

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 09-07-25

by Adam Burrowes

### The White House *(times subject to change)*

16:00 ET 21:00 BST

President Trump participates in a multilateral lunch with African Leaders

#### KEY DATES:

- ❖ Target for Congress to send 'Big Beautiful Bill' to Trump's desk: July 4
- ❖ Government funding expires: September 30

### Washington

At 16:00 ET 21:00 BST, President Donald Trump will hold a White House business lunch with the leaders of Gabon, Guinea-Bissau, Liberia, Mauritania, and Senegal to discuss "commercial opportunities". According to Semafor, the Islamic Republic of Mauritania will take a step toward resuming ties with Israel at the meeting.

- Chatham House [notes](#): "The lunch signals that the Trump administration does not intend to ignore the African continent and plans to engage selectively. The aims are clear: to secure mineral deals and supply chains and especially to compete with China."

Secretary of State Marco Rubio is in Malaysia on his first trip to Asia since taking office in January for meetings with ASEAN and the East Asia Summit.

- The State Department said in a preview of the trip that Rubio "is focused on reaffirming the United States' commitment to advancing a free, open, and secure Indo-Pacific region." Asian partners are likely to use the opportunity to press Rubio for clarity on tariff policy.
- Bloomberg writes that Rubio "will echo the White House's message on tariffs, [an] official said, defending the need to rebalance US trade relationships."

### Trade and Tariffs

Markets have largely shrugged off President Trump's latest tariff ultimatum, likely assessing that major trade partners will strike preliminary trade agreements with the US before the new August 1 deadline or receive another extension.

- Trump said on [Truth Social](#): "TARIFFS WILL START BEING PAID ON AUGUST 1, 2025. There has been no change to this date, and there will be no change... No extensions will be granted..."
- Trump's statements on social media and remarks to the press suggested that the new tariff rates would not stack on top of sector-specific tariffs on metals and autos. He also left the door ajar for additional negotiations towards trade agreements.
- Trump noted in his tariff letters to trading partners that any retaliatory actions would be met with an increased tariff rate: "If, for any reason, you decide to raise your

tariffs, then, whatever the number you choose to raise them by, will be added on to the [tariff rate] that we charge," he said.

- Trump also reiterated his threat of new sectoral tariffs on semiconductors and pharmaceuticals but noted the latter could be delayed by about a year, per Reuters.
- The Yale Budget Lab noted in an [update on July 7](#): "Consumers face an overall average effective tariff rate of 17.6%, the highest since 1934. After consumption shifts, the average tariff rate will be 16.5%, the highest since 1936."

**Figure 1: Tariff Rates for Select US Trading Partners**

COUNTRY	PREVIOUSLY THREATENED	NEWLY ANNOUNCED	SHARE OF U.S. IMPORTS
Japan	+24%	<b>+25%</b>	4.5%
South Korea	+25%	<b>+25%</b>	4.0%
Thailand	+36%	<b>+36%</b>	1.9%
Malaysia	+24%	<b>+25%</b>	1.6%
Indonesia	+32%	<b>+32%</b>	<1%
South Africa	+30%	<b>+30%</b>	<1%
Cambodia	+49%	<b>+36%</b>	<1%
Bangladesh	+37%	<b>+35%</b>	<1%
Kazakhstan	+27%	<b>+25%</b>	<1%
Tunisia	+28%	<b>+25%</b>	<1%
Serbia	+37%	<b>+35%</b>	<1%
Laos	+48%	<b>+40%</b>	<1%
Myanmar	+44%	<b>+40%</b>	<1%
Bosnia and Herzegovina	+35%	<b>+30%</b>	<1%

Source: New York Times

The August 1 deadline is likely to provide retailers sufficient time to stockpile goods ahead of the holiday season, according to Paul Donovan, chief economist at UBS Wealth Management, who wrote in a note: "If higher rates do go into effect August 1, it's likely that consumers won't feel a difference until the new year."

- Axios notes: "Because it can take as many as six weeks to move ships across the Pacific, some items could arrive as late as mid-September and still be tariffed at the lower rate. Retailers stockpile ahead of the Christmas season — and have been doing so earlier than usual this year to avoid higher tariffs."

