

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 27-06-25

by Adam Burrowes

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

<u>11:00 ET 16:00 BST</u>	President Trump receives his Intelligence Briefing in the Oval Office
<u>15:00 ET 20:00 BST</u>	President Trump meets the Foreign Ministers of the DR Congo and Rwanda in the Oval Office (White House press pool present)

### KEY DATES:

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

### Washington

At 11:00 ET 16:00 BST, President Donald Trump will receive an intelligence briefing in the Oval Office.

- In the afternoon, Trump will hold an Oval Office meeting with the Foreign Ministers of Rwanda and the Democratic Republic of Congo (more below).
- On Sunday, Trump will sit down for an interview with Maria Bartiromo on Fox News' Sunday Morning Futures.

### China

President Trump and Commerce Secretary Howard Lutnick announced yesterday that they have finalised a US-China trade framework, hammered out in two high-profile summits in Geneva and London.

- The Chinese Commerce Ministry confirmed the agreement in a statement: "In recent days, after approval, both sides have further confirmed details on the framework. The Chinese side will review and approve eligible applications for export of controlled items in accordance with the law. The US side will correspondingly cancel a series of restrictive measures taken against China."
- [Bloomberg](#) reports that the deal, "codifies the terms laid out in trade talks between Beijing and Washington, including a commitment from China to deliver rare earths used in everything from wind turbines to jet planes."

Bloomberg notes: "Lutnick said that under the agreement inked two days ago, US "countermeasures" imposed ahead of the London talks would be lifted — but only once rare earth materials start flowing from China. Those US measures include export curbs on materials, such as ethane that's used to make plastic, chip software and jet engines."

- Lutnick said: "They're going to deliver rare earths to us" and once they do that, "we'll take down our countermeasures."

- Sean Stein, president of the US-China Business Council, told FT: “While we need to look at the details, if the deal brings more certainty, predictability and fairness into US-China trade it will be a great victory for the people of both countries,”

## Trade and Tariffs

In a Bloomberg TV interview, Lutnick also revealed that the administration has imminent plans to reach agreements with 10 major trading partners: “We’re going to do top 10 deals, put them in the right category, and then these other countries will fit behind.” Lutnick declined to specify which countries could be included in the first wave of trade agreements.

- Trade delegations from Japan and India are both in Washington this week for talks with their US counterparts, although ahead of a seventh round of talks, Tokyo appeared unwilling to accept a US tariff proposal on auto imports. Other intensive talks are underway with Vietnam, South Korea, and the EU.
- Japan’s Chief Cabinet Secretary Yoshimasa Hayashi told reporters this morning: “Japan and the US are currently discussing the series of US tariff measures, and we will continue to make our utmost efforts on the matter as our top priority,”
- Bloomberg notes: “Asked about Lutnick’s remarks on 10 possible deals and the current state of US-Japan trade talks [Hayashi] said he was aware of the report but declined to comment on it.”

The Wall Street Journal [reports](#): “The European Union is considering lowering tariffs on a range of U.S. imports in a bid to clinch a speedy trade deal with President Trump, according to people familiar with the matter.”

- The report notes: “EU leaders debated how much they are willing to sacrifice to win over Trump at a meeting in Brussels on Thursday evening. Other concessions under consideration include lowering nontariff barriers, buying more American products including liquefied natural gas, and offering to cooperate with the U.S. to tackle its economic concerns about China.”
- The European Commission, the EU’s executive body, continued to stress that the EU would pursue retaliatory measures if a trade deal could not be struck. EU Commission President Ursula von der Leyen said: “We are ready for a deal [but] all options remain on the table,” if efforts to find a solution fail.

Politico [reports](#) that von der Leyen, “floated the idea that the EU’s 27 countries could join forces with 12 members of the Asian-led Comprehensive and Progressive Agreement for Trans-Pacific Partnership bloc (CPTPP) — which now includes the U.K. — to form a new world trade initiative.”

