

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

by Adam Burrowes

The White House *(times subject to change)*

11:00 ET 16:00 BST	President Trump greets Turkish President Recep Tayyip Erdogan
11:15 ET 16:15 BST	President Trump participates in a Bilateral Meeting with President Erdogan
11:45 ET 16:45 BST	President Trump participates in a Bilateral Lunch with President Erdogan
15:30 ET 20:30 BST	President Trump signs Executive Orders
16:30 ET 21:30 BST	President Trump will meet with the Prime Minister of Pakistan Shehbaz Sharif

KEY DATES:

- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

US President Donald Trump will greet Turkish President Recep Tayyip Erdogan at the White House at 11:00 ET 16:00 BST, ahead of a bilateral meeting and working lunch. The two leaders don't have a joint press conference scheduled, but questions from reporters are expected at the top of the bilat.

- Trump will sign Executive Orders in the Oval Office at 15:30 ET 20:30 BST.
- At 16:30 ET 21:30 BST, Trump will meet with Prime Minister of Pakistan Shehbaz Sharif at the White House. The meeting comes after Trump took the unprecedented step of inviting Pakistani army chief Field Marshal Asim Munir, widely regarded as the most powerful man in Pakistan, to the White House without civilian representation.
- Reuters notes, "Sharif was part of a meeting Trump had on Tuesday with leaders of many Muslim-majority countries where the US president discussed Israel's assault on Gaza." (more on that below)
- 08:30 ET 13:30 BST: The Bureau of Economic Analysis will release the second estimate of second-quarter GDP growth.

Turkey

Turkish news outlet TRT reports that, "Issues such as trade, investment, and the defence industry are expected to be discussed" during the Trump-Erdogan bilateral.

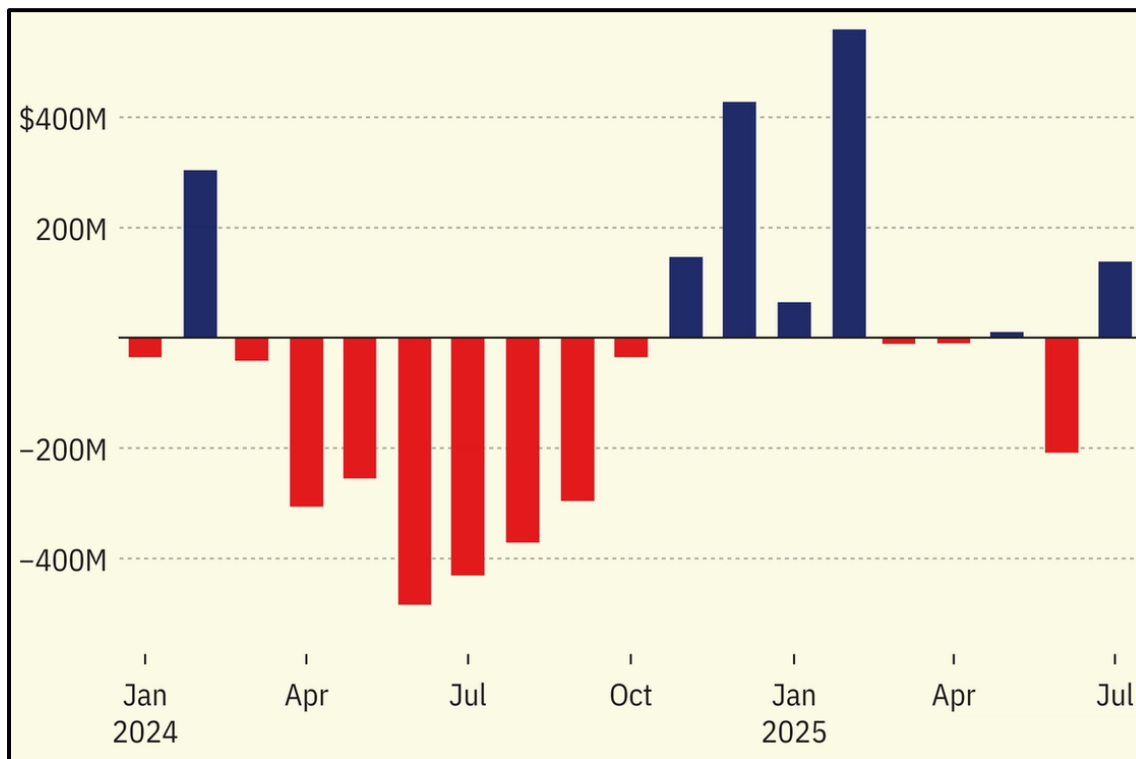
- Signalling positive intentions ahead of today's meeting, Erdogan described a closed-door meeting on Gaza between Trump and Muslim leaders in New York City on Tuesday as "very, very productive and positive," noting "I'm satisfied — may the outcome be beneficial."

