

MNI POLITICAL RISK ANALYSIS - US Daily Brief 16-07-25

by Adam Burrowes

The White House *(times subject to change)*

11:00 ET 16:00 BST	President Trump greets Bahrain Crown Prince Salman bin Hamad Al Khalifa, at the White House (open press)
11:15 ET 16:15 BST	President Trump participates in a Bilateral Meeting with Crown Prince Salman bin Hamad Al Khalifa (White House press)
11:45 ET 16:15 BST	President Trump participates in a Bilateral Lunch with Crown Prince Salman bin Hamad Al Khalifa (closed press)
15:00 ET 20:00 BST	President Trump participates in a Bill Signing Ceremony
19:00 ET 00:00 BST	President Trump participates in a dinner with the Prime Minister of the State of Qatar

KEY DATES:

- ❖ Congressional recess: August 4-September 1
- ❖ Government funding expires: September 30

Washington

President Donald Trump will meet the Crown Prince and Prime Minister of Bahrain, Salman bin Hamad Al Khalifa, at the White House today for a bilateral meeting and working lunch. Trump will then hold an Oval Office bill signing ceremony at 15:00 ET 20:00 BST.

- Secretary of State Marco Rubio will meet his Bahraini counterpart to sign a memorandum of understanding on nuclear cooperation, before joining with Trump and Al Khalifa. Spokesperson Tammy Bruce will brief at 14:00 ET 19:00 BST.
- Bahrain's state news agency BNA reported on Wednesday that Bahraini and US companies signed a series of agreements worth around USD\$17 billion, aimed at strengthening economic ties and advancing cooperation. The deals cover aviation, technology, industry, and investment.

Yesterday, Trump made a rare foray outside his home bases in New Jersey and Florida to attend an energy and artificial intelligence event in Pittsburgh, Pennsylvania, where he touted multi-billion-dollar tech investments.

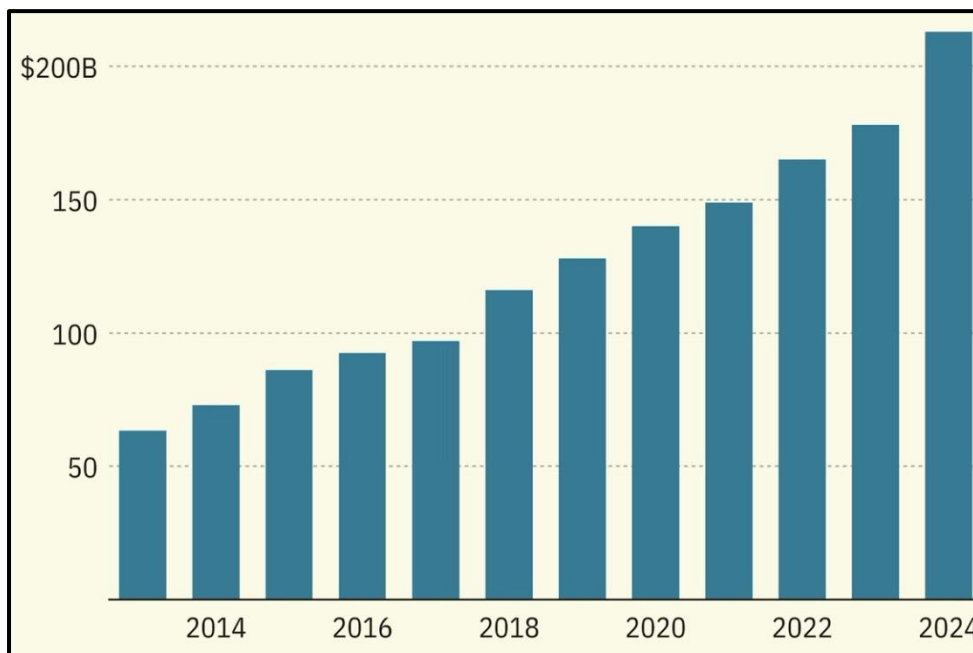
- Semafor notes that Trump “hailed more than \$90 billion in artificial intelligence and energy investments in Pennsylvania... as he looks to assert the country’s tech dominance. Companies including Google, First Energy, and GE Vernova are set to invest in data centers and grid upgrades in the Rust Belt heartland that officials hope to position as the new center of the AI economy.”

