

MNI POLITICAL RISK ANALYSIS - US Daily Brief 15-05-25

by Adam Burrowes

The White House (times subject to change)

01:25 ET 06:25 BST	President Trump arrives at Sheikh Zayed Grand Mosque, Abu Dhabi, UAE
04:30 ET 09:30 BST	President Trump participates in a United Arab Emirates State Visit
13:00 ET 18:00 BST	President Trump participates in a UAE State Dinner

KEY DATES:

- ❖ House GOP target for concluding budget reconciliation: May 26
- ❖ White House target for concluding budget reconciliation: July 4
- ❖ Government funding expires: September 30

Trump in the Middle East

President Donald Trump is in the United Arab Emirates participating in his third state visit to a Gulf nation in three days. Trump will join Emirati officials and business leaders in Abu Dhabi, where he is expected to announce more major investment pledges in tech, defence, and industry.

- If this week is anything to go by, Trump will announce a multi-billion-dollar pledge from Abu Dhabi to invest in the United States. Yesterday, Trump announced a “historic” \$1.2 trillion commitment from Qatar. On Tuesday, a \$600 billion commitment from Riyadh.
- Semafor notes that the UAE is “hyper-focused on becoming a global AI hub, and wants to ramp up imports of US-designed chips as a result,” with Reuters reporting the two countries have a preliminary agreement to allow the UAE to import 500,000 of Nvidia’s most advanced AI chips annually.

Democrats have alleged that the deals appear to align with Trump's private priorities as much as national priorities. Analysts have pointed out that the details of the agreements are vague and that previous agreements of a similar nature have failed to materialise, but markets have digested the agreements favourably.

- Business Insider [notes](#) a boost to the administration: “The index known as Wall Street's fear gauge saw its fastest-ever drop from April 10 to May 12; Wall Street's breathing easy now that the US and China have dialed down tariffs. The index had peaked when fears were high right after Liberation Day.”
- Less positively for Trump, the New York Times reports that “investors are getting antsy,” over the GOP tax agenda: “Government bonds sold off again amid worries about the deficit-expanding effects of Trump's tax cuts.” (More below)

Axios reports that Trump's recent flurry of foreign policy moves – including striking deals with the Houthis and Hamas, brokering a ceasefire between India and Pakistan, engaging in

direct talks with Iran, vacillating on Ukraine, and meeting the proscribed leader of Syria – have “astounded” former Biden administration officials.

- Rob Malley, who held senior posts in three Democratic administrations — including handling Iran talks under Presidents Obama and Biden, said: "It's hard not to be simultaneously terrified at the thought of the damage he can cause with such power, and awed by his willingness to brazenly shatter so many harmful taboos."
- Trump may adjust his Middle East schedule to include a stop in Turkey tomorrow for talks with Russian President Vladimir Putin and Ukrainian President Volodymyr Zelenskyy. It remains unclear if Trump can convince Putin to attend the summit. (More below)

Trade and Tariffs

European Commissioner for Trade Maros Sefcovic told reporters in doorstep comments ahead of a meeting of EU trade ministers this morning that he had “another constructive call with the US Secretary of Commerce Howard Lutnick,” yesterday.

- Sefcovic went on to confirm that, “We have agreed to intensify our engagement at technical levels and I am in regular contact with him. I think we will see each very soon, most probably here in Brussels or at the OECD meetings.”
- The prospect of a US-EU trade deal has come into stark focus in the wake of Washington, D.C.’s deal with the UK, its unexpectedly productive first talks with China, and reports of swift deals with India, Japan, and South Korea being in the offing.
- Also delivering doorstep comments, Sweden’s Trade Minister Benjamin Dousa said that “a trade deal like the US closed with the UK won’t work for the EU”, adding that if such a deal were offered, “the US would have to expect countermeasures then”.
- Late on 14 May, Politico [reported](#) that, according to four EU diplomats, the US had sent the EU a letter in response to Brussels’ previous outlining of potential concessions it might be willing to offer. As the article notes, this is “the first positive concrete engagement from the Donald Trump administration since the two sides paused their wave of retaliatory tariffs.”

Japan

Jiji [reports](#) that the Trump administration is considering “revising the Japan-US trade agreement” to include more favourable terms for US agricultural exports.