While Trump and Erdogan have a close personal relationship, the broader bilateral relationship has points of tension. Most notably, US' support for the Kurdish-led Syrian

Democratic Forces (SDF), which Ankara considers an offshoot of the Kurdistan Workers' Party (PKK).

- Erdogan is also angling for a return to the F-35 programme, from which Turkey has been excluded from since 2019 for buying Russian air defence systems. According to Middle East Eye, Erdogan is prepared to drop some tariffs on US imports and purchase hundreds of Boeing airliners in order to smooth objections from the Trump administration.
- Perhaps the thorniest issue is Ankara's continued purchase of Russian LNG. Turkey has positioned itself as a backdoor for Russian gas to eastern and central European markets via the TurkStream pipeline. If Trump is serious about his desire to squeeze Russian energy supplies to Europe, he will likely have to apply pressure on Turkey.
- Middle East Eye noted yesterday, "US officials have been lobbying Turkey to purchase more US Liquefied Natural Gas (LNG) since the war in Ukraine with mixed success. Turkey announced on Wednesday a 20-year supply agreement to buy more US LNG."

Figure 1: US Trade Balance with Turkey, Goods Only



Source: Semafor

Government Shutdown

The Trump administration raised the stakes of its shutdown standoff with Democrats ahead of the September 30 deadline for funding the government. Office of Management and Budget director Russell Vought issued a [memo](#) yesterday threatening mass firings of federal workers if the government shuts down on October 1.

- Vought said in the memo that federal agencies “are directed to use this opportunity to consider Reduction in Force notices for all employees” engaged in activities that aren’t paid via mandatory funds, via the GOP’s ‘One Big Beautiful Bill’, or whose “PPA [programs, projects or activities] is not consistent with the President’s priorities.”
- The memo continued, “Once fiscal year 2026 appropriations are enacted, agencies should revise their RIFs as needed to retain the minimal number of employees necessary to carry out statutory functions.”
- Politico reported that the potential layoffs wouldn’t apply to “Social Security, Medicare, veterans benefits, military operations, law enforcement, Immigration and Customs Enforcement, Customs and Border Protection and air traffic control,” according to an OMB official.

The memo is a major escalation of the showdown with Democratic leaders in Congress. It indicates that the GOP and Trump administration see no value in bipartisan negotiation on a funding measure. Effectively, Vought is threatening Democrats with an escalation of the crisis that Senate Majority Leader Chuck Schumer (D-NY) sought to avoid when he folded in a similar funding showdown in March.

- Punchbowl News notes, “Speaker Mike Johnson (R-LA), who pushed through a “clean” Nov. 21 CR last week, isn’t even planning on bringing his chamber back until after a shutdown has begun. The new threat means a shutdown could be the end of [federal workers] careers unless Congress or the courts stop it.”

Senate Minority Leader Chuck Schumer (D-NY) downplayed the memo on X, “This is an attempt at intimidation. Donald Trump has been firing federal workers since day one — not to govern, but to scare. This is nothing new and has nothing to do with funding the government. These unnecessary firings will either be overturned in court or the administration will end up hiring the workers back, just like they did as recently as today.”

- House Minority Leader Hakeem Jeffries (D-NY) said on X, “Listen Russ, you are a malignant political hack. We will not be intimidated by your threat to engage in mass firings. Get lost.”

As a reminder, Democrats are demanding a huge list of health care-related policy changes and new assurances from Congress to combat the OMB’s power grab over Congressionally authorised funding to endorse a short-term funding patch. These demands are non-starters, but Schumer is under intense pressure from his base to push back against the Trump administration’s perceived executive overreach.

- At this stage, a shutdown appears nearly inevitable. There are no active lines of communication between Democratic leaders and their Republican counterparts, or the White House. And as noted above, Johnson has recessed the House until after the shutdown deadline, appearing to close the door to any alternate pathway to avoiding a shutdown, other than the Senate passing the House’s ‘clean’ CR through November 21.
- However, there may be an offramp if a deal can be struck on extending enhanced Obamacare premium subsidies, the most pressing and realistic of Democrat demands.