Trade and Tariffs

Trump told reporters yesterday that tariffs on pharmaceutical imports could be announced “probably at the end of the month, and we’re going to start off with a low tariff and give the pharmaceutical companies a year or so to build, and then we’re going to make it a very high tariff”.

- He added he had a similar timeline for imposing levies on semiconductors, as he believed it was “less complicated” to implement tariffs on the chips required by all electronic devices, but did not provide further details, per the Guardian.
- Bloomberg notes: “At a Cabinet meeting earlier this month, Trump said he planned to impose a 50% tariff on copper in the coming weeks, and that he expected pharmaceutical tariffs to grow as high as 200% after giving companies a year to bring manufacturing back to the US. Trump has already announced investigations under Section 232 of the Trade Expansion Act of 1962 on drugs, arguing a flood of foreign imports was threatening national security.”

Figure 1: US Imports of Pharmaceutical Products



Source: Semafor, Trading Economics

Indonesia

Trump announced yesterday on [social media](#) that his administration had struck a trade deal with Indonesia to provide tariff-free access to South East Asia’s largest economy. Jakarta, in return, will face a 19% tariff on its exports to the United States, a reduction from the 32% tariff rate threatened in a recent tariff letter.

- Trump added: “As part of the Agreement, Indonesia has committed to purchasing \$15 Billion Dollars in U.S. Energy, \$4.5 Billion Dollars in American Agricultural Products, and 50 Boeing Jets, many of them 777’s.”

Trump also downplayed the prospect of more trade deals by his August 1 deadline, saying he could strike “two or three” trade deals with countries before August 1 and noting that he would “probably” impose a “little over 10%” on smaller countries that did not receive tailored rates, per [Bloomberg](#).

- Trump said: “I would say India, and we have a couple of others, but I have to tell you, for the most part, I’m very happy with the letters.”

Bank of England Governor Andrew Bailey [warned](#) in his annual Mansion House speech yesterday: “Increasing tariffs creates the risk of fragmenting the world economy, and thereby reducing activity. It helps to remember that the key challenge we all face is to increase growth in the world economy: to grow the pie to support living standards for the people we serve, all of the time. It is as simple as that.”

Chinese Vice Premier He Lifeng said at China’s International Supply Chain Expo in Beijing today: “Some countries are interfering in the market under the pretext of reducing risk, using measures such as imposing tariffs.”

- He continued: “Global changes of a century are accelerating, with multiple risks intertwining and piling up... We need to further build a shared consensus on development, firmly oppose the politicization, ideologization, and over-securitization of economic and trade issues, and work together to uphold an open and cooperative international environment.”
- Nvidia CEO Jensen Huang is also expected to speak at the forum, following a decision from the Trump administration to permit the sale of some of its advanced chips used to develop AI to China.

Canada

Canadian Prime Minister Mark Carney conceded yesterday, for the first time, that a trade deal with the United States is unlikely to lift all tariffs on Canadian exports.

- Carney told reporters ahead of a cabinet meeting in Ottawa: “There is not a lot of evidence right now, with regards to negotiations, of any country or jurisdiction” escaping US tariffs. He added: “We need to recognize that the commercial landscape globally has changed”.
- [WSJ reports](#): “Carney had entered talks with President Trump toward a new economic-and-security pact between the North American neighbors that included lifting all tariffs on Canadian imports. This marks the first time that he has raised the possibility that U.S. tariffs may remain in place.”