- The report notes: “The Japanese side is not expecting to amend the agreement, so there is a possibility that the negotiations will hit a deadlock. If the negotiations are prolonged, there is a risk that the impact of tariffs on Japanese companies will increase.”

China

USTR Jamieson Greer met with his Chinese counterpart Li Chenggang in Jeju, South Korea, on the margins of a meeting of Asia-Pacific Economic Cooperation trade ministers yesterday.

- The meeting is the first since the breakthrough agreement struck by US and Chinese officials in Geneva on the weekend to pause some tariffs for 90 days as the sides hammer out a trade agreement.
- Bloomberg notes: "Li described the latest interaction as "good talks" on "trade topics." Greer left the venue without answering questions from the press."
- Bloomberg adds: "Asked by reporters if the two sides would meet again at the gathering, Li said he probably wouldn't talk to Greer on Friday. He added that he doesn't have any information over whether Trump and Chinese President Xi Jinping will have a meeting or a call."

India

Bloomberg [reports](#) that Trump said India has "made an offer to drop tariffs on US goods, as the Asian nation negotiates a deal to avert higher import taxes. Speaking Thursday in Qatar, Trump said the Indian government has "offered us a deal where basically they are willing to literally charge us no tariff."

- Bloomberg notes: "Trump didn't provide further details of New Delhi's apparent offer and the Indian government didn't immediately respond to a request for comment."
- While an India-US trade deal has appeared close for a number of weeks, The Times of India reports: "India is escalating its trade disputes with the US, challenging tariffs at the WTO and signaling a shift from defense to offense."
- "Inspired by China's tactics and triggered by Trump's claims of brokering a ceasefire with Pakistan, India asserts its strategic autonomy. New Delhi prioritizes signaling strength and diversifying trade relationships amid ongoing tensions with Washington."

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 BST: SENATE Appropriations: Hearings to examine proposed budget estimates for fiscal year 2026 for the Department of Transportation
- 10:00 ET 15:00 BST: HOUSE Financial Services: Task Force on Monetary Policy, Treasury Market Resilience, and Economic Prosperity: Examining Treasury Market Fragilities and Preventative Solutions
- 10:00 ET 15:00 BST: HOUSE Appropriations: Oversight Hearing of the U.S. Federal Trade Commission/ Budget Hearing - U.S. Department of Labor
- 10:00 ET 15:00 BST: HOUSE Small Business: "A Small Part in A Big Company: Examining the Power of Franchising in the American Economy"

Republican Legislation

Three key House committees yesterday advanced their portions of the 'One Big Beautiful' reconciliation bill, following marathon markup sessions.

- The House Ways and Means Committee advanced the tax portion of the legislation early yesterday morning after a 17-hour session. The [389-page bill](#) - the centerpiece of Trump's domestic agenda - makes his 2017 Tax Cuts and Jobs Act permanent, raising the cap on State and Local Tax Deduction (SALT) from \$10,000 to \$30,000, and includes some of Trump's tax-related campaign pledges such as exempting tipped earnings and overtime pay from federal taxation.

The House Energy and Commerce Committee [advanced its bill](#) after a 26-hour session, covering some of the most contentious spending cuts of the Republican agenda. The panel was tasked with finding \$880,000 in savings over 10 years. Most of that will come via Medicaid reform, widening a schism between moderates and conservatives that is likely to play a central role in the 2026 midterm elections.

- The E&C bill also claws back billions of dollars from former President Joe Biden's climate bill, the Inflation Reduction Act, and speeds up permitting for fossil fuel projects.
- Politico notes: "Republicans have not released information on how much money they expect to claw back from each of the programs, though full committee chair Brett Guthrie (R-Ky.) initially pegged the total rescissions from the IRA at \$6.5 billion."

Finally, the House Agriculture Committee advanced its legislation yesterday, after a stop-start session. The bill cuts roughly \$300 billion from food assistance aid to free up fiscal space for farm programmes.

- The changes to Supplemental Nutrition Assistance Program (SNAP) involves a cost-sharing proposal with states.

Discharging the bills from committee is a significant step for House Speaker Mike Johnson (R-LA) but there are potential roadblocks before a full House vote on the final package next week. Reminder: Johnson can likely stand to lose only three Republican votes on the final package, if all Democrats are present and voting.

