

MNI POLITICAL RISK ANALYSIS - US Daily Brief 28-08-25

by Adam Burrowes

The White House (times subject to change)

11:00 ET 16:00 BST	President Trump receives his intelligence briefing
13:00 ET 18:00 BST	Press Briefing by the White House Press Secretary Karoline Leavitt
15:30 ET 20:30 BST	President Trump signs Executive Orders

KEY DATES:

- ❖ End of Congressional recess: September 2
- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

At 11:00 ET 16:00 BST, President Donald Trump will receive an intelligence briefing at the White House. At 15:30 ET 20:30 BST, Trump will sign Executive Orders in the Oval Office.

- At 13:00 ET 18:00 BST, Press Secretary Karoline Leavitt will deliver her first press conference since August 19.

Law and Order

Trump's hardline approach to law and order appears to be resonating with voters. AP reports that the vast majority of Americans, 81%, see crime as a "major problem" in large cities.

"Trump's approach appears to be helping him, at least for the moment: His overall approval rating has increased slightly, from 40% in July to 45% now," according to an AP-NORC survey.

- Axios reports that DC Mayor, Muriel Bowser – a Democrat –, "applauded" much of Trump's crackdown on crime in Washington DC, saying they've helped tamp down on illegal guns, carjackings and homicides.
- Politico was more circumspect: "Bowser drew a clear distinction between the work federal officers are doing and the presence of immigration enforcement and National Guard troops. "We know having masked ICE agents in the community has not worked. And National Guards from other states has not been an efficient use of those resources," Bowser said.
- The New York Times reports that a group of Democratic mayors huddled on a private call yesterday to discuss "what they saw as an urgent need for Democrats to define themselves as strong stewards of public safety — before Republicans brand them first ahead of pivotal elections."

Tech

Bloomberg [reports](#) that a tepid revenue forecast from Nvidia signals that growth is decelerating after a staggering two-year boom in artificial intelligence spending.

- While the USD\$54 third-quarter sales report was roughly in line with the average Wall Street estimate, the outlook adds to concern that the pace of investment in AI systems is unsustainable, according to Bloomberg.
- Chief Executive Officer Jensen Huang said in a call with investors yesterday: “The opportunity ahead is immense. We see \$3 trillion to \$4 trillion in AI infrastructure spend by the end of the decade.”

In a Fox Business interview yesterday, Treasury Secretary Scott Bessent defended Trump's decision to take a 10% stake in Intel, the only major chipmaker that manufactures its products in the United States.

- Bessent said: “Chips are a strategic necessity for us. One of the things we learned during COVID was that the United States has [five to seven] strategic vulnerabilities in critical industries, and President Trump has set about de-risking that.”
- Bessent also noted that Trump's industrial strategy offers “substantial upside for the American taxpayer,” claiming that Trump, “is going to be the only president in modern times who creates assets for the American people rather than debt.”
- Bessent said, noting Trump “saw that Intel had been given grants and wanted to know why the American taxpayer wouldn't participate in the upside.”

The Treasury Secretary ruled out the government taking a stake in Nvidia but suggested other critical sectors could be targets of future government investment: “Could there be other industries where we're reshaping, something like shipbuilding? Sure, there could be things like that. And these are critical industries that ... we have to be self-sufficient in the United States.”

- On Monday, Trump told reporters on expanding the Intel deal to other companies: “Yeah, there will be other cases, or if I have that opportunity again, I would do that. Then you do have stupid people say, ‘Oh that's a shame’. It's not a shame. It's called business.”

Former Labor Secretary Robert Reich, who served in the Clinton administration, warned on [Substack](#) that Trump's takeover of federal institutions and private business will push the economy “toward both inflation and recession.”

- Reich argues: “Whatever we call it, it will be Trump's downfall because his arbitrary and mercurial decisions are making the private sector nervous about investing in the U.S. economy, causing global lenders to demand a higher risk premium for lending to the U.S., and pushing the economy toward both inflation and recession — so-called “stagflation.””