Economy

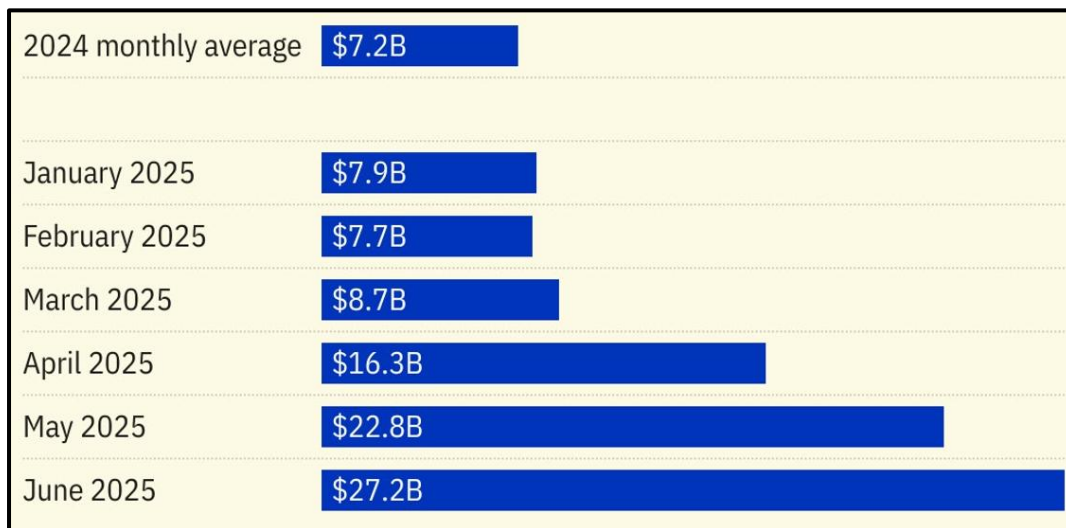
The Financial Times [reports](#): “America’s trading partners have largely failed to retaliate against Donald Trump’s tariff war, allowing [Trump] to raise nearly \$50bn in extra customs revenues at little cost.”

- FT: “US revenues from customs duties hit a record high of \$64bn in the second quarter — \$47bn more than over the same period last year, according to data published by the US Treasury on Friday.”

The Wall Street Journal similarly [reports](#) that the narrative of the so-called TACO trade (Trump Always Chickens Out) has obscured Trump's primary goal: "He wants tariffs, the higher the better. Whether that is achieved unilaterally or via deals is secondary."

- WSJ: "...despite the absence of [trade] deals, [Trump] has succeeded. In June alone, Treasury collected \$27 billion in customs revenue, up \$20 billion from a year earlier, a pace that would imply \$240 billion more a year. That isn't enough to eliminate most families' income tax as Trump once promised, but it can still pay for plenty of other priorities."

Figure 2: US Tariff Revenue



Source: Semafor, US Treasury, Bloomberg

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 09:00 ET 14:00 BST: HOUSE Ways and Means: Making America the Crypto Capital of the World: Ensuring Digital Asset Policy Built for the 21st Century
- 14:00 ET 19:00 BST: HOUSE Financial Services: HOME 2.0: Modern Solutions to the Housing Shortage
- 14:30 ET 19:30 BST: SENATE Judiciary: Hearings to examine the AI industry's mass ingestion of copyrighted works for AI training.

Rescissions

Senate Majority Leader John Thune (R-SD) overcame Republican opposition to President Trump's USD\$9 billion rescissions package to clear the first procedural hurdle on the bill, teeing up a 'vote-a-rama' at around 13:30 ET 18:30 BST today.

- Vice President JD Vance cast the tie-breaking vote, after GOP Senators Mitch McConnell (R-KY), Susan Collins (R-ME), and Lisa Murkowski (R-AK), voted against advancing the package out of committee.
- After a closed-door meeting with Senate Republicans, Office of Management and Budget director, Russel Vought, agreed to remove USD\$400 million of cuts from PEPFAR, the George W. Bush-era HIV/AIDS prevention program that has been credited with saving 26 million lives.