The Financial Times wrote in a [piece](#) - reflecting the prevailing view of investors - that "markets just don't believe Trump on tariffs", noting that market moves, "are perfectly rational."

- "For one, the new rates would not increase the effective tariff rate on either country very much. Paul Ashworth of Capital Economics explained in a note to clients that the new rates don't apply to goods subject to Trump's product-specific tariffs, with

autos accounting for 34 per cent of imports from both countries, which are already subject to a 25 per cent levy that Trump has more than once threatened to raise to 50 per cent.

- “Add in exempt electronics and pharmaceuticals and ... if Trump follows through on his threat, the overall effective tariff rate on US imports would rise from 15.5 per cent to 16.6 per cent. And why would markets panic about any administration pronouncement at this point? Even the agreements that have been made appear wide open to further negotiation.”

## Metals

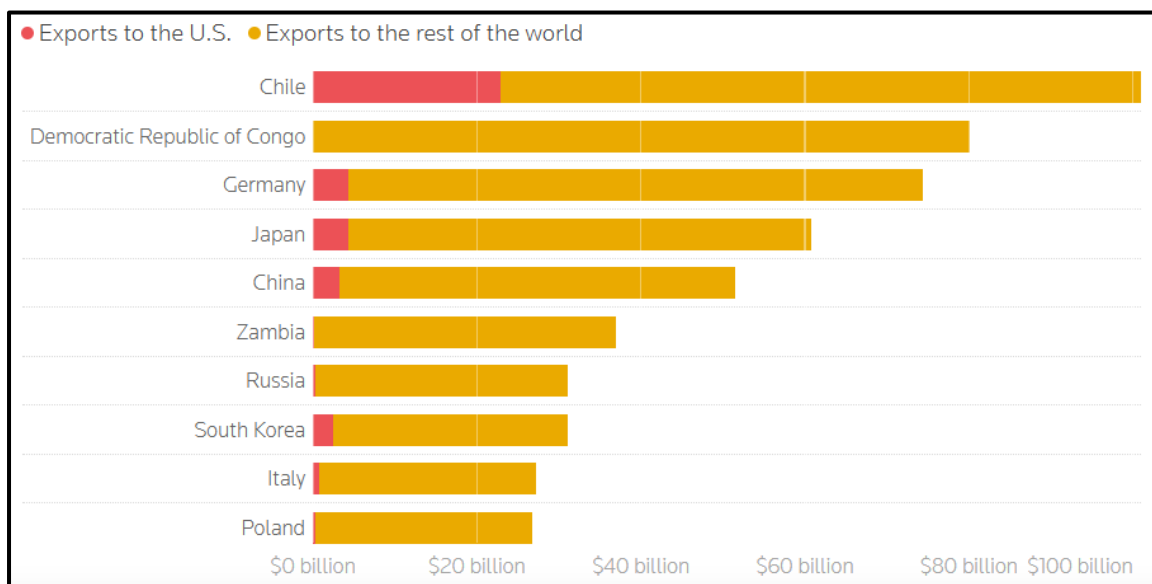
Markets have been less sanguine about the prospect on a new 50% tariff on copper imports, with copper futures jumping over 20%. Trump said at his Cabinet meeting: “Today, we’re doing copper. I believe the tariff on copper, we’re going to make it 50 percent.”

- Commerce Secretary Howard Lutnick told CNBC: “...the idea is to bring copper home, bring copper production home... We need that kind of production in America, it’s important.”
- Lutnick added, “...We’ll sign a proclamation as that goes through the ordinary legal process within a day or two days. That will come out, but then copper will be set, likely to be put into place end of July, maybe August 1.”

Business Insider notes: “The U.S. only produces about half the copper it consumes and can’t easily create more supply. Permanently higher domestic prices for the metal, crucial for electronic wiring, construction, and energy, would be a major headache for companies.

- “The question is what would prompt Trump to change tack again. It was apparently bonds that got Trump to delay widespread tariffs in April, but the market isn’t that jittery now. The reaction from industries that rely on copper could be a key indicator to watch. The copper levy may not be the home run Trump thinks it is.”

