Washington Update

July 19, 2024

This Week In Washington

Senate – The Senate was in recess.

House – The House was in recess.

Biden Administration – On July 16, the Biden Administration announced new actions to lower housing costs and make rent more affordable. President Biden called on Congress to pass legislation forcing landlords to either cap rent increases on existing units at five percent or risk losing their federal tax breaks. The Administration also plans to repurpose federal land to build more affordable homes.

Next Week In Washington

Senate – The Senate will reconvene on Tuesday, July 23, and is expected to continue processing nominees.

House – The House will reconvene on Monday, July 22, and may consider the Financial Services and General Government Appropriations Act (H.R. 8773), the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act (H.R. 9027), the Department of the Interior, Environment, and Related Agencies Appropriations Act (H.R. 8998), and the Energy and Water Development and Related Agencies Appropriations Act (H.R. 8997).

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TAX

Senator Vance's Legislation Outlines His Key Tax Priorities as Former President Trump's New Running Mate

Key Points:

- *Senator Vance (R-OH), former President Trump's new running mate, has introduced legislation in the 118th Congress that outlines his key tax policy priorities.*
- *The legislation skews from the party's traditional tax priorities, with Senator Vance supporting legislation to tax unrealized gains for shareholders during corporate mergers.*

On July 15, former President Trump announced his selection of Senator Vance (R-OH) as his running mate for the 2024 presidential election. Among other policies, Senator Vance's stances on tax policy have proven to be unique compared to the traditional Republican platform. Specifically, Senator Vance was the Republican cosponsor of the Stop Subsidizing Giant Mergers Act (S. 4011) alongside Senator Whitehouse (D-RI). The bill, aimed at preventing companies from engaging in tax-free mergers, would notably tax individual shareholders on unrealized share gains during such a merger.

As far as bills he introduced himself, Senator Vance sponsored the Encampments or Endowments Act (S. 4295) which would prohibit colleges and universities from acquiring federal aid if they fail to remove disruptive encampments from their campuses. Similarly, Senator Vance sponsored the College Endowment Accountability Act (S. 3514) to raise the excise tax for net investment income derived by an endowment from 1.4 percent to 35 percent. This would only apply to secular, private higher education institutions that have $10 billion or more in assets under management. That threshold would currently include 14 schools, many from the Ivy League but also including MIT, Emory, Washington University of St. Louis, Johns Hopkins, Duke, Northwestern, Notre Dame and Stanford.

Senator Vance has also introduced legislation (S. 3516) to impose a 10 percent fee on all remittances outside the U.S. to prevent illegal activities like drug trafficking. He argues that U.S. citizens would not be impacted by the change, and the revenue raised would be used to further fund border enforcement.

In addition, Senator Vance drafted legislation (S. 2962) that would repeal the Clean Vehicle Credit, the Credit for Previously Owned Electric Vehicles, the Credit for Commercial EVs, and the Alternative Fuel Vehicle Refueling Property Credit. In turn, it would establish a new credit up to $7,500 for new gas- and diesel-powered vehicles. The credit would only apply to individuals earning less than $150,000 or couples earning less than $300,000, and eligible vehicles must be assembled domestically with domestic parts and workers.

The GOP's 2025 policy platform released the week prior outlined the party's intent to make the individual tax provisions of the TCJA permanent, including permanently double the standard deduction, expand the child tax credit, and included a new (non-TCJA) proposal to eliminate taxes on tips for hospitality and restaurant workers, and one to expand qualified uses of 529 plans for K-12, including charter school expenses.

House Ways and Means, Senate Finance Committees Set to Face Loss of Members in 119th Congress

Key Points:

- *In the 119th Congress, the House Ways and Means Committee will lose several senior Members.*
- *Although to a lesser extent, the Senate Finance Committee is also expected to lose several Committee Democrats in the next Congress.*

In the upcoming 119th Congress, the House Ways and Means Committee and the Senate Finance Committee are expected to reflect a marked difference from their 2017 makeups. Notably, only six House Ways and Means Republicans have stayed on the Committee since 2017: Chairman Jason Smith (R-MO), Representative Buchanan (R-FL), Representative Adrian Smith (R-NE), Representative Kelly (R-PA), Representative Schweikert (R-AZ), and Representative LaHood (R-IL). A few additional Committee Republicans, including Representative Estes (R-KS), were in Congress but were not yet on the Committee. Compared to the six Committee Republicans that were present in 2017, 11 Committee Democrats have remained on the Committee since 2017: Ranking Member Neal (D-MA), Representative Doggett (D-TX), Representative Thompson (D-CA), Representative Larson (D-CT), Representative Blumenauer (D-OR), Representative Pascrell (D-NJ), Representative Davis (D-IL), Representative Sanchez (D-CA), Representative Sewell (D-AL), Representative DelBene (D-WA), and Representative Chu (D-CA). Out of those 11, ten are expected to remain on the Committee in the 119th Congress.