Thune indicated that the removal of PEPFAR is likely to be the only change to the final package, which should allow the bill a relatively smooth track back through the House to President Trump's desk: "We hope that if we can get this across the finish line in the Senate, the House would accept that one small modification," he said.

- The Washington Post notes that Thune is "not in the clear yet. And even though Senate Republicans were able to start debate on the bill and leadership is feeling increasingly confident, a handful of GOP senators have yet to say if they will vote to pass it in the coming days, leaving the final outcome in flux..."
- Rep Chip Roy (R-TX) indicated that House conservatives are likely to back the package: "If they're watering down too much, I'm not sure it moves. But if you get any of the rescissions that survive, they're still rescissions."

Crypto

House Speaker Mike Johnson (R-LA) is expected to take a second run at a procedural vote on a package of three crypto bills, after 12 conservatives joined Democrats to sink a vote on the rule yesterday.

- Trump said on Truth Social, shortly after the failed rule vote: "I am in the Oval Office with 11 of the 12 Congressmen/women necessary to pass the GENIUS Act and, after a short discussion, they have all agreed to vote tomorrow morning in favor of the Rule."

Politico notes: "Some of the House Republicans who tanked the crypto rule were also at the Treasury Department Tuesday night talking through their concerns about a possible central bank digital currency".

- Politico continues: "House Freedom Caucus members were initially demanding a ban on any government sponsored digital currency be added to the GENIUS Act, the Senate-passed stablecoin bill, out of concerns over privacy and stifling private sector innovation. That language already exists in the CLARITY Act, a crypto market structure bill also slated for action this week."
- House Freedom Caucus Chair Andy Harris (R-MD) told reporters, without expanding on any assurances from the White House: "Central bank digital currency — we have to put a stake in its heart once and for all. The action under that rule wouldn't have done it."

The House Ways and Means Committee will [meet today](#) at 09:00 ET 14:00 BST to discuss how to alter the tax code in accordance with the crypto regulatory changes under consideration.

- Ways and Means oversight subcommittee chair, David Schweikert (R-AZ), told reporters: “How do I make sure the tax code — the documents required for the tax code, those sorts of things — are in alignment with the rule set.” He added that he’s looking for “harmonization” among various committees of jurisdiction on a novel crypto framework. “We wanted to do it in Ways and Means. Financial Services had their ideas,” per Politico.
- The Ways and Means meeting will hear testimony from key industry players, including the Coin Center Director of Policy, the CEO of the Blockchain Association, and the Vice President and Senior Tax Counsel at Fidelity Investments.

Punchbowl notes that “the mood among Democrats on crypto legislation ranges from bitter to teeth-grinding to excited. House Democratic leadership isn’t whipping for or against the bills, a tacit acknowledgement of the diversity of views inside their caucus.”

- Punchbowl continues: “...we expect several Democrats to back the GENIUS Act — which would introduce regulations to stablecoins — but oppose the CLARITY Act. That bill would reorganize the responsibilities of federal financial regulators for crypto.”

Federal Reserve

Republican Representative Anna Paulina Luna [posted on X](#) after an Oval Office meeting with President Trump yesterday, “Hearing Jerome Powell is getting fired! From a very serious source,” adding in a second post, “I’m 99% sure firing is imminent,” referring to Fed Chair Jerome Powell.

- AP notes, “Trump in April threatened to fire Powell, though he later backed off those threats after stock prices fell in response. The Supreme Court has since signaled that the president doesn’t have the authority to remove the Fed chair over a disagreement about interest rates.”
- Trump and his Office of Management and Budget Director, Russ Vought, have since [identified](#) a USD\$2.5 billion renovation project at the Fed’s Washington D.C., premises as an alternative justification for dismissal.

Axios [notes](#) that Vought sent a letter on July 10, giving Powell seven business days to respond, which would potentially give Trump time to attempt action before the next Fed meeting, which starts July 29.

