

MNI POLITICAL RISK ANALYSIS - US Daily Brief 29-08-25

by Adam Burrowes

The White House *(times subject to change)*

-	President Trump has no public events scheduled
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KEY DATES:

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

Washington

At time of writing, President Donald Trump has no public events in his official White House diary.

- White House Press Secretary Karoline Leavitt told reporters yesterday that Trump will address the United Nations General Assembly in New York City on Tuesday, September 23rd.

At 10:00 ET 15:00 BST, the US District Court for the District of Columbia will review Fed Governor Lisa Cook's request for an emergency temporary restraining order blocking her termination from the Central Bank. Judge Jia Cobb, an appointee of former President Joe Biden, will preside over the hearing. (More below)

- At 08:30 ET 13:30 BST, the Bureau of Economic Analysis will release personal consumption expenditures (PCE) price index data

Secretary of State Marco Rubio is in Florida today, visiting SOUTHCOM in Doral at 12:15 ET 17:15 BST. On September 2-4, Rubio will travel to Mexico and Ecuador to "advance key US priorities," according to the State Department.

- State noted that the priorities include "swift and decisive action to dismantle cartels, halt fentanyl trafficking, end illegal immigration, reduce the trade deficit, and promote economic prosperity and counter malign extra continental actors."

Federal Reserve

A Washington, DC initial hearing on Fed Governor Lisa Cook's request for a temporary block on her dismissal will get underway at 10:00 ET 15:00 BST. The Fed has deferred any decision on Cook's status as a sitting governor until a court rules on the request for an injunction, per the [Washington Post](#).

- Ahead of the hearing, FHFA Director Bill Pulte filed a second criminal referral to the Department of Justice alleging Cook committed mortgage fraud on a third property. Pulte [wrote on X](#): "3 strikes and you're out".
- Bloomberg notes: "The new referral, in a letter to US Attorney General Pam Bondi dated Aug. 28, concerns a third property in Massachusetts and follows a complaint

earlier this month alleging that Cook fraudulently listed homes in Michigan and Georgia as her “primary residence” when she obtained mortgages in 2021, a declaration that typically secures more favorable loan terms.”

Politico notes: “This is likely going all the way to the Supreme Court, which would have the final say on whether Trump’s effort to fire Cook “for cause” is legitimate.”

- The Washington Post reports: “The issue of whether Cook can still serve while litigation continues could reach the Supreme Court in the coming weeks... While the justices have often granted Trump broad leeway on executive power during his second term, they have also recognized the Fed’s distinctive independence and statutory protections — safeguards that set it apart from other federal agencies.”

Trump’s nominee to fill the Fed board seat vacated unexpectedly by Adriana Kugler, Stephen Miran, is likely to be confirmed in time for the Fed’s September rate-setting meeting. Miran was confirmed as chair of the White House Council of Economic Advisers in a party-line 53-46 vote earlier this year, but the upcoming hearing is likely to be more acrimonious in light of Trump’s pressure campaign aimed at lowering interest rates.

- The Senate Banking Committee has scheduled Miran’s confirmation hearing for 10:00 ET 15:00 BST on September 4, two days after lawmakers return from recess.
- Bloomberg notes: “Democrats privately acknowledge they can’t block Miran’s ascension on their own, and under the rules they can only hold it up briefly in the committee, and for a few days on the Senate floor.”
- Republicans have a two-seat cushion on the Senate Banking Committee. Two Republicans on the panel, Thom Tillis (R-NC) and John Kennedy (R-LA), have previously expressed support for the Fed’s independence when pressed on Trump’s campaign against Fed Chair Jerome Powell. Democrats are expected to use the hearing to press home the risk to the Central Bank’s independence, but ultimately, Miran’s nomination is likely to pass the Committee.

If Miran is confirmed, and Cook’s dismissal upheld, then the board will obtain a majority of governors open to rate cuts.