European Union

The European Union will seek to fast-track legislation by the end of the week to remove all tariffs on US industrial goods, a demand made by President Donald Trump before the US will lower its duties on the bloc's automobile exports, according to [Bloomberg](#).

- Bloomberg notes: “The EU has conceded that the trade arrangement struck with Trump favors the US but that the accord is necessary to give businesses stability and certainty. Commission President Ursula von der Leyen previously described it as “a strong, if not perfect deal.””



French President Emmanuel Macron told ministers at a weekly Cabinet meeting yesterday that the European Union "should not exclude" retaliatory measures against the US digital sector, after Trump threatened on Tuesday to "impose substantial additional Tariffs" on countries with "Digital Taxes, Legislation, Rules, or Regulations".

- Politico [reports](#): A person close to Macron confirmed that exploring possible retaliation against U.S. digital players was indeed "his stance."
- The report notes that Macron conceded: "The European Union has a big trade deficit with the United States, we need to focus on this," referring to the EU's negative trade balance in services with the US. The bloc has a trade surplus in goods, such as automobiles, pharmaceuticals and food that Trump wants to get down.
- Politico notes: "However, a majority of EU countries lacks the appetite to launch a full-scale trade war, leading Brussels so far to refrain from imposing any tariff countermeasures or activating its so-called trade bazooka, the Anti-Coercion Instrument. This could, with the support of most member countries, be used to restrict the intellectual property rights of U.S. tech giants or bar them from investing in the EU."

Japan

Japan's top trade negotiator, Ryosei Akazawa, cancelled a trip to the US at the last minute amid uncertainty over the terms of a trade agreement framework struck in July. Japan's government spokesperson Yoshimasa Hayashi told reporters: "It was found that there are points that need to be discussed at the administrative level during coordination with the American side. Therefore, the trip has been cancelled."

- Akazawa had said he aimed to use the trip, which was set to begin Thursday morning, to press Washington to implement the lower tariffs agreed in July — including reduced duties on cars and auto parts. Even though both sides struck a deal in July, the US has yet to deliver what it promised to do, per Bloomberg.
- Bloomberg notes: "The sudden cancellation suggests the two sides are still hashing out various details as they work toward implementing the deal. Previously Akazawa has repeatedly mentioned the US-UK trade pact and how it took 54 days to take effect, hinting that Japan's deal with the US reached on July 22 might not take effect until mid-September at least."

Reuters [reports](#) that the cancelled trip further delays talks designed to finalise a \$550 billion investment package offered by Tokyo in exchange for relief on tariffs, which Commerce Secretary Howard Lutnick said would be fleshed out this week.

- Reuters notes: "While Trump has touted the package as "our money to invest" and said the U.S. would retain 90% of the profits earned, Japanese officials have stressed that the investments will be determined based on whether they will also benefit Japan."

The New York Times [reports](#) that Lutnick "reiterated the Trump administration's claim that it will have final say over what kind of projects Japan's pledged spending will fund. Mr. Trump has also said the United States will receive virtually all the profits from those investments."

- “But Japanese officials have stressed that the investments in the United States will be determined by whether they also benefit Japan. They also maintain that profits are to be allocated according to each side’s committed risk and financial contribution.”

Indian Prime Minister Narendra Modi will depart today for a trip to Japan and China, which has been flagged as a potential turning point for India’s regional integration.

- Semafor notes: “India’s relations with the US had mostly been improving in recent decades, but the White House’s imposition of hefty tariffs have upended that progress, and New Delhi has looked to expand relationships with other powers while lowering tensions with rivals such as Beijing.”
- Semafor continues: “Modi’s priorities will vary over the course of his travels: Ties with Japan are far better than those with China, with which India has several disputes. As a prominent Indian foreign-policy scholar put it, “Expect soaring rhetoric from Tianjin... but look out for tangible progress in the strategic partnership with Tokyo.””

China

China’s senior trade negotiator Li Chenggang is understood to have arrived in the US for talks with US officials, following a trip to Canada, where he chaired the China-Canada Joint Economic and Trade Committee.

