

MNI POLITICAL RISK ANALYSIS - US Daily Brief 04-12-25

by Adam Burrowes

The White House (times subject to change)

11:00 ET 16:00 GMT	President Trump greets the President of the Republic of Rwanda
11:10 ET 16:10 GMT	President Trump greets the President of the Democratic Republic of the Congo
11:20 ET 16:20 GMT	President Trump participates in a trilateral greeting with the President of the Republic of Rwanda and the President of the Democratic Republic of the Congo
12:10 ET 17:10 GMT	President Trump participates in a Signing Ceremony with the President of the Republic of Rwanda and the President of the Democratic Republic of the Congo

Key Dates:

- ❖ *Jan. 30: Government funding expires*
- ❖ *Jan 31: Texas Special Election*
- ❖ *April 16: New Jersey Special Election*

Washington

President Donald Trump will greet DR Congo President Felix Tshisekedi and Rwandan President Paul Kagame at the newly renamed “Donald J. Trump Institute of Peace” for the signing of a peace deal at 12:10 ET 17:10 GMT.

- Semafor notes that the US-brokered peace deal has yet to result in change on the ground, and “both sides remain quietly concerned about whether real peace will be achieved.”

At 09:30 ET 14:20 GMT, Secretary of State Marco Rubio will meet with Kenyan President William Ruto at the Department of State. Ruto will join the DRC/Rwanda peace ceremony as a witness, as will the leaders of Burundi, Angola, and Togo.

- At 16:30 ET 21:30 GMT, Deputy Secretary of State Christopher Landau will meet with Angolan President João Lourenco. Discussions are expected to include the Lobito Corridor, an infrastructure project aimed at connecting Angola, the Democratic Republic of Congo and Zambia to the Atlantic.

The US Department of Homeland Security confirmed that the Trump administration has paused immigration applications from Afghanistan, Myanmar, Chad, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Haiti, Iran, Libya, Somalia, Sudan, Yemen, Burundi, Cuba, Laos, Sierra Leone, Togo, Turkmenistan and Venezuela.

Emissions

Speaking alongside executives from the Big Three auto manufacturers at the White House yesterday, Trump announced new fuel economy standards that would roll back Biden-era rules aimed at cutting emissions and promoting electric cars.

- Axios notes, “Trump's proposal would require automakers to hit an average of 34.5 mpg across their fleets by 2031. That's significantly lower than the Biden-era target of

50 mpg, which would require lots of EV sales. The big picture: Trump has been tearing up Biden-era policies he believes were intended to force EVs on Americans."

- Trump said, "Today, we're taking one more step to kill the green new scam... It's a quest to end the gasoline-powered car. This is what they wanted to do. Even though we have more gasoline than any other country by far, and people want the gasoline car."
- The White House claimed in a [fact sheet](#) that if Trump failed to take action, the Biden-era rules would have added USD\$1000 to the price of a new car.

Federal Reserve

The Financial Times [reports](#) that, "bond investors have told the US Treasury they are concerned about Kevin Hassett's potential appointment as Federal Reserve chair, worrying he will cut interest rates aggressively to please President Donald Trump."

- According to the FT, "The Treasury department solicited feedback on Hassett and other candidates in [November] one-on-one conversations with executives at major Wall Street banks, asset management giants and other big players in the US debt market, according to several people familiar with the conversations."
- FT notes, "The prospect of a dovish Fed chair was viewed as particularly worrisome to the big bond managers in the event that inflation in the US rises next year... Some market participants were also unconvinced Hassett would be able to win round a divided Fed board and corral consensus on rate decisions."

The FT report came after well-connected Fox Business reporter Charles Gasparino [wrote on X](#) that there is a 'last-ditch' effort by Wall Street and corporate America insiders to caution against nominating Hassett.