**Figure 2: Major Copper Exporting Countries**



Source: Reuters

## East Asia

The Wall Street Journal notes: "Seoul and Tokyo share some of the same vulnerabilities that have put them in Trump's [tariff] crosshairs. They both have significant trade surpluses with America and suffer from levies Trump has already imposed on autos, aluminum and steel. At the same time, South Korea and Japan have something to offer Washington—they are home to global companies that are willing to invest in the U.S. and are ready to share their shipbuilding prowess and semiconductor expertise."

- The Korean Times reports that Seoul is trying to set up a first in-person meeting between Trump and President Lee Jae-myung.
- Japanese Prime Minister Shigeru Ishiba told a meeting of his Cabinet on Tuesday: "We have received a proposal from the United States to swiftly proceed with negotiations towards the newly set August 1 deadline, and that depending on Japan's response, the content of the letter could be revised."
- Japan's Chief Trade negotiator Ryosei Akazawa "There's no way this will proceed smoothly," with Tokyo holding the line on its demand for lower US auto duties, according to Semafor.
- Reuters reports: "Washington and Beijing agreed to a trade framework in June, but with many of the details still unclear, traders and investors are watching to see if it unravels before a separate, U.S.-imposed August 12 deadline or leads to a lasting detente."

## European Union

Trump told reporters yesterday he would "probably" tell the European Union within two days what tariff rate it can expect.

- Politico reports that EU trade chief Maros Sefcovic has informed European officials that he doesn't expect Brussels to get a warning letter but cautioned that talks were still fluid.
- Semafor notes: "The EU, the largest bilateral trade partner of the U.S., aims to strike a deal before August 1 with concessions for key export industries such as aircraft, medical equipment and spirits, according to EU sources. Brussels is also considering an arrangement that would protect European automakers with large U.S. production facilities."
- Bloomberg notes: "The European Union is seeking to conclude a preliminary trade deal with the US this week that would allow it to lock in a 10% tariff rate beyond August 1."

According to the Financial Times, "Brussels is ready to sign a temporary "framework" agreement that sets the US president's "reciprocal" tariffs at 10 per cent while talks continue, matching the baseline duty imposed on the UK."

- But, according to FT, "the EU is not expecting to achieve the same access to the US market as British steel, cars and other products subject to sectoral duties," with one diplomat saying: "The UK agreement was better than this. It's a surprise given how long we have negotiated."



## Congressional Business

The House is OUT

The Senate is IN

Committee Schedule –

## Federal Reserve

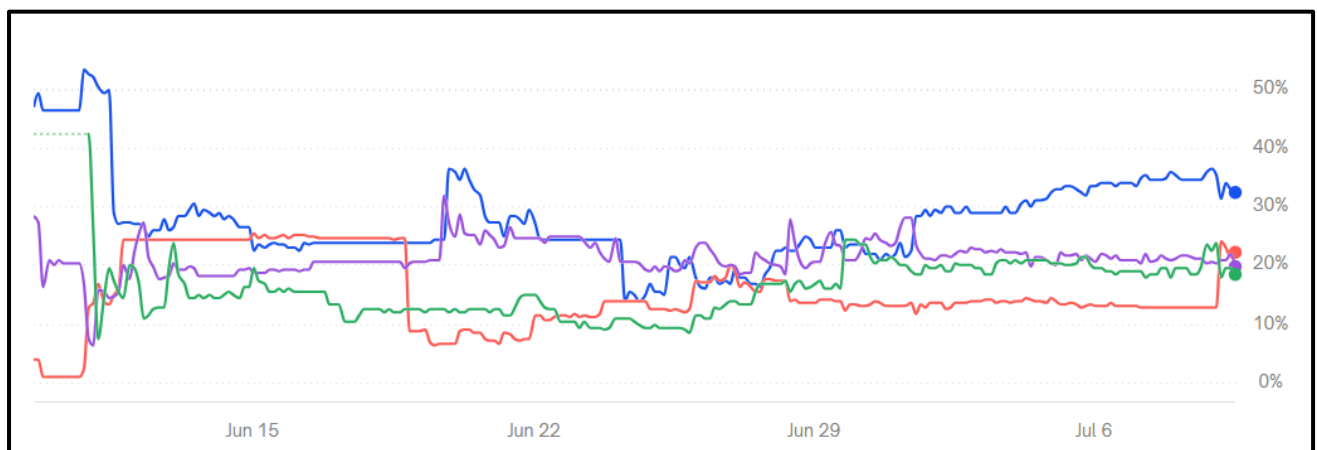
Bettors on Polymarket are divided on who Trump will name as his next Federal Reserve Bank chair, with his economic advisor Kevin Hassett emerging as the slight favourite.