- Chinese Ministry of Commerce spokesperson He Yongqian said today: “China is willing to work with the US to continuously make good use of the China-US economic and trade consultation mechanism, resolve issues through dialogue and consultation on the basis of equality, and jointly safeguard the sound, stable, and sustainable development of bilateral economic and trade relations,” per the Global Times.

Reuters [notes](#): “A U.S.-based source familiar with the negotiations said there was no meeting planned between Li and U.S. Trade Representative Jamieson Greer and he was not coming at the request of the U.S. side.

- “The source, who spoke on condition of anonymity due to not being authorized to speak publicly on the matter, said that Washington does not consider Li the primary interlocutor for planning future trade negotiations under the channel established by [Trump] and Chinese President Xi Jinping. That role would fall to Vice Premier He, who is China’s economy czar, and U.S. Treasury Secretary Scott Bessent.”

Mexico

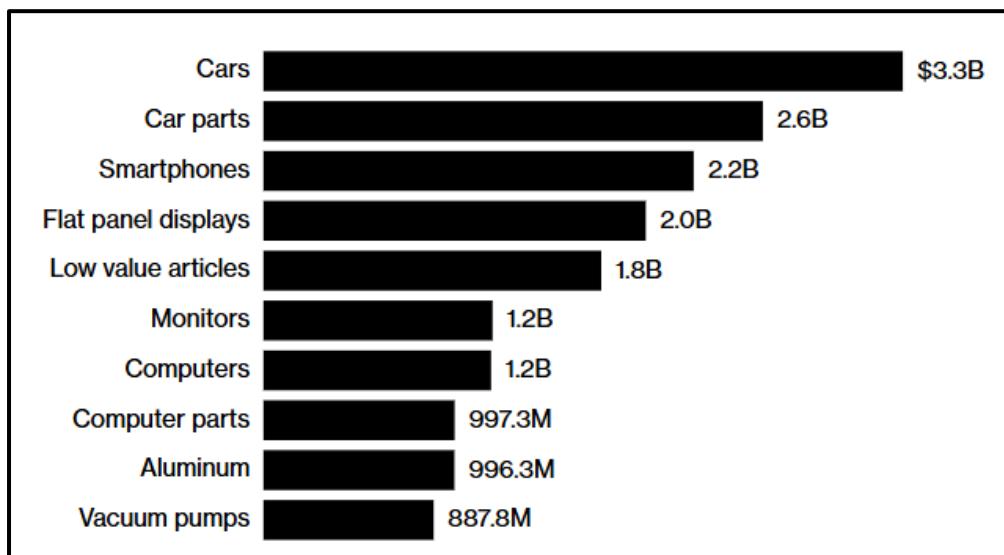
Bloomberg [reports](#) that the Mexican government “plans to increase tariffs on China as part of its 2026 budget proposal next month, protecting the nation’s businesses from cheap imports and satisfying a longstanding demand of [Trump].”

- According to Bloomberg, “the tariff hikes, expected for imports including cars, textiles and plastics, aim to shelter domestic manufacturers from subsidized Chinese competition, according to three people briefed on the matter... Other Asian countries are also expected to face higher tariffs...”
- The report notes: “Specific tariff rates weren’t immediately clear, and the plan could change, the people said. The draft revenue proposal from President Claudia Sheinbaum’s administration is scheduled to be sent to Congress by Sept. 8.”

Ning Sun, a senior emerging markets strategist at State Street Global Markets in Boston, said: "China's exports to the Latin American region has increased quite a bit this year, helping offset the declines from the US market. In addition to keep Americans happy, Mexico also needs to protect its own manufacturing base. I expected Mexico to align its economic and foreign policy with the US."

- Yicai [reported](#) earlier this month: "[Chinese] Car exports to Mexico rose 31 percent to 234,500 units in the six months ended June 30 from a year earlier, ranking it as the top market, according to data released by Chinese auto information platform Yiche yesterday. The jump was mainly thanks to soaring demand for BYD's Seagull and Song PLUS DM-i."