- According to the report, she said at an informal meeting of EU leaders: “The new grouping would redesign a rules-based global trading order, reforming or perhaps even replacing the now largely defunct World Trade Organization,” and “Crucially, the U.S. would not automatically be invited.”

## Central Africa

At 15:00 ET 20:00 BST, Trump will meet with the foreign ministers of Rwanda and the Democratic Republic of the Congo in the Oval Office to sign a US-Qatar brokered peace deal aimed at ending a decades-long conflict in Eastern Congo.

- The deal is expected to unlock US investment in Eastern Congo, giving US firms a foothold in a region that has been dominated by China since Beijing reached an accord with Kinshasa in 2008. The deal is likely to give the US [greater access](#) to lithium, cobalt, and coltan deposits.

Responsible Statecraft [notes](#): “The DRC holds 60% of global coltan reserves. It is also the world's largest producer of cobalt, amounting to approximately 70 percent of the world's production in 2024. Coltan and cobalt form the backbone of the global digital economy and clean energy infrastructure.

- RS adds: “Beyond cobalt and copper, the country's coltan deposits provide tantalum, a metal crucial for manufacturing capacitors used in virtually every electronic device. The DRC also possesses significant reserves of other rare earth elements that support technology manufacturing and are of major interest to the United States.”
- The Wall Street Journal [reported](#) yesterday: “Two weeks after China promised the U.S. it would ease the exports of rare-earth magnets, Chinese authorities are dragging out approval of Western companies' requests for the critical components, a situation that could reignite trade tensions between Washington and Beijing.”
- Despite moves to unwind the bulk of former President Joe Biden's foreign policy agenda, Trump [appears](#) to be backing the Biden-era Lobito Corridor, a USD\$4 billion infrastructure project that will bolster US investment potential in the region.

## Congressional Business

The House is IN

The Senate is IN

**Committee Schedule –**

## Big Beautiful Bill

The Senate Parliamentarian, Elizabeth MacDonough, yesterday ruled that swathes of the Senate Finance Committee's proposals relating to Medicaid were noncompliant with the rules of Budget Reconciliation and hence cannot be included in the One Big Beautiful Bill package to be passed along party lines. The New York Times tracks the status of each item in the megabill [here](#).

- MacDonough's most consequential ruling was to strike Senate Finance's language on Medicaid provider tax limits, potentially removing one of the bill's primary sources of revenue. Senate Republicans are working to make the item compliant, but if they do so it will resurrect one of the primary sticking points in the bill, with a group of Medicaid moderates signaling they will vote 'no' on the package due to the provision's impact on rural hospitals.
- Punchbowl notes: “The ruling centered around the provider tax freeze in the bill rather than the Senate's more drastic constraints for Medicaid expansion states, according to two sources with knowledge of the decision.”

NBC notes: “The disqualified provisions total from \$200 billion to \$300 billion in savings over a decade, said Matthew Fiedler, an expert in health care policy and economics at the Brookings Institution.”

- The Hill notes: “...it would have generated hundreds of billions of dollars in savings — and Republicans were counting on this revenue to offset other costs. Without this provision, it throws a huge wrench into how to pay for President Trump’s tax cuts.”
- Punchbowl adds: “Trump has told multiple GOP senators privately that he prefers the House’s provider tax framework, which is much less drastic than the Senate’s version.”

Several Republicans reacted to the ruling by calling for MacDonough’s dismissal or urging Senate Majority Leader John Thune (R-SD) to overrule the Parliamentarian. Thune has previously characterised overruling the Parliamentarian as tantamount to blowing up the Senate filibuster and yesterday reiterated he would not take that step.

- To add to complications, GOP leaders are still waiting for MacDonough’s determination on whether they can use a ‘current policy baseline’ accounting mechanism to effectively cost renewing Trump’s 2017 Tax Cuts and Jobs Act at zero dollars. The move is untested and has been criticised by Democrats and Republican deficit hawks as a budget fudge that obscures the bill’s deficit implications.