In contrast, the Senate Finance Committee has seen better retention of Committee members since 2017 but has lost many heavyweight legislators, such as Senator Toomey (R-PA), Senator Portman (R-OH), Senator Burr (R-NC), Senator Enzi (R-WY), and Senator Isakson (R-PA). Committee Democrats are expected to lose to retirement Senator Cardin (D-MD), Senator Stabenow (D-MI), and Senator Carper (D-DE). Several others face potentially competitive elections, such as Senator Brown (D-OH). Finally, Senator Menendez

(D-NJ) was found guilty of 16 counts of bribery, and while he maintains he is seeking reelection as an independent, it seems likely he will not be on the Finance Committee in the 119th Congress.

Upcoming Hearings and Meetings

July 23

Tax-Exempt Flows Tied to Antisemitism: On Tuesday, the House Ways and Means Committee will hold a hearing entitled, "Fueling Chaos: Tracing the Flow of Tax-Exempt Dollars to Antisemitism." The hearing will be held in 1100 Longworth House Office Building at 10:00 a.m., and webcast as well.

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

Agencies Issue Final Rule to Help Ensure Credibility and Integrity of Automated Valuation Models; OCC Acting Comptroller Warns on Risks to Banking

Key Point:

- *The final rule is intended to establish quality control standards for AVMs used to value homes.*

On July 17, six federal regulatory agencies issued final interagency guidance to implement standards for the use of automated valuation standards. It is intended to ensure the credibility and integrity of automated valuation models (AVMs) utilized for valuing certain mortgage-related transactions. The rule requires institutions that engage in specific transactions to "secured by a consumer's principal dwelling to adopt policies, practices, procedures, and control systems designed to ensure a high level of confidence in estimates, protect against data manipulation, seek to avoid conflicts of interest, require random sample testing and reviews, and comply with nondiscrimination laws."

Separately, Acting Comptroller of the Currency, Michael Hsu, gave a speech to the Exchequer Club regarding "Size, Complexity, and Polarization in Banking". Hsu cautioned about three "underappreciated long-term risks to banking" including, failing "to update the regulatory foundations for large bank risks repeating the 2008 financial crisis," lack of attention to the "growing complexity of arrangements between banks and nonbanks risks an increase in consumer harm, runs, and potential threats to monetary stability," and "[a]llowing polarization to grow unchecked risks fragmenting the banking system to the detriment of communities, consumers, and the economy." He concluded that the OCC "is uniquely positioned to address each of these" risks, noting the OCC's strong supervision track record, the development of third-party risk management guidance, and preemption of state laws.

Treasury Group Unveils Guidance for Financial Sector on Cloud Adoption

Key Points:

- *CFPB Director Chopra expressed concern for the lack of "bargaining leverage" at smaller financial institutions.*
- *The guidance was created with a focus on the capabilities of smaller institutions in utilizing cloud technology.*

On July 17, the Treasury Department and the Financial Services Sector Coordinating Council (FSSCC) published resources for financial services companies regarding sound practices for secure cloud adoption. As part of this effort, the Treasury Department had established a public-private partnership, the Cloud Executive Steering Group, to help identify gaps. The guidance published includes a "roadmap for comprehensive or hybrid cloud adoption, best practices for third-party risks tied to cloud service providers, an assessment of existing oversight authorities for cloud providers, and strengthened transparency and monitoring of cloud services for "security by design" practices." The guidance was created with smaller financial institutions in mind with thew current cloud market predominately dominated by larger institutions connected to Big Tech companies.

Consumer Financial Protection Bureau Director Rohit Chopra observed that the financial system "is deeply reliant on a handful of powerful Big Tech cloud service providers," adding that this work "will help protect the financial industry from outages and disruption by leveling the playing field between financial firms of all sizes and big cloud service providers."