Figure 1: Mexico's top 10 exported items from China



Source: Bloomberg

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

Committee Schedule –

Executive Appointments

Senate Majority Whip John Barasso (R-WY) penned an [op-ed](#) in the Wall Street Journal stating that Republicans are "considering changes to the Senate rules," to counter what he describes as an "unprecedented blockade" on Trump's nominations by Democrats.

- Barrasso argues: "The blockade's scale is staggering. Democrats have forced multiple roll-call votes on more than 40 nominees for posts never subject to a single one. These confirmations used to take seconds. Now, each can take days."
- In response, Barrasso says: "Senate Republicans are determined to confirm Mr. Trump's qualified nominees one way or another. Republicans are considering changes to the Senate rules to end the most egregious delay tactics. Recess appointments are also an option for the president to fill vacancies. But that's only a temporary fix. It doesn't fully break the Democratic blockade."

Semafor notes: "Senate Republicans are still feeling motivated to use the unilateral "nuclear option" to either cut down debate time on Trump's nominees or potentially eliminate some procedural votes to quicken the pace for the president's picks, which are facing routine delays from Democrats and angering the president."

- Such a move could benefit the GOP in the short term, particularly regarding fast-tracking Trump's nominee to fill the vacant Fed seat, Stephen Miran, in time for the Fed's September policy meeting. Democrats are expected to delay the Senate process as long as possible to prevent Trump from securing more influence over monetary policy decisions.

Ukraine War

European Commission President Ursula von der Leyen hinted today that the European Union could seize frozen Russian state assets, in retaliation for an overnight Russian strike that "severely damaged" buildings in Kyiv housing the British Council and the EU's delegation to Ukraine.

- Von der Leyen said: "We're advancing the work on the Russian frozen assets to contribute to Ukraine's defense and reconstruction" - in addition to 19th sanction package."

The strikes, involving 629 drones and 31 missiles - the second largest of the war to date - have killed at least 14 so far. The barrage continues the pattern of escalation in Russia's missile and drone attacks on targets in Ukraine, with a [US-owned factory](#) in the far-west of Ukraine struck a week ago.

- British Prime Minister Sir Keir Starmer called the strikes "senseless", and French President Emmanuel Macron condemned them "in the strongest terms". Germany's Foreign Minister Johann Wadephul said the strikes "cannot remain without response", while his Polish counterpart Radoslaw Sikorski posted on X: "Putin mocks EU and US peace efforts".
- EU ambassador to Ukraine Katarina Mathernova said that with these strikes, "The war touched the European Union. And no one will convince me that this was not Putin's intention."
- The Danish Presidency of the European Council noted in a [statement](#): "On 28-29 August, the European Union's defence ministers will meet in Copenhagen to discuss ... the EU's military support to Ukraine and Europe's defence readiness."

The New York Times [reports](#) that Russia or its proxies are using drones to surveil routes through eastern Germany that the US and other NATO countries use to ship materiel to

Ukraine, allowing Russian forces a better idea of what weaponry they will face on the battlefield/in aerial attacks on domestic targets.

- Semafor reports: “Ukrainian officials [are] on a diplomatic offensive, heading from Riyadh to Switzerland and then on to New York City. But analysts were bearish on hopes that negotiations between Kyiv and Moscow — if they took place at all — could lead to lasting peace, and Gallup polling showed that few Americans were optimistic either.”

Ukraine war expert Mick Ryan notes on Substack that, “over the past week, Ukraine has continued smashing Russia’s oil industry.”

- Ryan notes: “In the latest attacks, Russian oil refineries in Samara and Krasnodar Krai have been hit just in the past day. Last Sunday, Ukraine also attacked a major condensate gas processing site near the Russian Baltic Sea port city St. Petersburg... In the past 48 hours, the Ukrainians have also struck an oil pipeline supplying Moscow.”
- Ryan argues that the strike campaign by Ukraine, “is becoming an increasingly critical vulnerability for the Russian government. The earnings from their energy exports helps to fund Putin’s war, and reducing oil refining capacity impacts on this. Domestically, fuel rationing and shortages also indicate to Russian citizens that all is not well with their war against Ukraine and with how Putin is running their country.”