- Trump told reporters yesterday: “But the one thing I would have never guessed is that he [Powell] would be spending two and a half billion dollars to build a little extension onto the Fed.” Trump added, when a reporter asked if that was a fireable offense: “I think it sort of is,” [per CNN](#).
- National Economic Council director Kevin Hassett, one of the favourites to replace Powell when his term expires, told reporters on Sunday that Trump is “looking into” whether the renovations provide authority to fire Powell: “...certainly, if there’s cause, he does,” Hassett added.

Bloomberg reports: Kevin Warsh, a top contender to replace Jerome Powell as chair of the Federal Reserve, is finally ready to cut interest rates... His transformation comes at a time

when [Trump's] demands that the Fed cut rates are reaching a fever pitch, and Trump has made clear he won't pick a candidate who isn't ready to deliver."

- Warsh told Fox News on Sunday: "The Fed has the policy mix exactly wrong — it has a big balance sheet, like we're in the '08 crisis or the 2020 pandemic, and has rates that are too high. It needs to shrink the Fed balance sheet and cut interest rates. In so doing, Main Street can get a much lower cost of credit."

JPMorgan Chase Chief Executive Jamie Dimon told reporters after a post-earnings event yesterday: "I think the independence of the Fed is absolutely critical. Playing around with the Fed can have adverse consequences, the absolute opposite of what you might be hoping for."

- WSJ [reports](#): "Dimon became the first leader of a major U.S. financial institution to publicly address the administration's broadsides against the central-bank chief. Many on Wall Street have privately worried that political pressure will undermine the Fed's credibility."
- Barron's writes: "Firing Powell would be an unthinkable act for markets. Treasury Secretary Scott Bessent said Tuesday that Trump has no plan to dismiss the central bank chief in a television interview."
- Last Friday, Deutsche Bank warned that investors are overlooking the risk of Trump removing Powell from the Fed, saying it could cause a meltdown in the currency and bond markets, per [Business Insider](#), describing Trump removing Powell "is the market's most underestimated risk".

Russia-Ukraine

President Trump yesterday clarified to reporters that he has not advised Ukrainian President Volodymyr Zelenskyy to target deeper inside Russia, including Moscow, as reported in the [Financial Times](#) yesterday.

- Asked if Zelenskyy should target Moscow, Trump said: "No. He shouldn't target Moscow."
- When pressed: "Is that why you gave him more weapons, though? Are you willing to give long-range missiles to Ukraine as well?" Trump said: "No, we're not looking to do that."
- Trump also appeared to suggest that he could approve sanctions before the end of the 50-day period he outlined on Monday: "Oh, I don't think 50 days is very long. And it could be sooner than that. I don't think 50 days is very long."

Reuters reports that Russian President Vladimir Putin, "intends to keep fighting in Ukraine until the West engages on his terms for peace, unfazed by Donald Trump's threats of tougher sanctions, and his territorial demands may widen as Russian forces advance, three sources close to the Kremlin said."

- According to Reuters, "The three Russian sources, familiar with top-level Kremlin thinking, said Putin will not stop the war under pressure from the West and believes Russia - which has survived the toughest sanctions imposed by the West- can endure further economic hardship, including threatened U.S. tariffs targeting buyers of Russian oil."

- "Putin thinks no one has seriously engaged with him on the details of peace in Ukraine - including the Americans - so he will continue until he gets what he wants," one of the sources said.

The New York Times reports, "When Trump agreed to sell sophisticated U.S. weapons to Europe so that they could be supplied to Ukraine, European leaders perceived an important shift. Still, these leaders are cautious, even if Trump is suddenly sharply criticizing President Vladimir Putin."