The Treasury Department and FSSCC "plan to publish additional items related to cloud cyber incident response coordination and cloud concentration risk as they are completed throughout the year."

CFPB Proposes Interpretive Rule on Paycheck Advance Products

Key Points:

- *CFPB utilized eight companies, which partner with employers offering loans based on earned wages, data from 2021- 2022 to inform the proposed rule.*
- *CFPB conducted analysis of markets, investigations, and collaboration with state regulatory bodies to support the proposed rule.*

On July 18, the Consumer Financial Protection Bureau (CFPB) issued a proposed interpretive rule to "help market participants determine when certain existing requirements under federal law are triggered" regarding the emerging paycheck advance product market. The proposed rule focuses on addressing certain costs related to extensions of credit including expedited delivery fees and payments marked as "'tips', 'gratuities', 'donations'" or "'voluntary contributions.'" This rule demonstrates many paycheck advance products are consumer loans and therefore subject to the Truth in Lending (TILA) Act. CFPB Director Rohit Chopra stated, "Paycheck advance products are often marketed to and designed for employers, rather than employees. The CFPB's actions will help workers know what they are getting with these products and prevent race-to-the-bottom business practices."

Release of Bipartisan House Financial Services Committee AI Working Group Staff Report

Key Points:

- *The Staff Report includes feedback from roundtables focused on capital markets, housing and insurance, financial institutions and nonbank firms, and national security and illicit finance.*
- *The roundtables which informed the report consisted of federal agencies under the Committee's jurisdiction, market participants, and consumer advocates.*
- *The working group consists of 12 members coming from both sides of the aisle.*

On July 18, House Financial Services Committee Chairman Patrick McHenry (R-NC) and Ranking Member Maxine Waters (D-CA) released the Committee's bipartisan Working Group on Artificial Intelligence's (AI) staff report focused on "identifying existing and growing AI use cases across the financial services and housing industries, including the range of benefits and potential risks the technology poses, and the hurdles to adopting the technology." The Working Group is led by Digital Assets, Financial Technology, and Inclusion Subcommittee Chairman French Hill (R-AR) and Subcommittee Ranking Member Stephen Lynch (D-MA).

Chairman Patrick McHenry (R-NC) stated, "This report represents a bipartisan effort to understand the benefits, and potential risks, of artificial intelligence in the financial services and housing industries. It also highlights the need for proper oversight and consumer protections that address the growing number of use cases for artificial intelligence." Ranking Member Maxine Waters (D-CA) added, "The Working Group looked into the implications of this new technology and how government and industry should advance AI responsibly and equitably. While there is still so much work to do, I'm pleased that we are on the right track. As our report makes clear, this Committee will not only lead the way in overseeing AI to ensure equity, fairness, and privacy, but also get to work on crafting legislation to maximize the benefits of AI for all communities, including communities of color, while maintaining America's global leadership in AI development."

Subcommittee Chairman French Hill (R-AR) said, "We met with industry leaders and financial regulators to unpack AI's impacts on existing laws and what gaps may exist. Our members have worked tirelessly to find common ground, and this report highlights our commitment to driving innovation, protecting privacy rights of Americans, and ensuring that the United States takes a thoughtful approach while striving to be a global leader in AI development and use."

Upcoming Hearings and Meetings

July 22

FSGG Appropriations: The House Committee on Rules will meet to provide for rules for floor consideration of the FY25 Financial Services and General Government Appropriations Act (H.R. 8773), the FY25 Department of the Interior, Environment, and Related Agencies Appropriations Act (H.R. 8998), FY25 Energy and Water Development and Related Agencies Appropriations Act (H.R. 8997), and FY25 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act (H.R. 9027).

July 23

Payments, Zelle: The House Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations will hold a hearing entitled, "Instant Payments, Instant Losses: Zelle and the Big Banks Fail to Protect Consumers from Fraud."

AI: The House Financial Services Committee will hold a hearing entitled, "AI Innovation Explored: Insights into AI Applications in Financial Services and Housing."

Post-Chevron: The Committee on House Administration will hold a hearing titled, "Congress in a Post-Chevron World."

July 24

SEC: SEC Chair Gensler will participate in a Fireside Chat with the Office of Minority and Women Inclusion.

Housing and Insurance: The House Financial Services Housing and Insurance Subcommittee will hold a hearing entitled, "Housing Solutions: Cutting Through Government Red Tape."