## Next Steps

Thune wants the bill on Trump’s desk exactly one week from now, on July 4. He intended to hold the first procedural votes on the package on Wednesday this week. That slipped until today, and now it is likely the first votes won’t come until Saturday, at the earliest, with a vote-a-rama on final passage teed up on Sunday, if all goes to plan.

- The July 4 timeline looks unlikely, but not impossible. MacDonough’s rulings have added to concerns for a GOP leadership that is already struggling to iron out disagreements over Medicaid, State and Local Tax, and deficit spending.
- Politico notes that, “for Thune, Speaker Mike Johnson and, ultimately, for Trump — isn’t just a matter of procedure. There are major policy disagreements within the GOP conference. And they aren’t easing up.”
- If the Senate proceeds with a vote, expect Democrats to use every procedural trick available to draw out the process.

Should the Senate pass their version of the bill, the most challenging lift will come in the House, where House Speaker Mike Johnson (R-LA) is facing rebellions on multiple fronts on the Senate’s revisions to the package.

- Johnson hinted that the House could pursue conference with the Senate, potentially adding weeks to final passage: “If there are major modifications that we cannot accept, then we would go back to the drawing board, fix some of that and send it back over. So we should avoid that process, if possible.”

## SALT

Punchbowl reports that SALT talks “seem to be getting somewhere,” with blue-state Republicans but now saying they’re “negotiating in good faith”.

- But at least one holdout, Rep. Nick LaLota (R-NY), publicly rejected a new SALT offer on Thursday and refused to attend further meetings. LaLota told reporters the Senate is offering \$200 billion on SALT versus \$340 billion in the House-passed version, per Axios.

The Hill notes: “The House-passed measure included a \$40,000 deduction cap — quadruple the number in current law — for individuals making \$500,000 or less. Senate Republicans, however, reverted the proposal back to \$10,000 in their version of the legislation, sparking a fierce fight between the two camps.

- “In recent days, however, talks have zeroed in on keeping the \$40,000 deduction cap in place but changing the income threshold and inflation index.”

## Revenge Tax

Business groups scored a win yesterday when Treasury Secretary Scott Bessent announced in a [post on X](#) that he had requested Congressional Republicans strike Section 899, the so-called revenge tax, from the OBBB. Bessent said the measure was no longer necessary following a joint understanding with G7 countries on an OECD Global Tax Deal that “defends American interests”.

- Section 899 would have imposed a tax of up to 20% on investments from countries with economic policies deemed unfair to US business.
- Bessent said the deal will “[preserve] our tax base” and that “OECD Pillar 2 taxes will not apply to U.S. companies.” OECD Pillar 2 is a global minimum tax agreement that the U.S. is a party to but that has not been domestically implemented so far, per The Hill.

## Iran

The Senate is expected to vote at 18:00 ET 23:00 BST on Senator Tim Kaine’s (D-VT) war powers resolution to rein in Trump’s ability to take unilateral military action against Iran.

- The vote is likely to fail after most Republican senators lined up behind Trump in the wake of last weekend’s strikes on Iran’s nuclear facilities. At least one Democrat, Senator John Fetterman (D-PA), is expected to vote against the measure.
- Fetterman said: “I want to make sure that I reserve the right for the president, Democrat or Republican, to do the kinds of things, just like President Obama had done in the past, or the one that I supported with what Trump did with Iran.”
- Politico notes that the administration is threatening “to limit sharing classified intelligence with Congress over allegations that the Hill leaked info to the press, Speaker Mike Johnson fell in line with Trump this morning.”

Iranian Foreign Minister Abbas Araghchi appeared to reject Trump’s claim that the two sides will meet next week to discuss a new agreement, telling state television: “I say explicitly that no agreement, arrangement or discussion has taken place regarding the initiation of new negotiations. Some of the speculation about the resumption of negotiations should not be taken seriously.”