- Trump's new attitude "might be good news, but good news for how long, and under what conditions?" one expert asked, adding: "It does nothing to solve the problems of the trans-Atlantic relationship," per the Times.
- Reuters notes: "A meeting of Patriot owner nations and Ukraine donors, aiming to find additional Patriot air defence batteries for Kyiv and chaired by NATO's top military commander, could take place Wednesday next week..."

Security

The US and 18 allies began the biennial military exercise known as Talisman Sabre in Rockhampton, Australia, yesterday.

- The Wall Street Journal notes that the exercise, "is meant to send a message to China: The U.S. and its partners are ready to respond together to aggression from Beijing, which has been increasingly asserting itself in what it regards as its sphere of influence in the Asia-Pacific region."

The Pentagon has withdrawn its senior officials from the Aspen Security Forum, which gets underway today in Colorado, citing ideological differences with the meeting.

- Politico notes: "The flap highlights a growing trend in an increasingly polarized policy community: It's not clear we can really have nonpartisan national security debates anymore, as Aspen and other international forums have continually struggled to convince Republicans to show up."
- Politico adds: "Aspen's organizers said they intend the forum to be a space for nonpartisan debate about the most pressing national security challenges and have issued a wide array of invitations to make it so, but with many of those invitations getting turned down, they only have so much control."

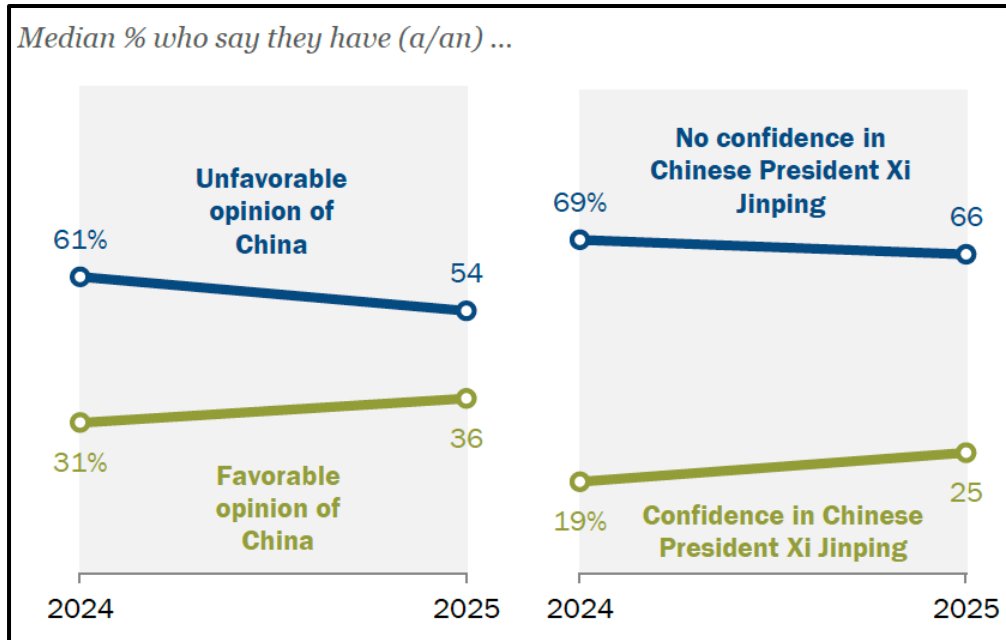
Chart of the Day

A new [survey](#) from the Pew Research Center has found: "The share of people with a favorable view of China has increased since last year in 15 of the 25 countries Pew Research Center surveyed this spring. In most of these countries, this is the first time since 2020 that views of China have turned more positive."

- Pew adds: "Though views of China and Xi have improved in most surveyed countries since last year, the opposite is true for the United States and President Donald Trump. Today, international views of the two superpowers and their leaders are closer than they have been at any point since 2020."

- Pew continues: “Despite the growing sense that China is the world’s top economy, people in nearly all countries surveyed prioritize strong economic ties with the U.S. over China.”

Figure 3: Views on China and President Xi Jinping



Source: Pew Research Center

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