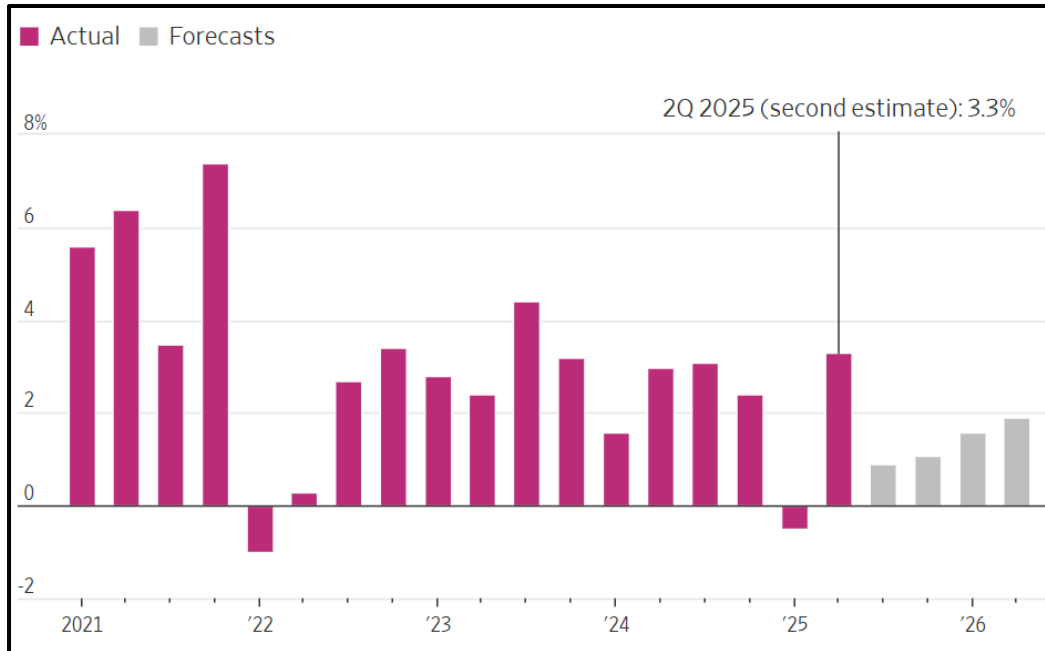
- The Washington Post notes: “Removing Cook would also make it easier for the president to install more administration-friendly heads of the 12 regional Fed banks, who vote on interest rates. All the Fed bank presidents are up for renewal in February, a process requiring board approval.”
- The longer-term implications, per Politico, Miran “has proposed measures that would allow the president to fire Fed governors at will. He wants to end the inflation targeting that anchors expectations for prices and has slammed the ‘wildly inappropriate’ purchases of Treasury debt during economic expansions. He has even questioned traditional notions of central bank independence.”

Economy

The S&P 500 and the Dow Jones Industrial Average hit new closing highs after the second quarter GDP expanded at a faster-than-expected annual rate of 3.3%, in yesterday’s revision from the Department of Commerce. The Wall Street Journal [reports](#) that the boost was helped by healthy consumer spending and signs of spending on the booming AI sector.

- The revision adds roughly \$20 billion to the seasonally adjusted, annualized economic output in the recent quarter. Economists polled by The Wall Street Journal had expected a smaller upward revision to 3.1%.

Figure 1: GDP Change from Previous Quarter



Source: Wall Street Journal

De Minimis

The “de minimis” provision, providing duty-free status for commercial packages valued at less than USD\$800 was ended at 00:01 ET 05:01 BST this morning.