- The Wall Street Journal [notes](#): “Hassett’s rise threatens the other Kevin—former Fed governor Kevin Warsh—an early favorite for the job who has angled for the position ever since Trump passed him over for it eight years ago. Some people close to the president worry that Warsh, who isn’t in Trump’s inner circle, won’t be a champion of lower rates.”
- The Journal adds: “Trump’s ire with Fed Chair Jerome Powell is animating the contest. The Fed has said it wants to make sure tariffs don’t rekindle inflation. Trump is demanding bigger, faster reductions and has toyed with announcing Powell’s replacement much earlier than normal.”

Senators on key fiscal panels said Tuesday that they had hesitations about Treasury Secretary Bessent holding both jobs simultaneously after Bloomberg reported Trump’s advisers had discussed the idea with him, writes Semafor.

- Trump said in a post on Truth Social yesterday: “A new Study by the Council of Economic Advisers (CEA), led by Highly Respected Chair, Dr. Stephen Miran, has found that Tariffs have had ZERO IMPACT on Inflation... Someone should show this new Study to “Too Late” Jerome Powell, who has been whining like a baby about non-existent Inflation for months, and refusing to do the right thing. CUT INTEREST RATES JEROME — NOW IS THE TIME!”

**Figure 3: Who will Trump announce as next Fed Chair?**



Source: Polymarket

## Israel

Senate Majority Leader John Thune (R-SD) and Senate Minority Leader Chuck Schumer (D-NY) are set to meet with Israeli Prime Minister Benjamin Netanyahu at around 14:00 ET 19:00 BST today.

- Reuters reports that Israeli officials are saying they need more time to reach a Gaza ceasefire. "Israeli and Hamas representatives have been meeting in Qatar since Saturday. Qatari and Egyptian mediators [said they] were not yet discussing a final ceasefire deal but still seeking agreement on a wider framework."

Trump told reporters ahead of a meeting with Netanyahu yesterday: "We will be talking about almost exclusively Gaza. We have to get that solved. Gaza is a tragedy. It is a tragedy. And he wants to get it solved, and I want to get it solved. And I think the other side wants to get it solved."

- Netanyahu told reporters yesterday that Israel "still has to finish the job in Gaza, release all our hostages, eliminate and destroy Hamas's military and governance capabilities," adding that Israel will "certainly not" settle for less, per Politico.

Axios reported that Netanyahu's top adviser, Ron Dermer, told Israeli officials that he thinks Trump could green light renewed Israeli attacks on Iran if Tehran tries to revive its nuclear program.

- Axios added: "Israeli officials say Netanyahu wants to reach understandings with Trump about future U.S. nuclear negotiations with Iran, and on possible scenarios that would justify renewed military strikes."

## Russia-Ukraine

President Trump appears to have made another pivot on Ukraine, [reversing a pause](#) on critical air defence missile shipments and leaning closer to endorsing new sanctions on Russia.

- Trump [told reporters](#) at a Cabinet meeting: "We get a lot of bulls--- thrown at us by Putin, if you want to know the truth. He's very nice all the time, but it turns out to be meaningless."
- Trump added that he's "looking at" Senator Lindsey Graham's (R-SC) Russia sanctions bill. "It's an optional bill, it's totally at my option and I'm looking at it strongly," he said.

Graham [said on X](#) that Trump is "spot on about the games Putin is playing... The Senate will move soon on a tough sanctions bill – not only against Russia – but also against countries like China and India that buy Russian energy products that finance Putin's war machine. The Senate bill has a presidential waiver to give President Trump maximum leverage. When it comes to Putin and those who support his war machine, it is time to change the game."