July 25

National Security: The Senate Banking Housing and Urban Affairs Committee will hold a hearing entitled, "Advancing National Security Through Export Controls, Investment Security, and the Defense Production Act."

July 30

SEC: The SEC will hold a Small Business Capital Formation Advisory Committee Meeting to discuss "matters relating to rules and regulations affecting small and emerging businesses and their investors under the federal securities laws."

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 23

NRC: The House Energy and Commerce Committee's Energy, Climate, and Grid Security Subcommittee will hold a hearing on the Nuclear Regulatory Commission's (NRC) Fiscal Year 2025 budget request.

Pending Legislation: The House Natural Resources Committee's Energy and Mineral Resources Subcommittee will hold a hearing on pending legislation: the "Comprehensive

Offshore Resource Evaluation Act" (H.R.____); the "Orphan Well Grant Flexibility Act of 2024" (H.R. 7053); the "Supercritical Geothermal Research and Development Act of 2024" (H.R. 8665); and the "Public Lands Renewable Energy Development Act of 2024" (H.R. 8954).

July 24

FERC: The House Energy and Commerce Committee's Energy, Climate, and Grid Security Subcommittee will hold a hearing on the Federal Energy Regulatory Commission's (FERC) Fiscal Year 2025 budget request.

July 25

FERC Open Meeting: The Federal Energy Regulatory Commission (FERC) will hold its monthly open meeting. The Commission posted the meeting agenda on July 18.

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

CMS Releases Final Part Two Guidance on Medicare Prescription Payment Plan

Key Points:

- *On July 16, the Centers for Medicare and Medicaid Services (CMS) released final guidance on the Medicare Prescription Payment Plan.*
- *The guidance outlines efforts to raise awareness for the Medicare Prescription Payment Plan, which will take effect in 2025.*

On July 16, the CMS released final guidance on the Medicare Prescription Payment Plan, which was created under the Inflation Reduction Act (P.L. 117-169). The guidance outlines efforts to raise awareness for the Medicare Prescription Payment Plan, which will take effect in 2025. The Payment Plan allows enrollees on Medicare Part D plans to pay for prescription drugs in monthly payments instead of paying the total cost up-front. CMS notes that the Payment Plan and the annual $2,000 cap on drug costs for those with Medicare prescription drug coverage will take effect simultaneously. The guidance includes the CMS' responses to feedback received following a draft of the guidance in 2024.

A CMS fact sheet noted that the final part of the guidance includes outreach, education, and operational requirements for Part D plan sponsors, as well as information about CMS's outreach efforts. According to the fact sheet, Part D plan sponsors are now allowed to develop their own process for identifying people who may benefit from the Plan instead of basing criteria on prior authorization processes. In a press release, CMS Administrator Chiquita Brooks-LaSure noted, "This new payment option provides people with high Rx spending the option to spread out the costs of their prescription drugs over the calendar year and eliminate the burden of paying the total out-of-pocket cost upfront."

CMS Sets Deadline for States to Update Provider Directories

Key Points:

- *On July 16, CMS sent a letter to states explaining that they must update their list of covered providers within 30 days of receiving new information.*
- *The letter clarified that if states are not compliant by July 2025, CMS will request a corrective action plan (CAP)*

On July 16, CMS sent a letter to states explaining that they must update their list of covered providers within 30 days of receiving new information. The letter clarified that if states are not compliant by July 2025, CMS will request a CAP. If states do not follow its CAP, CMS will reduce its financial participation from 75 percent to 50 percent in expenditures. This guidance follows Congress' decision to require Medicaid-managed case organizers by July 1, 2025.

The Biden Administration explained that these new requirements build on already existing regulations. Electronic provider directories used to be updated annually but will now be updated quarterly and within 30 days of being notified of a change. Provider directories must include the provider's name, specialty, address, phone number, website, office accommodations, available Telehealth services, and whether they are accepting patients.

Upcoming Hearings and Events

July 23

PBMs: The House Oversight and Accountability Committee will hold a hearing entitled, "The Role of Pharmacy Benefit Managers in Prescription Drug Markets Part III: Transparency and Accountability."

CDC: The House Energy and Commerce Subcommittee on Health will hold a hearing entitled, "Are CDC's Priorities Restoring Public Trust and Improving the Health of the American People."