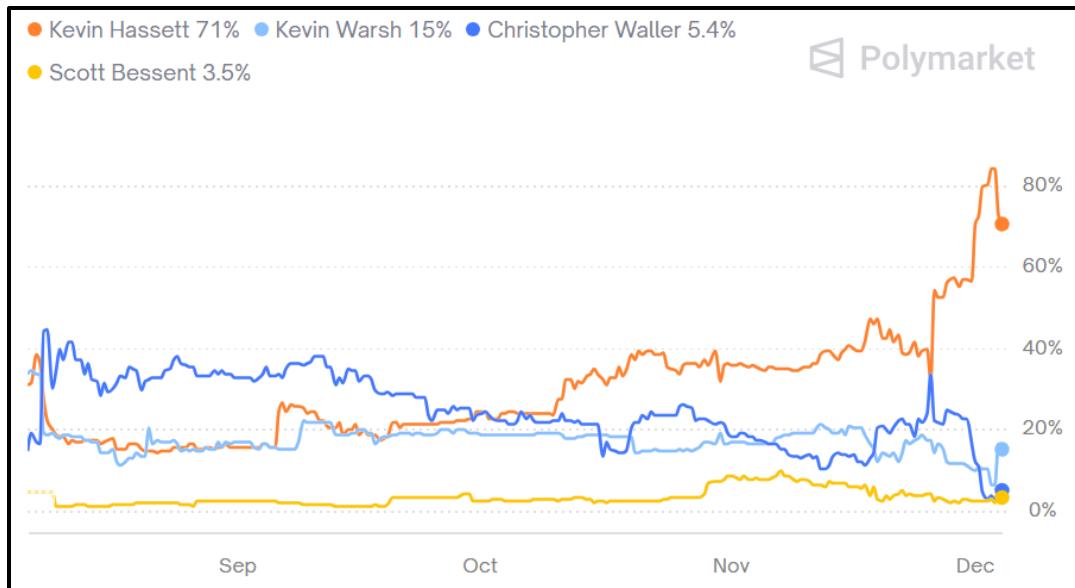
- Gasparino wrote, "They're saying that his appointment sets the stage for higher long term interest rates because 1) The Fed will be a disorganized mess with leader lacking credibility inside 2) If Hassett manages to cut short term rates (as Trump wants) with divided vote because of sticky inflationary pressures, it will be perceived as political and inflationary."
- The reports have injected some uncertainty into the Fed chair race, after comments from Trump earlier in the week suggested Hassett was the clear favourite for the job. Hassett's implied probability of taking the nomination dropped from 85% to 70%, on Polymarket, with bettors acknowledging the uncertainty but likely believing that ultimately, Trump will give his loyalist Hassett the nod.

Bloomberg [reports](#) that Trump's aides and allies are discussing the possibility of making Treasury Secretary Scott Bessent the top White House economic adviser — in addition to his current job — should the president pick Kevin Hassett as the next chair of the Federal Reserve, according to people familiar with the matter.

- Bloomberg notes, "Tapping Bessent to lead the White House's National Economic Council would allow him to consolidate oversight of Trump's economic policies if Hassett — the current NEC director — becomes the next leader of the US central bank..."

- Semafor reports, “The latest example of the Trump administration trying to exert more control over the Fed: [Bessent] said Wednesday he would push for a rule requiring regional Fed presidents to have lived in their district for three years.”

Figure 1: Who will Trump nominate as Fed Chair?



Source: Polymarket

Artificial Intelligence

Bloomberg reports that Nvidia is on the verge of a “massive lobbying win” after US lawmakers kept the Gain AI Act out of the must-pass annual Pentagon spending bill, the National Defense Authorisation Act.

- Bloomberg notes that the GAIN AI Act “would require chipmakers, including Nvidia and Advanced Micro Devices Inc., to give American customers first dibs on their powerful AI chips before selling in China and other arms-embargoed countries.”
- Nvidia CEO Jensen Huang said the decision not to attach GAIN AI to the Pentagon bill was “wise” adding that it is “even more detrimental to the United States than the AI diffusion act,” referring to another AI regulation bill.

United States-Canada-Mexico Trade Agreement

Politico [reports](#) that US Trade Representative Jamieson Greer said in an interview that President Trump is “flirting with” pulling the US out of the United States-Mexico-Canada trade agreement.

- Greer told Politico’s Dasha Burns, when asked about the possibility of withdrawing ahead of July’s mandatory review, “I mean, that’s always a scenario. The president’s view is he only wants deals that are a good deal. The reason why we built a review period into USMCA was in case we needed to revise it, review it or exit it.”

Trump told reporters at the White House yesterday, "We'll either let it expire, or we'll maybe work out another deal with Mexico and Canada. Mexico and Canada have taken advantage of the United States like just about every other country."

- Greer also floated negotiating separate bilateral trade deals with Ottawa and Mexico City, "Our relationship with the Canadian economy is totally different than our relationship with the Mexican economy... It actually doesn't make a ton of economic sense why we would marry those three together."

Greer's comments came after a three-day public hearing on the trade agreement at the USTR kicked off yesterday. The Globe and Mail notes that US agriculture, business and policy groups urged the Trump administration not to scrap the agreement: "Speaker after speaker called for an extension of the agreement, emphasizing how its free trade terms have allowed their sector to boost revenues through access to both the Canadian and Mexican markets."