It is worth noting that a traditional pressure campaign on Congress from the Pentagon to avert a shutdown has been absent this time around. So far, there have been no public statements from heads of military branches warning about the impact of a shutdown on defensive posture, personnel, weapons development, and procurement programmes.

- According to Punchbowl, "The lack of engagement from military leaders with the Hill on a potential shutdown comes after Congress recently made sure to fill the Pentagon's coffers. The Defense Department made out well in the Republican reconciliation package and under the current full-year stopgap spending plan enacted earlier this year. Both those bills have raised questions within the military about the necessity of sending out the usual missives if Congress will ultimately put more money toward national security anyway..."

Figure 2: Government Shutdown by October 1



Source: Polymarket

European Union

European Trade Commissioner Maros Sefcovic wrote on X this morning after a meeting with United States Trade Representative Jamieson Greer on the sidelines of the ASEAN summit in Kuala Lumpur, "Good to meet again with Jamieson Greer. I appreciate that implementation of our joint commitments is on track: car and parts tariffs down to 15% retroactively Aug 1, key exemptions from the cap Sept 1. My next focus: jumpstarting our strategic collaboration on steel."

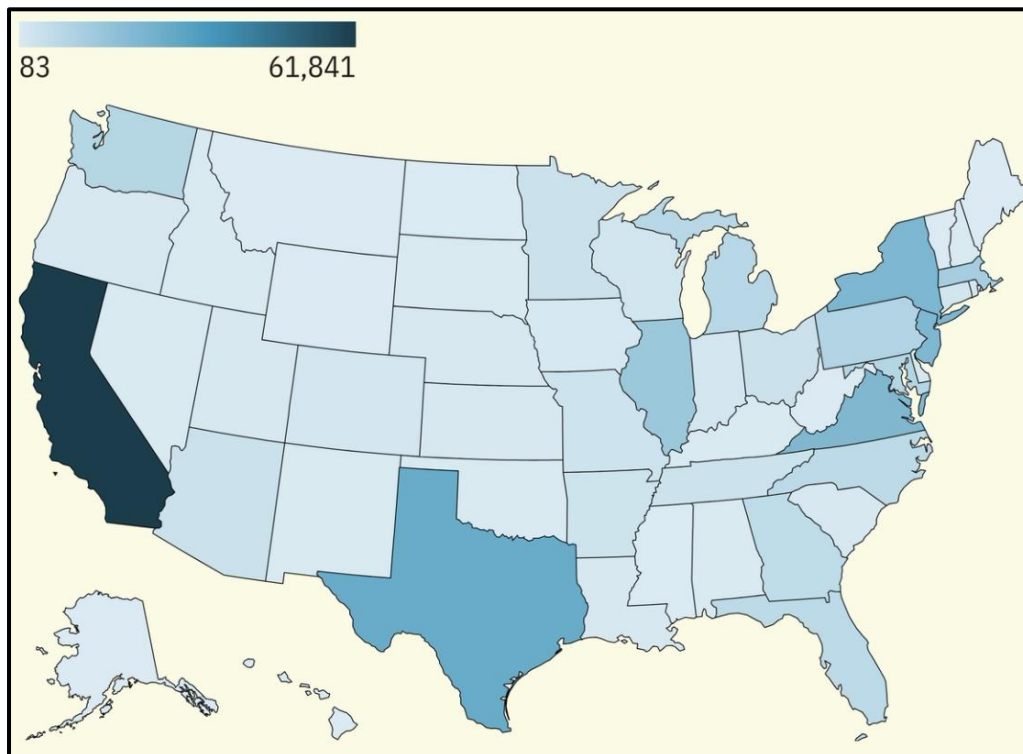
- Prior to his meeting with Greer, Sefcovic said that regarding steel and aluminium tariffs, "The most logical step would be to proceed with a tariff-rate quota, with low or no tariffs," but there appears to be little US interest at present towards moving towards such a deal.
- On 24 Sep, Commission DG Trade Sabine Weyand [stated](#) that the agreement reached in July with the US to avoid the worst of President Donald Trump's 'reciprocal' tariffs "will not amount to a [free-trade agreement]. And I think if we were to go to the US and say 'could you agree with us that the objective is to transform this into a fully WTO-compatible FTA?' I think the answer would be a resounding no."

H-1B Visas

The Wall Street Journal [reports](#), “On Wednesday evening, Judiciary Committee Chairman Chuck Grassley (R-IA) and Ranking Member Dick Durbin (D-IL) sent letters to the country’s largest users of H-1B visas—including Amazon, Apple and JPMorgan Chase—asking them to explain why they continue to hire thousands of H-1B visa holders while also cutting other jobs.”