- Politico reports that Graham said Trump told him "it's time to move so we're going to move," on the sanctions. Senate Majority Leader John Thune (R-SD) said he'll make an announcement soon on when the Senate will take up the sanctions bill.

- The bill is unlikely to hit the Senate floor this week but could potentially come in front of the chamber before the August recess, if an agreement is struck with the White House on language regarding presidential authority.

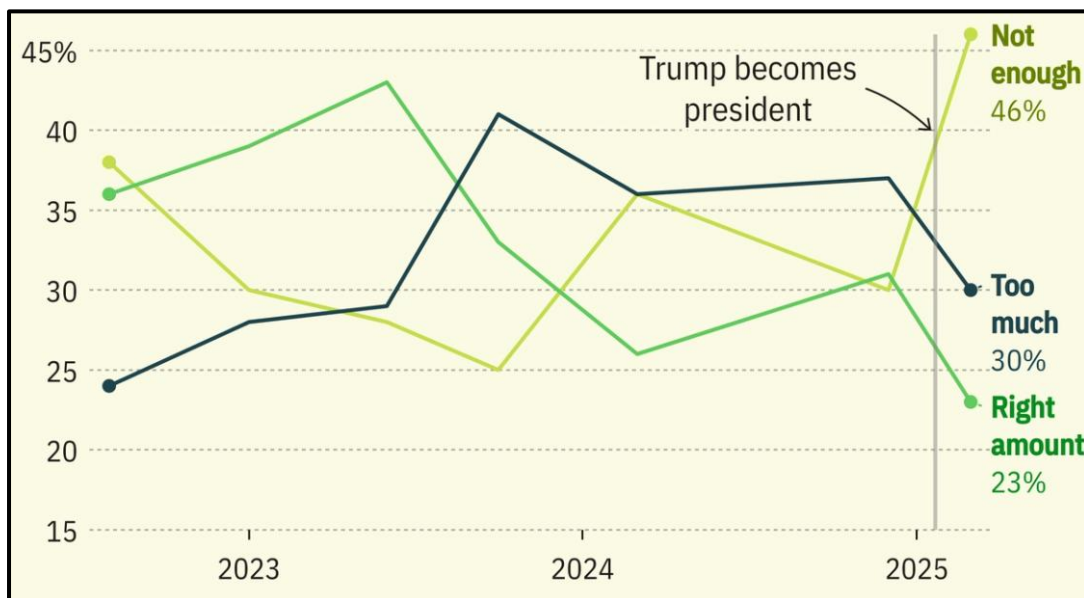
Axios notes: “The bill would not only hit Russia with economic sanctions if Putin refuses to negotiate with Ukraine, but it also sets a 500% tariff on goods imported from countries that buy Russian oil. It has 85 cosponsors.”

- The primary concern for the White House is likely how to calibrate secondary sanctions without dramatically increasing tensions with China and India – the two biggest buyers of Russian hydrocarbons.

President Volodymyr Zelenskyy's Press Secretary, Serhiy Nikiforov, confirmed to reporters today that he will meet with Trump's envoy for Russia and Ukraine, Keith Kellogg, in Rome for the Ukraine Recovery Conference 2025, July 10-11.

- Talks with Kellogg will be the most senior in-person meeting between US and Ukrainian officials since Zelenskyy met with Trump on the sidelines of the NATO conference in late June. Prior to the Kellogg meeting, Zelenskyy will hold talks with Pope Leo XIV and Italian President Sergio Mattarella. Other senior political figures set to attend the conference include European Commission President Ursula von der Leyen, German Chancellor Friedrich Merz, and Polish Prime Minister Donald Tusk.