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

CDK Ransomware Attack Shows SEC Disclosure Standards Remain Unsettled

Key point:

- *The recent ransomware attack on CDK Global highlights ambiguity regarding the definition of "material impact" in the SEC's new cybersecurity disclosure rules.*

Last month, automotive software provider CDK Global was hacked by a an eastern-European group demanding tens of millions of dollars in ransom, leading to a multi-day system-wide shut down. The breach resulted in a downstream effect on the U.S. auto industry, and CDK's parent company, Brookfield Business Partners, paid roughly $25 million to the attackers. While several auto dealers alerted the Securities and Exchange Commission (SEC) of the disruptive impact of the attack on their operations, "CDK and its parent company did not file with the SEC under its new rules for reporting breaches." This divergence in reporting highlights "the perceived ambiguity of SEC rules…governing when publicly traded companies must report a cyber incident to the regulator" (CyberScoop).

The fundamental issue driving the uncertainty relates to definition and applicability of the term "material." In the final rule, "Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure", published on August 4, 2023, the SEC mandates that "registrants must determine the materiality of an incident without unreasonable delay following the discovery, and, if the incident is determined material," file a disclosure form with the regulator. While cybersecurity experts agree that the nature of a "material impact" may be different from one entity to another, some argue that the attack on CDK was, in fact, a material attack and the software company should have filed a disclosure with the SEC.

Following release of the rule, the regulator provided interpretive guidance regarding the designation of a material incidents, with the first standard being whether a company is publicly traded or privately held. While CDK is privately owned, its parent company, Brookfield, is publicly traded. The SEC also explained that "the size of any ransomware payment demanded or made is only one of the facts and circumstances that registrants should consider in making its materiality determination regarding the cybersecurity incident." The Commission continued, stating that "a lack of quantifiable harm does not necessarily mean an incident is not material." Companies that should have disclosed an incident as material but did not, as decided by the SEC, are subject to investigation.

Despite the regulator's additional guidance, "it might take SEC action and case law to settle the precise boundaries of how materiality applies to a cyber incident reporting threshold" (CyberScoop).

Sophos Report Finds Ransomware Attacks are Hitting Energy, Oil and Gas, and Utility Sectors Especially Hard

Key point:

- *A recent report published by Sophos shows that ransomware attacks on U.S. critical infrastructure operations are hitting the energy, oil and gas, and utility sectors particularly hard, despite overall decreases in the cross-sector ransomware attack rate.*

This week, cybersecurity and information technology (IT) firm Sophos published a new report entitled "The State of Ransomware in Critical Infrastructure 2024," highlighting findings that ransomware attacks are hitting the energy, oil, gas, and utility sectors particularly hard. Specifically, attacks on the nation's critical infrastructure are "costing utilities more in recovery time and funding as victims appear increasingly willing to pay ransom demands" (CyberScoop).

The study, rooted in a survey of over 5,000 cybersecurity and IT leaders, indicated that the global ransomware attack rate is falling, with 59 percent of sectors experiencing an attack in 2024 compared to 66 percent in both 2023 and 2022. However, the rate of ransomware attacks perpetrated against the energy, oil/gas, and utilities sectors has almost doubled since 2021, rising from 36 percent to 67 percent in that timeframe. Additionally, recovery time among these sectors is steadily increasing, with 20 percent of ransomware victims fully recovered in a week or less (down from 50 percent in 2022) and 55 percent taking more than a month to recover (up from 19 percent in 2022). Sophos hypothesizes that the recovery slowdown "may reflect the increased complexity and severity of attacks," indicating the need for expanded recovery preparation efforts.

"The median recovery cost data for energy, oil/gas and utilities organizations revealed a 4X increase, from $750,000 in 2023 to $3,000,000 in 2024. These figures are considerably above the cross-sector average where median recovery costs doubled from $375,000 to $750,000 over the last year," the report noted. The report found that the energy, oil/gas, and utility sectors are also more likely to pay ransom demands rather than use backups to recover encrypted data.

Researchers noted that "nearly half of successful attacks occurred because of an unpatched or unmitigated vulnerability, while just over a quarter were due to compromised credentials." The report found that these sectors are most likely to fall victim to such unpatched vulnerabilities (CyberScoop).

As ransomware attacks continue to target critical infrastructure operations, the Cybersecurity and Infrastructure Security Agency (CISA) issued the "Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) Reporting Requirements" Notice of Proposed Rulemaking, which would require the industry to report cyber incidents. The final rule is expected in early 2025.