White House trade adviser Peter Navarro “cranked up pressure on India to halt its purchases of Russian oil, repeating accusations that New Delhi is funding the Kremlin’s campaign in Ukraine and casting the conflict as ‘Modi’s war’,” per Bloomberg.

- Navarro told reporters, shortly after a 50% tariff rate on India took effect: “I mean Modi’s war, because the road to peace runs, in part, through New Delhi... Everybody in America loses because of what India is doing. Consumers, businesses, workers lose because India’s high tariffs cost us jobs, and factories, and income and higher wages. And then the taxpayers lose, because we’ve got to fund Modi’s war.”
- Reuters reported this morning that, despite US tariff threats: “Three trading sources involved in oil sales to India said Indian refiners would increase Russian oil purchases in September by 10-20% from August levels, or by 150,000-300,000 barrels per day. The sources, who cited preliminary purchases data, could not be named because they were not authorised to speak publicly on the issue.”

A Reuters/Ipsos survey, released yesterday, found that 62 percent of US adults favor the Trump administration applying additional sanctions on Moscow’s trading partners, including India and China.

- In the poll, the large majority of MAGA-aligned Republicans, 76 percent, said they support imposing sanctions against Russian trading partners to help stop the more than three year war in eastern Europe. The majority of Democratic Party voters, 58 percent, were also for slapping sanctions on Moscow’s trading partners, according to the survey, per The Hill.

Israel

President Trump hosted a White House meeting yesterday to discuss post-war Gaza plans. The White House said the “policy meeting” covered a range of issues, including aid deliveries and hostage release.

- Semafor notes: “It comes as international mediators have complained that Israel is ignoring a US-backed ceasefire and hostage deal accepted by Hamas earlier this month. But the US and Israel are now focused only on a comprehensive agreement to end the two-year conflict... and Trump’s Middle East envoy on Tuesday appeared to rule out the prospect of a temporary truce.”
- The New York Times notes: “The families of Israeli hostages have long called for a “full deal” to end the war in exchange for releasing the remaining hostages. But Benjamin Netanyahu, the Israeli prime minister, has set exacting conditions for any such agreement that Hamas is unlikely to accept.”
- A Quinnipiac University survey released yesterday found that 60 percent of US voters disapprove of the US sending military aid to Israel, while 32 percent support additional aid — the highest level of opposition and lowest level of support for the U.S. military alliance with Israel in a Quinnipiac poll since the Oct. 7, 2023 attacks against Israel by Hamas, per Politico.

Iran

The three European signatories to the 2015 Iran nuclear deal – the UK, France, and Germany - could trigger ‘snapback’ UN sanctions on Iran as soon as today. Triggering the snapback is expected to initiate 10 days of diplomacy with Tehran aimed at striking a last-minute agreement on curbing Iran’s nuclear programme and readmitting International Atomic Energy Agency (IAEA) staff to monitor nuclear sites.

- Without an agreement in place, a raft of UN sanctions that were lifted in 2015 would be reimposed in 30 days. The UN sanctions are veto-proof, meaning no member of the UN Security Council can block the reimposition of sanctions. Every UN member state would be obliged to enforce the sanctions, but the expectation is that allies of Iran, including China and Russia, are likely to disregard the mandate.

The Wall Street Journal [reports](#): “The U.S. and Tehran have been at odds over the format of future talks. The Trump administration is insisting that such negotiations must involve direct meetings between American and Iranian officials. Iran has insisted that such talks be indirect and is seeking an assurance that it won’t be subject to future attacks.”

- The Journal continues: “The 30-day snapback timeline gives Iran a last chance to take steps to prevent the reimposition of sanctions. The European powers told Iran in July that they could agree to hold off on the economic measures for six months if Iran resumed full cooperation with the IAEA and re-entered nuclear negotiations with the U.S.”
- According to the Journal: “The reimposition of international sanctions is likely to have only a modest effect on Iran’s already beleaguered economy, potentially weakening the currency and propelling inflation. China is unlikely to stop buying Iranian oil, a key revenue for the Iranian state. However Iran will once again find itself singled out over its nuclear program in international forums, a political position it has bristled against in the past.”