- The Journal notes, “The move comes less than a week after President Trump announced an overhaul of the H-1B program, including a new \$100,000 fee for companies sponsoring foreign workers. That move caused panic for some companies worried they could retroactively be on the hook for fee payments. They mobilized HR teams and lawyers to address employee concerns and ensure compliance.”
- According to the Journal, “Roughly 700,000 people currently live in the country on H-1B visas, according to a National Foundation for American Policy analysis of government data, with technology firms among the biggest users. Most H-1B holders are from India and China.”
- A New York ‘power broker’ told Bloomberg, “The concern isn’t just the price tag. It’s the whole question of, ‘Is America withdrawing from the global economy?’” The fee also sparked a debate in Silicon Valley: One investor said the move will backfire for the US, boosting foreign economies instead, though Semafor’s tech editor argued the H-1B program is “grossly abused by big consulting firms” and needs an overhaul, per Semafor.

Figure 3: H-1B Beneficiaries Approved by State



Source: Semafor

Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

Ukraine War

US Secretary of State Marco Rubio met Russian Foreign Minister Sergei Lavrov yesterday on the sidelines of the UN General Assembly in New York. The meeting was the first high-profile sit-down between top officials since the Alaska summit between Trump and Russian President Vladimir Putin in August. And the first significant communication since Trump wrote on Truth Social that Ukraine could retake all occupied territory from Russia.

- A State Department readout offered few details of the meeting, “The Secretary reiterated President Trump’s call for the killing to stop and the need for Moscow to take meaningful steps toward a durable resolution of the Russia-Ukraine war.”

NBC News writes, “President Donald Trump’s startling shift on the Ukraine war after an unusually friendly meeting with Ukrainian President Volodymyr Zelenskyy has European leaders asking: Is it real? Or is it only a tactic to get Russian President Vladimir Putin to finally negotiate?”

- NBC continues, “Will Trump put his words into action? A top Ukrainian official told me the best way to squeeze Putin’s economy would be to sanction major Russian banks that still operate freely. That would have more impact than waiting for Congress to pass sanctions on China, the largest purchaser of Russian oil, or hoping the European Union overcomes opposition to tightening the economic noose on Putin allies Hungary and Slovakia.”

Treasury Secretary Scott Bessent yesterday appeared to distance the US from any action against a string of Russian aerial incursions into NATO territory: “Now Putin has started making incursions into the NATO borders. The one thing I can tell you is the US is not going to get involved with troops or any of that. We will sell the Europeans weapons.”

- In his meeting with Ukrainian President Volodymyr Zelenskyy on Tuesday, Trump said “Yes, I do,” Trump said when asked if NATO allies should shoot down Russian aircraft.
- However, according to Bloomberg, Trump declined to say whether the US would support NATO if it engaged Russian planes over its airspace, saying it “depends on the circumstance” but that “we’re very strong toward NATO.”

Zelenskyy suggested to Axios’ Barrack Ravid that Kyiv could target the Kremlin with long-range missile strikes - a significant escalation of Ukraine’s military strategy.

- According to Axios, Zelenskyy said that if Russia won’t end the war, officials working in the Kremlin should make sure they know where the nearest bomb shelter is. Zelenskyy added that he had President Trump’s explicit backing to hit Russian

targets like energy infrastructure and arms factories. And he said that if Ukraine gets additional long-range weaponry from the US, "we will use it."

- Zelenskyy said of Kremlin officials, "They have to know where the bomb shelters are. They need it. If they will not stop the war, they will need it in any case. They have to know that we in Ukraine, each day, we will answer. If they attack us, we will answer them."

Zelenskyy noted in the interview that during his Tuesday meeting with Trump he requested the US provide Ukraine with "a new weapons system he said would force Russian President Vladimir Putin to come to the negotiating table."

- Zelenskyy didn't specify the weapon system, but he could have been referring to US-supplied ATACM long-range missiles, previously supplied by the Biden administration with restrictions on targets hit by Kyiv. Ukraine [reportedly](#) exhausted their supply of ATACMS earlier this year. Ukraine is also working on its own [long-range cruise missile](#) with mass production slated to start early next year.

Gaza War

Trump reportedly assured Arab and Muslim leaders on Tuesday that the US would not let Israeli Prime Minister Benjamin Netanyahu annex the West Bank, a move that would likely torpedo any attempt to expand the Abraham Accords, Trump's signature first-term foreign policy achievement.