Upcoming Hearings and Meetings

<u>July 22</u>

National Institute of Standards and Technology: The Commerce Department's National Institute of Standards and Technology holds a virtual meeting of the National Artificial Intelligence Advisory Committee to: report working group findings; identify actionable recommendations; and receive public briefings.

<u>July 24</u>

High Performance Computing and AI: The Commerce Department's Bureau of Industry and Security holds a meeting of the Information Systems Technical Advisory Committee for: working group reports; and an industry presentation on "High Performance Computing & AI Benchmarks".

Cybersecurity Regulations: The Senate Homeland Security and Governmental Affairs Committee will hold a markup on July 24 at 10:00 a.m. to consider the "Streamlining Federal Cybersecurity Regulations Act" (S.4630); and the "Healthcare Cybersecurity Act of 2024" (S.4697).

Washington Post Live: Washington Post Live holds a virtual discussion, beginning at 11:30 a.m., on "Cyber Landscape, Terrorism Threat and Transnational Repression."

IT and National Security: The Government Executive Media Group holds a virtual discussion, beginning at 2:00 p.m., on "Securing the Nation: Leveraging Cutting-Edge IT and Data Enablement for National Security," focusing on federal agency data management.

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

TRADE

China Announces Intent to Further Contest IRA Credits at WTO

Key Points:

- *China has announced its intent to request a dispute panel review of IRA credits.*
- *The nation argues that the credits fail to adhere to WTO rules, harm WTO members, and create artificial trade barriers.*

Following its initiation of a case alleging that provisions within the Inflation Reduction Act (IRA) (P.L. 117-169) interfere with WTO rules, China now intends to push the case to a WTO dispute panel. On July 15, a Chinese Ministry of Commerce spokesperson stated that China has requested the WTO establish an expert group to review the IRA's electric vehicle (EV) credits, among other measures. According to a press release, the Chinese Commerce Ministry maintains that the IRA's EV credits serve as subsidies that exclude products from WTO members and "artificially sets up trade barriers." In turn, the release states that the dispute raised by the nation is a "practical action to safeguard the authority and effectiveness of the multilateral trading system with the WTO at its core" while also helping the international community address climate change.

Secretary Blinken Announces APEP's Western Hemisphere Semiconductor Initiative

Key Point:

- *Secretary Blinken has outlined APEP's semiconductor initiative to increase chip production in Mexico, Panama, and Costa Rica.*

On July 17, Secretary of State Blinken announced a slew of economic and infrastructure partnerships across countries participating in the Americas Partnership for Economic Prosperity (APEP). During an APEP event hosted in Washington, Secretary Blinken highlighted the importance of having APEP members coordinate to advance the clean energy economy. In addition, Secretary Blinken announced the creation of the Western Hemisphere Semiconductor Initiative to increase the production of semiconductor chips in APEP member countries. The initiative aims to "turbocharge" production starting in Mexico, Panama, and Costa Rica. In addition, Secretary Blinken announced that the U.S. is scheduled to host a symposium with Mexico in September to identify how regional partners can act to strengthen semiconductor supply chains. As part of his speech, Secretary Blinken called on APEP members to continue their efforts to boost commercial ties across the Americas. APEP is scheduled to host another summit in Costa Rica next year.

Commerce Department Expected to Expand Outreach on Development of Supply Chain Risk Tool Amid Stakeholder Criticism

Key Points:

- *The Commerce Department is developing a tool to assess supply chain risks.*
- *Stakeholders have criticized the Department for failing to outline the tool's potential applications and its development.*
- *The Department is expected to increase its stakeholder engagement on the issue in the coming weeks.*

The Commerce Department is developing a new tool to assess supply chain risks to safeguard against the nation's vulnerabilities. Once finalized, the tool will evaluate risks from a series of factors including economic, national security, financial, and environmental considerations. In a public request for comment, stakeholders have requested that the Department outline additional information on the development and utilization of the supply chain tool. Specifically, the National Mining Association stated that the Department should outline additional information on "how the tool has been developed, which governmental entities have been involved and when the tool will actually be deployed." In turn, they express concern that the Department's lack of coordination with other federal agencies "may be undermining the intended all-of-government approach promised." The

Commerce Department is expected to hold a summit in D.C. during the fall to highlight its work on analyzing global supply chains. On July 12, a senior official at the Commerce Department stated that the agency plans to increase its engagement with stakeholders in the coming weeks.

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