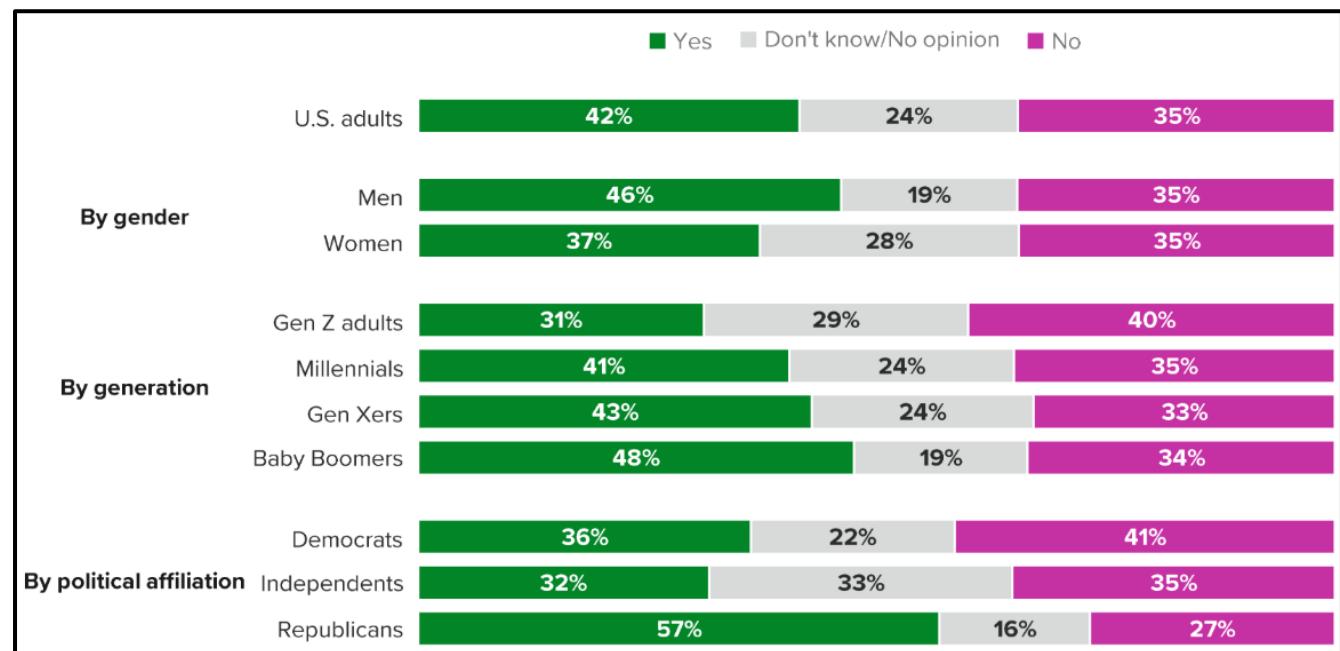
- Iran's Supreme Leader Ayatollah Ali Khamenei declared "victory" over Israel and said the US had been dealt a "severe slap," in his first public statement since the ceasefire, per Semafor.
- On the ground, the ceasefire appears to be holding after Trump's intervention on Tuesday morning headed off early violations of the truce.

## Chart of the Day

Morning Consult reports: "Since early 2025, the Trump administration has wielded tariffs to incentivize domestic manufacturing and reshoring. Declining enthusiasm for "Made in America" products among U.S. consumers will pose headwinds for companies that ultimately follow suit."

- The report notes: "Compared with the 59% of U.S. consumers who say they seek out "Made in America" products at least some of the time, far fewer — only 2 in 5 — say they are willing to pay more for them. Companies serving younger consumers and women will face the greatest constraints, while those serving older consumers and especially Republicans will be better positioned."

**Figure 1: "Shares of U.S. adults who say they are willing/unwilling to pay more for "Made in America" products"**



Source: Morning Consult

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