- 10:00 ET 15:00 BST: Johnson will hold a first meeting of the day to convince at least three warring factions to drop their objections to various items in the package. His plan is for the House Budget Committee to assemble the constituent parts of the megabill on Friday before a House Rules Committee meeting on Monday to unlock a vote.
- The so-called SALT Republicans, the handful of blue-state lawmakers from frontline districts, are unhappy at the level of the SALT cap. They have threatened to tank the entire package if Johnson and Ways and Means Chair Jason Smith (R-MO) don't agree to bump up the cap. That appears unlikely unless Trump intervenes on behalf of the SALT reps.
- Punchbowl notes on SALT Republicans: "Let's put it plainly: Moderates always fold. The GOP leadership knows that. And they're expecting it once again this time around."

Conservatives are furious that the Medicaid reform has fallen short of the root-and-branch overhaul they believe is required to address the federal deficit. They also believe that language that delays the implementation of work requirements for Medicaid obscures the benefits of the bill.

- Rep Ralph Norman (R-SC), who sits on the House Rules Committee, said: “How is that a cut? How is that meeting the intent of the cuts? Why are they waiting? You got to do it now,”
- Johnson is cognizant that deeper cuts to Medicaid are likely to be rejected by the Senate and moderates in his own conference. Expect President Trump to insert himself into the dispute at some point today or tomorrow to nudge conservatives towards backing the package as he has done successfully during previous legislative standoffs.

Crypto

Senate Majority Leader John Thune (R-SD) told reporters yesterday that the Senate is unlikely to take up the landmark bipartisan crypto regulation legislation this week.

- Politico notes: “...negotiators close in on a deal... Key Democratic holdouts are close to a tentative agreement with the bill’s GOP sponsors, three people with knowledge of the negotiations [said]”.
- Semafor reports that key architects of the Senate bill, “said Wednesday that they expected revised legislation to pass by Memorial Day — but it would likely not include language targeting President Donald Trump’s family’s cryptocurrency profits.”

Foreign Policy

Secretary of State Marco Rubio, who is also President Trump’s temporary National Security Advisor, will deliver testimony to the Senate Foreign Relations Committee on May 20.

- Rubio was the first Trump Cabinet official confirmed by the Senate, in a 99-0 bipartisan vote. In January, Rubio was viewed by Democrats as a potentially moderating influence on Trump’s foreign policy agenda.
- Democrats have since soured on Rubio, particularly in light of his role in dismantling USAID and backing Trump’s hardline pivot against Ukraine’s position in its war against Russia.

Russia-Ukraine

Russian President Vladimir Putin will skip today’s Russia-Ukraine ceasefire summit in Turkey, with Moscow opting to send a junior delegation for the first direct talks between Russia and Ukraine since the early months of the war.

- The Russian delegation is expected to include presidential adviser Vladimir Medinsky, deputy foreign minister Mikhail Galuzin, and deputy defence minister Alexander Fomin.
- In light of Putin decision to skip the talks, Ukrainian President Volodymyr Zelenskyy will do likewise. He will instead hold a meeting with Turkish President Recep Tayyip Erdogan in Ankara.
- Speaking in Doha, Qatar, this morning, President Trump again suggested that he could adjust his Middle East schedule to include a stop in Turkey tomorrow if talks appear likely and “appropriate”.
- Politico notes: “This is a very big deal for Trump. The president may be 1,800 miles away in Qatar, but it’s his reputation on the line. We’ve all seen the faith he’s put into

his relationship with Putin. We all heard the campaign pledges — more than 50 of them — about ending this war on Day 1.”

- Secretary of State Marco Rubio, in Ankara today for a NATO foreign ministers’ meeting, told reporters Trump is “open to virtually any mechanism” to end the war and that the US will help “in whatever way we can.”

Former Australian General Mick Ryan writes in the Australian Financial Review that Putin’s decision might be seen by the Trump administration “as a deliberate insult,” and could “finally force Trump to take action against the Russians.”

- Ryan adds that Putin’s “no-show in Istanbul certainly offers a bonanza to the Ukrainian strategic messaging campaign about Putin and his lack of seriousness in engaging in the peace process.”
- Sam Greene at the Center for European Policy Analysis writes on his [Substack](#): “On one level, shenanigans aside, this is important. It is the first time Ukraine and Russia have sat down at a table, without intermediaries, since very early in the war. It could, in theory, lead to something — but don’t count on it. By my reading, there isn’t sufficient overlap in the parties’ interests to allow for progress.”