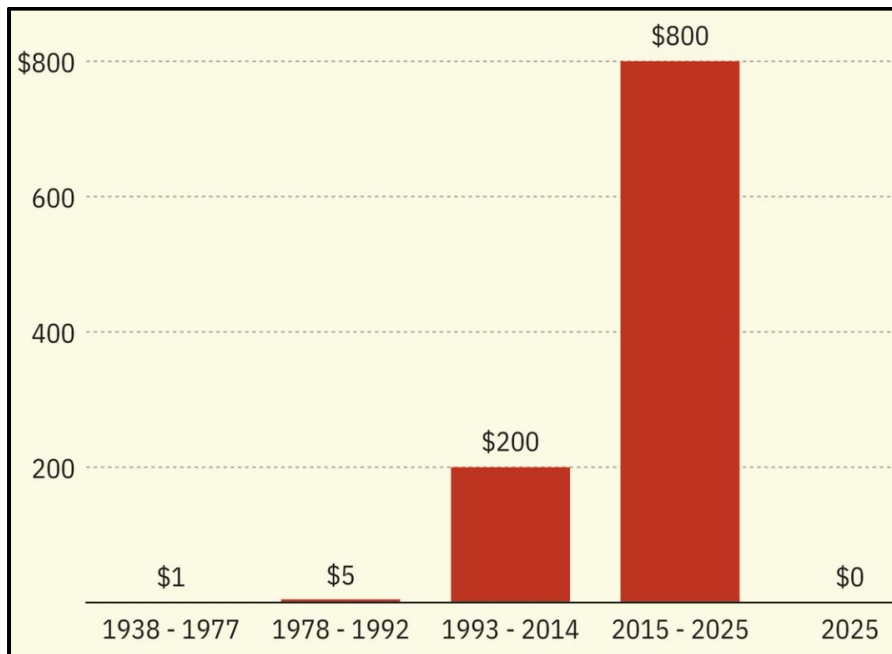
- Trump’s senior trade advisor, Peter Navarro, said, *“ending of the deadly de minimis loophole will save thousands of American lives by restricting the flow of narcotics and other dangerous and prohibited items, add up to \$10 billion a year in tariff revenues to our Treasury, create thousands of jobs, and defend against billions of dollar more in losses in counterfeiting, piracy, and intellectual property theft.”*

The Brookings Institution writes: “This de minimis treatment, mirrored in some form by most other advanced economies, was originally designed to support efficient customs operations by avoiding the costs of fully processing small shipments that generate little revenue. In the last 35 years, however, this exemption has been recast as a tool of free trade, with its duty-free limit rising from \$5 to \$800 and its usage exploding alongside global e-commerce.”

- Brookings continues: “President Trump’s July 30 executive order ends de minimis eligibility on August 29. The abruptness of this change is far from ideal, sowing uncertainty for parcel carriers, postal systems, businesses, and consumers while raising questions about how the new rules will be put into practice.”
- Newsweek notes that, “postal services in more than 20 countries have announced the temporary suspension of most parcel shipments to the US, citing uncertainty over

the effects of a Trump administration policy change." Bloomberg [describes](#) the actions as a 'collective embargo' on small packages to the United States.

Figure 1: US 'De Minimis' Threshold



Source: Semafor

European Union

The European Commission published a [press release](#) and [Q&A](#) yesterday regarding its latest proposals intended to pave the way for the implementation of the EU-US Joint Statement of 21 Aug.

- EU: "These proposals are the first steps in said implementation and ensure tariff relief by the US for the vital EU automotive sector starting retroactively from 1st of August." US tariffs on EU cars and car parts stood at 27.5% since 2 April. With these proposals instigating the legislative procedure, the tariffs should drop to 15%.
- The first proposal will see EU tariffs eliminated on US industrial goods, and give preferential market access for some US seafood and non-sensitive agricultural goods. The second proposal is to prolong the tariff-free status of US lobster.

In terms of the products now subject to 0% tariffs, they will include "machinery, cars and car parts, wood and pulp of wood products, paper and paperboard, ceramics, or leather."

- Product-specific Tariff Rate Quotas will apply to "seafood, nuts, dairy products, fresh and processed fruits and vegetables, processed foods, grains and planting seeds, soybean oilseeds, pork and bison meat." The Q&A notes "the EU proposal does not include sensitive agricultural products such as beef, poultry, rice, or ethanol."
- The EU [noted](#), "the US tariff reduction is not linked to the actual finalisation and implementation of the EU legislative proposal", which take place under the ordinary legislative procedure through the European Parliament and Council. As such, EU

cars could be subject to the reduced tariff rates, while the EU institutions are still in the process of lowering tariffs on the sectors outlined in the proposals.

Japan

Japan's top trade negotiator, Ryosei Akazawa, told reporters in Tokyo today that he "will likely visit the US at least once before the executive order is issued," by President Trump to formally lower tariffs on Japanese imports.