The US State Department notes that Secretary of State Marco Rubio met yesterday with IAEA Director General Rafael Grossi prior to the upcoming IAEA Board of Governors meeting taking place in Vienna, Austria from September 8-12.

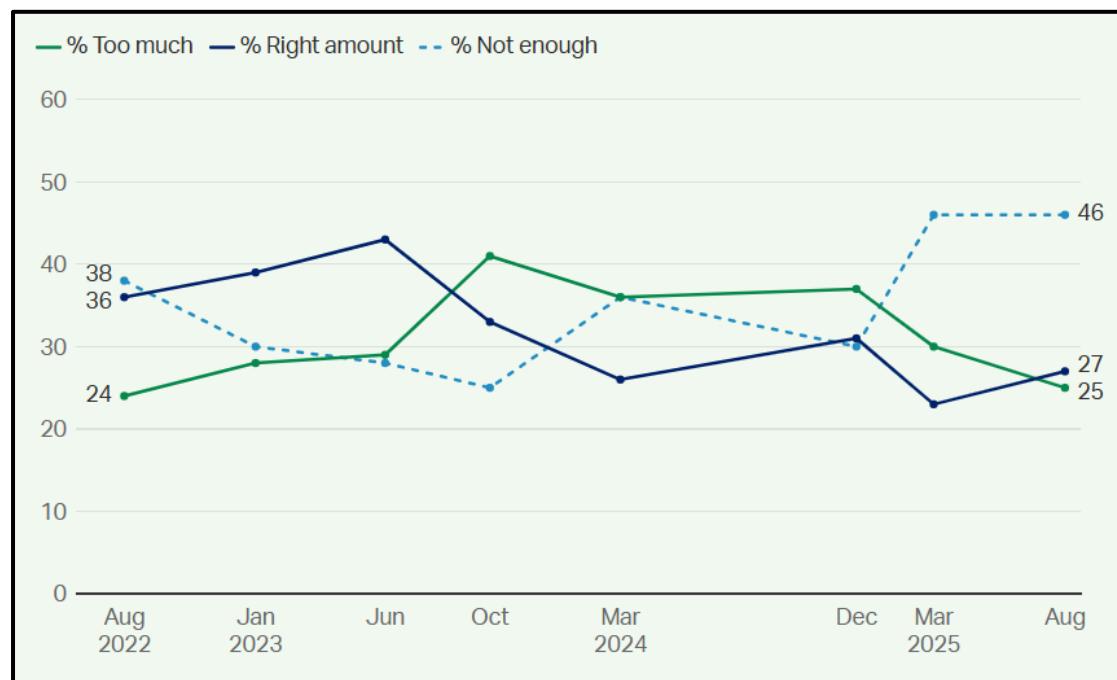
- A State Department spokesperson said: “Iran’s leadership should choose the best interest of their people over misguided ambitions of regional domination. That means engaging in meaningful direct talks with the United States and cooperating with the IAEA. We are closely coordinated with our E3 partners about snapback.”

Chart of the Day

A new survey from [Gallup](#) has found: “Two-thirds of Americans are very (22%) or somewhat (45%) pessimistic that an agreement between Russia and Ukraine can be reached to end the war, while 31% are optimistic. This pessimism is shared across the major U.S. political groups, although Republicans (57%) are less pessimistic than Democrats (78%) and independents (69%).”

- Gallup notes that a plurality of Americans now think the US is not doing enough to support Ukraine: “More generally, 46% of Americans say the U.S. is not doing enough to support Ukraine, tied with March as the highest in the three-year trend. The remainder are split evenly between saying the U.S. is doing too much (25%) to help Ukraine or is doing the right amount (27%).”

Figure 2: “Thinking about the conflict between Russia and Ukraine, do you think the United States is doing too much to help Ukraine, not enough or the right amount?”



Source: [Gallup](#)

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