Iran

NBC [reports](#) that Iran is “ready to sign a nuclear deal with certain conditions with President Donald Trump in exchange for lifting economic sanctions,” according to a top adviser to Iran’s supreme leader.

- Axios [reports](#) that Trump’s Special Envoy Steve Winkler presented a formal proposal for a nuclear deal to his Iranian counterparts in Oman last weekend. The first such written proposal since talks began in April.
- Ali Shamkhani, a top adviser to Iranian Supreme Leader Ayatollah Ali Khamenei “said Iran would commit to never making nuclear weapons, getting rid of its stockpiles of highly enriched uranium which can be weaponized, agree to enrich uranium only to the lower levels needed for civilian use, and allow international inspectors to supervise the process, in exchange for the immediate lifting of all economic sanctions on Iran,” per NBC.

Trump told reporters this morning, appearing to refer to the NBC piece: “You probably read today that Iran has sort of agreed to the terms. They’re not going to be making any nuclear dust in Iran... And people are getting close to maybe doing a deal.”

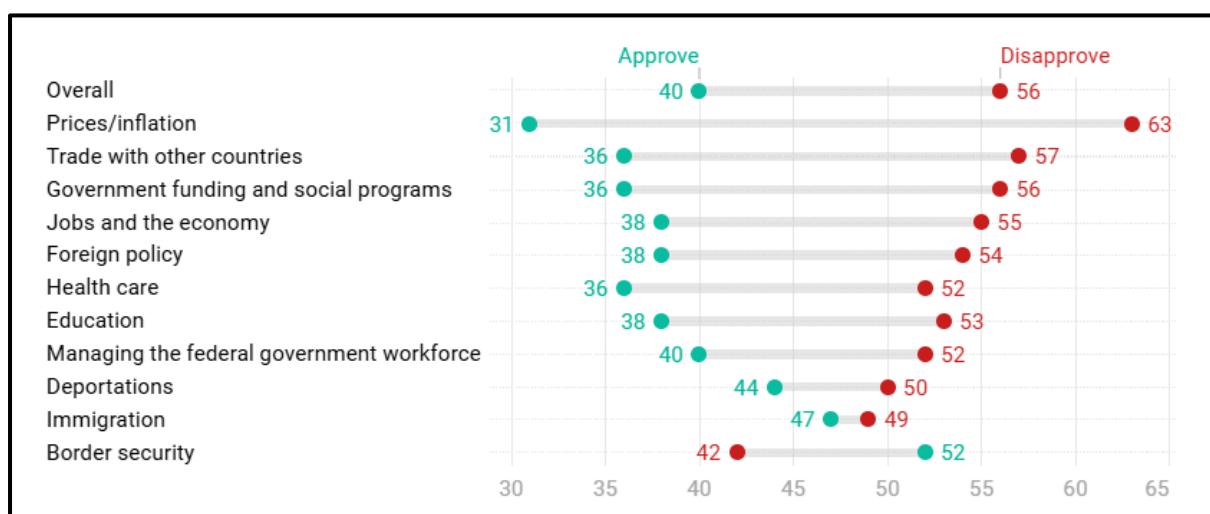
- Despite signs of progress, Iranian President Masoud Pashashian criticised the ultimatum Trump delivered to Tehran in Riyadh on Tuesday: “He thinks he can come here, chant slogans, and scare us. For us, martyrdom is far sweeter than dying in bed... You came to frighten us? We will not bow to any bully.”

Chart of the Day

Election analyst G. Elliot Morris writes in a new report for [Strength in Numbers](#) that “Americans broadly disapprove of the job Donald Trump is doing as president and favor Democratic U.S. House candidates for the 2026 midterms by 6 points”.

- Morris notes: "Adults say the economy and inflation are their top priorities, but do not think either party is prioritizing the issues enough. A majority opposes making budget cuts to social programs, such as Medicaid, in order to extend tax cuts and shrink the deficit."
- Morris adds: "Democrats hold a 47% to 41% lead on the generic ballot for local House of Representatives elections in 2026, while 12% remain undecided. This 6-point advantage is a modest improvement for the party compared to other polls in recent months."

Figure 1: Percent responding to the question "For each of the following issues, please tell us whether you approve or disapprove of the way Donald Trump is handling: ..."



Source: G. Elliot Morris, *Strength in Numbers*

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