- Akazawa noted: "After the administrative consultations are finalized, consultations among ministers will still be required, and there are consultations that must be completed before the agreement can be implemented."

Yesterday, Akazawa cancelled a planned trip to Washington, raising concerns that Japan and the US are at odds with both the terms of the trade framework announced in July and a Japanese investment pledge that was attached to the deal.

- The Japan Times notes that Akazawa was speaking, "as Tokyo continues to press Washington to implement a deal for lower tariffs agreed in late July. That pact includes provisions on reduced duties on cars and auto parts imported from Japan. The U.S. has yet to follow through on the agreement."
- According to The Japan Times, "Japan wants the U.S. to cut its tariffs on cars and car parts to 15% from 25%, and to end the stacking of previous duties on top of 15% universal tariffs. Those demands require Trump to issue an executive order to address both points."
- Akazawa said: "We have repeatedly confirmed the importance of faithfully and promptly implementing the agreement between Japan and the U.S., and this will be addressed once all of the points that need to be ironed out are clearly resolved. We will move on to the actual implementation phase of the agreement, but there are discussions that must be completed before that."

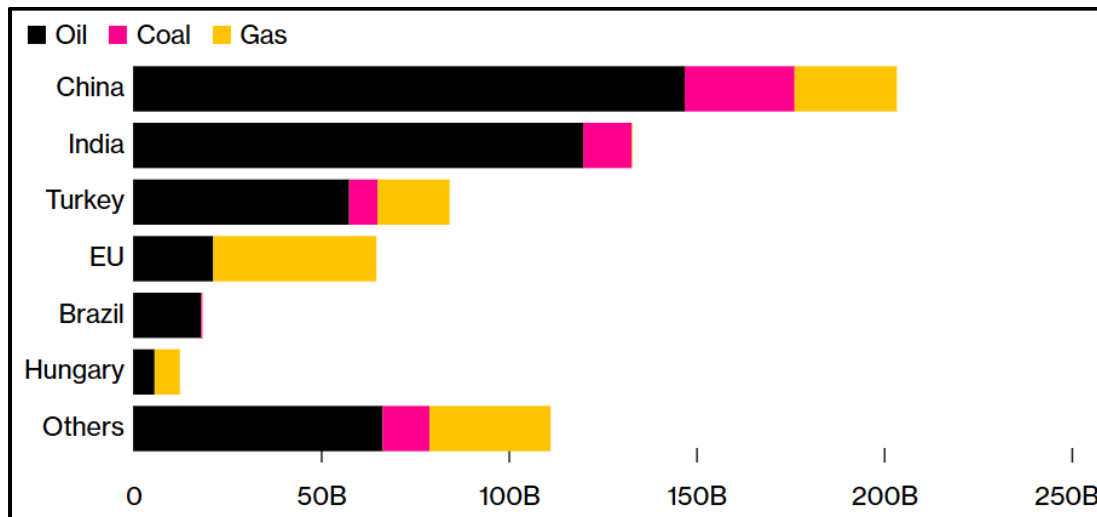
BRICS

Russian President Vladimir Putin, Chinese President Xi Jinping, and Indian Prime Minister Narendra Modi will have an opportunity to discuss BRICS strategy and energy policy at this weekend's Shanghai Cooperation Organization summit, which gets underway in Tianjin on Sunday.

- Bloomberg notes: "Ensuring India's Narendra Modi is willing to maintain a healthy level of Russian crude imports, despite growing US pressure, will be high on Putin's agenda. His second undertaking will likely be to get Chinese leader Xi Jinping to play his part, including by unblocking a long-mooted gas pipeline that would help Moscow replace more of its sales to Europe."
- Bloomberg adds: "The three have become inextricably linked ever since Moscow invaded Ukraine, forming an expedient energy triangle of sorts as Western restrictions tightened. Together, China and India have purchased more than half of Russia's energy exports since the start of 2023..."
- Alexander Gabuev, director of the Carnegie Russia Eurasia Center, said: "Beijing and New Delhi will most likely remain key clients for Russian energy exporters. The

relationship is becoming crucial for the Kremlin as the oil and gas industry remains a key source of export revenues for the country."