- The USTR must deliver a report to Congress by January 2 on either renewing the USMCA, or taking other action. If the administration chooses to withdraw from the agreement, it would take place six months after submitting the decision.
- The comments are not unexpected. Ahead of yesterday's hearing, Canadian experts [warned](#) that the Trump administration would threaten to withdraw from the agreement to gain leverage ahead of the July review.

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

House Speaker Mike Johnson (R-LA) will swear in Tennessee Rep-elect Matt Van Epps on the House floor at 09:00 ET 14:00 GMT, following a special election win this week.

- At around 11:30 ET 16:30 GMT, the Senate will vote to reverse a Biden-era rule related to oil and gas leasing in the Arctic National Wildlife Refuge.
- Senators Pete Ricketts (R-NE) and Ruben Gallego (D-AZ) are introducing a bill today that would make it easier to invest in startups by letting them discuss their products at events like demo days. The rollout comes as the House, which advanced a similar measure earlier this year, prepares to vote on a capital markets package next week, per Semafor.

Healthcare

Senate Majority Leader John Thune (R-SD) is expected to give Democrats a vote on expiring Affordable Care Act subsidies by Friday next week, per the agreement he struck with moderate Democrat Senators to reopen the government last month.

- Democrats are expected to propose a three-year 'clean' extension to the Obamacare subsidies. The plan has no chance of passing the Senate, but will bolster Senate Minority Leader Chuck Schumer's (D-NY) midterm message that Republicans are allowing the credits to expire.

There have been numerous discussions between Republican lawmakers and bipartisan groups aimed at finding a compromise solution, but no credible plan has emerged yet. Action is unlikely until Trump endorses a strategy.

- Reps Josh Gottheimer (D-NY) and Jen Kiggans (R-FL) will today unveil a bipartisan plan for a one-year extension of the subsidies with new guardrails to crack down on fraud and a menu of separate pay-for options — not in the form of subsidies — to keep health premiums low, per Politico.
- Politico reports, “Amid the lack of GOP consensus, the White House is providing Republicans with few specific demands for what kind of health care legislation Trump might support. The president has, however, been explicit about one policy tenet: he wants enhanced ACA subsidy funds redirected into health savings accounts that Americans can use for out-of-pocket costs.”
- Punchbowl News notes, “As of this moment, there isn’t a proposal that can get 60 votes. Without Trump’s help, that’s not achievable. Next week’s votes, which Thune promised as part of the shutdown-ending deal, won’t accomplish much more than political posturing.”

Democrat News

President Trump announced a surprise pardon for Democrat Rep Henry Cuellar (D-TX), who was under investigation on charges of bribery, conspiracy, and money laundering. Trump claimed the charges were an example of how “the Biden Administration weaponized the Justice System against their Political Opponents”.

- Cuellar announced immediately after the pardon that he will run for re-election as a Democrat, puncturing some GOP optimism that the deal could be part of a quid pro quo for Cuellar to switch party allegiance.

Axios notes, “For the second time in a few weeks, President Trump has undercut the same House Republicans he may have to rely on to save him from possible impeachment in 2027... Trump didn’t just pardon Rep. Henry Cuellar today — he praised him, calling the Texas Democrat “highly respected” and “beloved.””

- Axios adds, “And he didn’t just have a cordial meeting with New York City Mayor Zohran Mamdani on Nov. 21 — he heaped levels of flattery on the democratic socialist that will complicate the House GOP’s goal of casting Mamdani as a national villain.”

Semafor notes that Trump, “delivered the electoral equivalent of a screwball pitch on Wednesday by pardoning Texas Rep. Henry Cuellar, one of the Democratic Party’s most conservative lawmakers — and a top target for defeat next fall by House Republicans.”

- As a reminder this is what the NRCC wrote on X as recently as last week: “House Democrats including ‘Leader’ Hakeem Jeffries are still bankrolling criminally-charged Texas Democrat Henry Cuellar,” the NRCC posted on X.

Ukraine War

US Special Envoy Steve Witkoff and President Donald Trump's son-in-law, Jared Kushner, will meet Ukrainian national security adviser Rustem Umerov in Miami today to brief Kyiv on Tuesday's meeting with Russian President Vladimir Putin in Moscow.

