearing held on June 5 focused on renewing GSP, the African Growth and Opportunity Act, and other trade preference programs. Within the hearing, Senate Finance Chairman Wyden expressed support for renewing GSP and called on the Committee to consider how the program can expand labor and environmental standards globally.

For more information about trade issues you may [email](#) or call Christopher Hatcher at 202-659-8201. Noah Hawkins contributed to this section.