Figure 1: Buyers of Russian Energy since 2023



Source: Bloomberg

India

Indian Prime Minister Narendra Modi told [Nikkei](#) today that BRICS "has an important role to play in shaping the multipolar world," adding that this is especially so "at a time when the world order is under pressure and institutions of global governance lack effectiveness or credibility to deliver."

- Speaking in Tokyo ahead of a meeting with Prime Minister Shigeru Ishiba, Modi insisted New Delhi and Washington would maintain a good relationship, and said that the Quad -- an Indo-Pacific security alliance made up of India, the U.S., Japan and Australia -- has acquired "real momentum."
- Nikkei notes that Modi's meeting with Ishiba has assumed greater significance amid the fallout from Trump's "reciprocal" tariffs. Without directly referring to the US levies, Modi said: "The premise of globalization itself is under scrutiny. Every country is feeling the need for diversification in trade and technology. There are many countries that are looking at India as a reliable partner in this effort."

The Financial Times warned in an [editorial](#): "By alienating its friends, Washington is playing into Beijing's hands." Trump's harsh U-turn on India, writes FT, "will only help China's efforts to portray itself as a more reliable international interlocutor. America's unpredictability will do little to persuade major nations such as India that they should distance themselves from Beijing or Moscow."

- Analyst James Crabtree wrote in a [note](#): "Of all the self-harming elements of current US foreign policy, its approach to India seems most bafflingly counterproductive. ... Rebalancing towards China and Russia does little to serve India's long-term goals. I don't think Modi will do that, but I think you'll see a lot of coverage in the West in the coming days that gets this wrong."

Brazil

Brazilian President Luiz Inácio Lula da Silva authorised the start of the reciprocity process to potentially retaliate against US tariffs, according to Vice President Alckmin, and will formally notify the US government of the decision today.

- Brazil's Chamber of Foreign Trade will now have as long as 30 days to analyse the measures and decide whether they fall under the recent reciprocity law. If they do, the government will then decide which measures to apply.
- An earlier report in Estado yesterday said that possible measures include tariffs, suspension of trade concessions and restriction on intellectual property rights.
- The measures are intended as an action of last resort if trade talks with the US fail. According to a person familiar with the matter, the plan is intended as an initial step to encourage talks with the US, before escalating the trade war, and was discussed in a cabinet meeting earlier this week. Vice President Alckmin said that he hopes it will accelerate dialogue and negotiation.

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

Committee Schedule –

Law and Order

Trump reiterated his warning that Chicago might be the next Democrat-run city targeted by a federal law enforcement operation to reduce crime rates.

- Trump said on Truth Social: "Governor Pritzker [D-IL] had 6 murders in Chicago this weekend. 20 people were shot. But he doesn't want to ask me for help. Can this be possible? The people are desperate for me to STOP THE CRIME, something the Democrats aren't capable of doing. STAY TUNED!!!"
- Semafor reports that the White House is "mulling housing immigration agents in a Chicago-area naval base, with plans to ramp up ICE operations in Chicago, New York, Los Angeles, Portland, and Seattle next week."
- Semafor adds: "Analysts say [Trump] is using his deployment of federal troops in Washington, DC as a blueprint for other cities that he casts as crime-ridden, with his latest target being Chicago. While 53% of Americans approve of Trump's tough-on-crime approach, a new poll showed, they are less supportive of federalizing police departments."

Ukraine War

Russian Foreign Ministry spokeswoman Maria Zakharova told reporters this morning that Western proposals for Ukraine's security are aimed at "containing Russia and drawing Ukraine into NATO's orbit," adding that "there must be one concept of security guarantees, reflecting Russia's concerns," per Reuters.

- Zakharova's comments come amid a diplomatic blitz from Ukrainian officials to finalise a Western-backed security architecture for Ukraine. Andriy Yermak, head of Ukraine's presidential administration, is in Washington today to discuss post-war security with Trump officials, including chief negotiator Steve Witkoff.
- Zelenskyy said yesterday he expects a framework for security guarantees for Ukraine to be set out as soon as next week, although there have been mixed messages from the White House on how active a role the US could play in a European proposal to deploy peacekeeping troops to Ukraine.