- Although Trump described the Moscow meeting as "reasonably good," it appears to have delivered little progress on peace negotiations. "What comes out of that meeting? I can't tell you, because it does take two to tango," Trump told reporters in the Oval Office.
- Trump said that Witkoff and Kushner believed that Putin would "like to see the war ended. ... Their impression was very strongly that he wants to make a deal." Trump's assessment is likely to draw scepticism from Kyiv and Brussels, with the prevailing view in Europe that Putin sees no incentive in striking a deal that falls short of his maximalist demands.
- Kremlin aide Yuri Ushakov told reporters on Tuesday, "Some of the American proposals appear more or less acceptable. They do, nevertheless, require further discussion."
- The New York Times [reports](#) that the lack of progress leaves Trump with a "difficult but familiar set of choices": He could apply more pressure on Zelenskyy to accept an unfavourable deal; he could restore military aid to Kyiv and ramp up sanctions on Russia; or he could walk away from negotiations.

Meanwhile, European leaders are struggling to reach an agreement on funding Ukraine with a loan backed by roughly USD\$250 billion in frozen Russian state assets. The EU is [reportedly](#) considering a proposal that would make it easier to sidestep opposition from Hungary, but the plan appears unlikely to win over Belgium's objections - where the bulk of the assets are held - to the legality of the move.

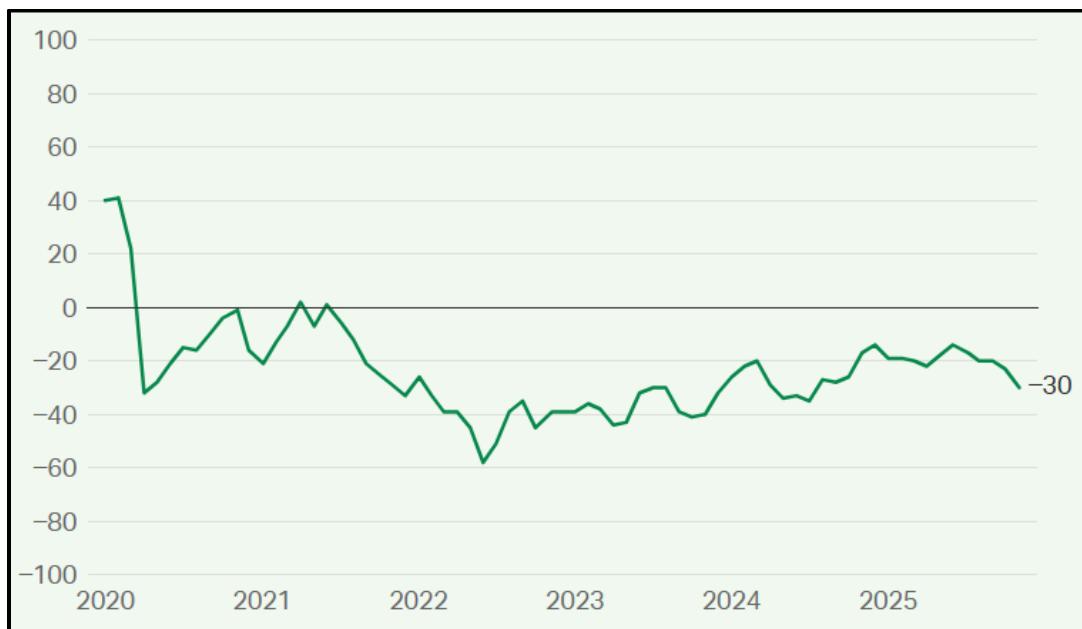
- The Guardian [reports](#) that European Commission President Ursula Von der Leyen yesterday outlined a €90bn plan, which she estimated would cover two-thirds of Kyiv's funding needs for the next two years. She said other "international partners" would cover the rest.
- Hans von der Burchard at Politico reports on X that German Chancellor Friedrich Merz will embark on an emergency trip to Belgium tomorrow evening to convince Bart de Wever over dinner to drop his opposition to the frozen assets loan for Ukraine.

Chart of the Day

Gallup [reports](#) that its Economic Confidence Index (ECI), "fell seven points to -30 in November, the lowest since a -35 reading in July 2024."

- According to Gallup, "The decline reflects slightly worsening views on both components of the index: Americans' ratings of current economic conditions (as excellent, good, only fair or poor) and their perceptions of whether the economy is getting better or getting worse."
- Gallup notes, "Twenty-one percent of U.S. adults in November, down slightly from 24% in October and the lowest percentage since March, described current economic conditions as excellent or good. By contrast, 40% now rate current conditions as poor, compared with 37% in October."

Figure 2: Economic Confidence Index, Trend Since 2020



Source: Gallup

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POLITICAL RISK

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All Signal, No Noise

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