- Politico notes, "one of the Arab leaders' main goals going into the meeting was conveying to Trump that any move by the Israeli military to take the West Bank would likely lead to the collapse of the accords."
- According to Politico, "Trump and his team presented a plan to end Israel's war in Gaza — though despite the president's repeated assurances, a ceasefire is still well out of reach. Trump's proposal included plans around governance and postwar security in the strip..."
- Special envoy for the Middle East Steve Witkoff said at an event in New York yesterday, "We presented what we call the Trump 21-point-plan for peace in the Mideast in Gaza. I think it addresses Israeli concerns and as well, the concerns of all the neighbors in the in the region."

Argentina

The Trump administration is framing a potential economic support package for embattled Argentinian President Javier Milei in ideological terms, tying financial support to Milei's performance in next month's legislative elections.

- The Wall Street Journal notes, "The potential aid is the latest example of Trump rewarding loyalists and punishing critics in Latin America, and represents an explicit intervention in another nation's election."

Treasury Secretary Scott Bessent said in remarks to the Atlantic Council Global Citizen Awards alongside Milei yesterday, "One man had the courage to stand up for Argentina by standing against the establishment. And that man stands beside us this evening. Tonight, we recognize President Javier Milei for his tireless efforts to Make Argentina Great Again."

- Bessent suggested supporting Milei would have a broader effect on Latin American political culture, “There is a knock-on effect from President Milei’s governing philosophy. It has galvanized reforms not only in Argentina but in other Latin American countries as well... he has reignited faith in free-markets and laid the foundation for a new Golden Age in Argentina.”

Bessent [wrote on X](#) yesterday that the US, “stands ready to purchase Argentina’s USD bonds and will do so as conditions warrant. We are also prepared to deliver significant stand-by credit via the Exchange Stabilization Fund, and we have been in active discussions with President Milei’s team to do so.

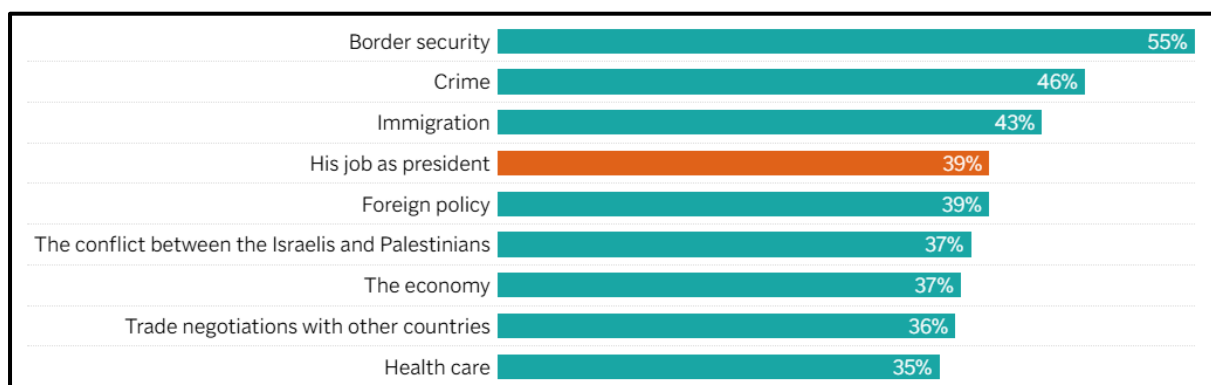
- “The Treasury is currently in negotiations with Argentine officials for a \$20 billion swap line with the Central Bank. We are working in close coordination with the Argentine government to prevent excessive volatility.
- “In addition, the United States stands ready to purchase secondary or primary government debt and we are working with the Argentine government to end the tax holiday for commodity producers converting foreign exchange.
- Milei responded on X by thanking Trump and Bessent for their “firm support and confidence in the Argentine people.”

Chart of the Day

A new survey from the Associated Press/NORC shows that Donald Trump’s “second-term strengths look different from his first.”

- AP notes, “Once strengthened by economic issues, Trump’s approval is now relatively low on the economy and he’s leaning on his stronger issues of crime, border security and immigration. Concerns about the economy and immigration helped propel him to the White House, but polling over the past year shows that Americans’ faith in the Republican president’s handling of the economy is low, particularly among independents, and his approval on immigration has fallen slightly.”
- AP adds, “Now, Trump’s strongest issues are border security and crime, but there were signs of potential weakness on crime...”

Figure 4: Approval of President Donald Trump on Following Issues



Source: AP-NORC

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