**Figure 4: How Americans View the US' Support to Ukraine**



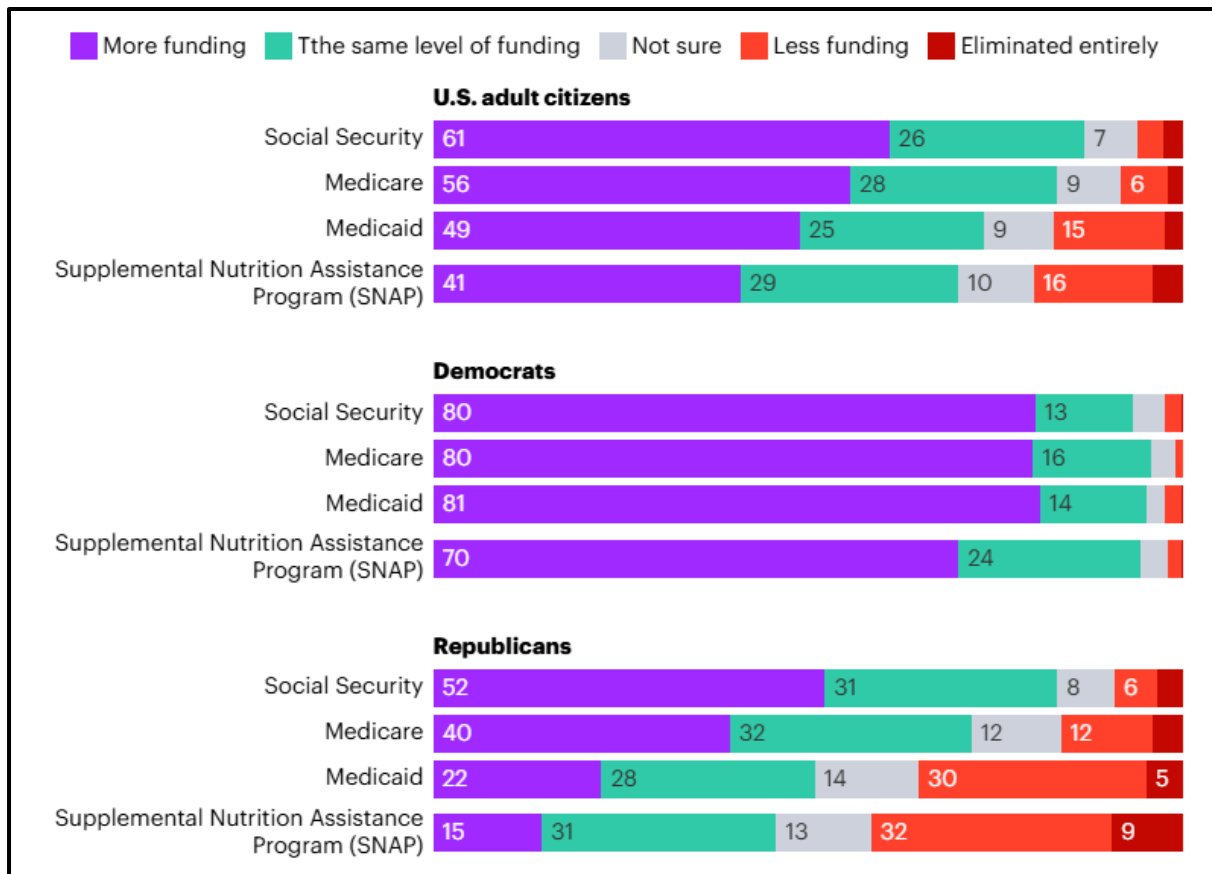
Source: Semafor, Gallup

## Chart of the Day

YouGov [reports](#) that 53% of Americans strongly or somewhat oppose the GOP's Big Beautiful Bill, with 35% supporting it. YouGov notes: “Opposition to the budget has risen 10 percentage points since we first asked about it in April of this year.”

- YouGov notes: “52% of Americans — including 80% of Democrats and 22% of Republicans — believe the federal budget deficit will increase as a result of Trump's budget; 11% think it will remain the same and 19% think it will decrease
- “Very few Americans support reducing or eliminating funding for four social services asked about: Social Security, Medicare, Medicaid, and SNAP ... Majorities want funding to be increased for Social Security (61%) and Medicare (56%), and sizable shares do as well for Medicaid (49%) and SNAP (41%)”

**Figure 5: “Thinking about the following U.S. program, do you believe it should be given more or less funding? (% who say each program should be given...)”**



Source: YouGov



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