Zakharova's comments provide further evidence that Moscow is committed to its hardline demands. A position that rules out the prospect of a ceasefire in the near term.

- Following from President Trump's comments, downplaying the prospect of Putin/Zelenskyy meeting, German Chancellor Merz conceded yesterday: "Apparently, a meeting between Zelenskyy and Putin won't happen..."

Experts note that Russia's military strategy appears unchanged, despite the two Trump-hosted peace summits. Moscow has intensified aerial bombardments on Ukrainian targets and made several key battlefield gains in the central-east region of the country, an apparent test of Trump's willingness to impose fresh sanctions.

- Despite Trump's threat of an "[economic war](#)" with Russia, there has been no sign of tangible action beyond the 25% additional tariff on India that went into effect yesterday.

White House Press Secretary Karoline Leavitt told reporters that Trump was "not happy" with Russian strikes, but appeared to suggest strikes are an understandable retaliation for Ukrainian attacks on Russian oil refineries.

- Leavitt said: "These are two countries that have been at war for a very long time. Russia launched this attack on Kyiv, and likewise, Ukraine recently dealt a blow to Russia's oil refineries."
- In the wake of Russia's latest attack, Ukraine called for a meeting of the United Nations Security Council, which is set to take place this afternoon in New York.

Iran

France, the United Kingdom, and Germany (the E3) yesterday triggered the 'snapback' mechanism to reimpose UN sanctions on Iran. The snapback provides a final 30-day window for renegotiating a deal to curb Iran's nuclear programme and readmit International Atomic Energy Agency (IAEA) staff to monitor nuclear sites.

- Without a new 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 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."

Secretary of State Marco Rubio said in a statement yesterday that the US "welcomes" the decision by European countries to initiate the 'snapback' of UN sanctions on Iran.

- Rubio said: "Over the coming weeks, we will work [to] complete the snapback of international sanctions and restrictions on Iran. At the same time, the United States remains available for direct engagement with Iran. I urge Iranian leaders to take the immediate steps necessary to [comply with nuclear demands]"
- French Foreign Minister Jean-Noël Barrot said: "This measure does not signal the end of diplomacy: we are determined to make the most of the 30-day period that is now opening to engage in dialogue with Iran."

There is limited optimism a new deal can be struck. WSJ reports: "Iran recently allowed some U.N. atomic agency inspectors back into Iran [but IAEA] chief Rafael Grossi said Wednesday that Iran hadn't agreed to facilitate inspections of the key Fordow, Natanz and Isfahan nuclear sites..."

- Iran's response is expected to include its withdrawal from the nuclear non-proliferation treaty (NPT).

Venezuela

The US and Venezuela appear increasingly close to an armed confrontation, after President Trump "ordered seven warships carrying 4,500 personnel — including three guided-missile destroyers and at least one attack submarine — to the waters off Venezuela," per Axios.

- Axios writes: "Even close Trump advisers aren't entirely sure whether the gunboat diplomacy is a drug trafficking operation with undertones of regime change, or a Caracas coup operation masquerading as drug enforcement."
- Axios continues: "While administration officials have refused to rule out an invasion, nearly all privately believe it unlikely. However, Trump's deployment does include 2,200 Marines, the boots-on-the-beach branch of the military. That's hardly typical in drug enforcement."
- A Trump administration official familiar with the policy discussions said: "This is 105% about narco-terrorism, but if Maduro winds up no longer in power, no one will be crying."
- A second administration official said: "The president has asked for a menu of options. And ultimately, this is the president's decision about what to do next. But Maduro should be s***ting bricks."

White House Press Secretary Karoline Leavitt was asked yesterday: "The military deployment that President Trump has sent to the Caribbean Sea close to the shores with Venezuela is massive. It's much more than is needed to simply counter-narcotics operations."

Is President Trump considering launching military strikes to military installments or facilities in Venezuelan soil?”

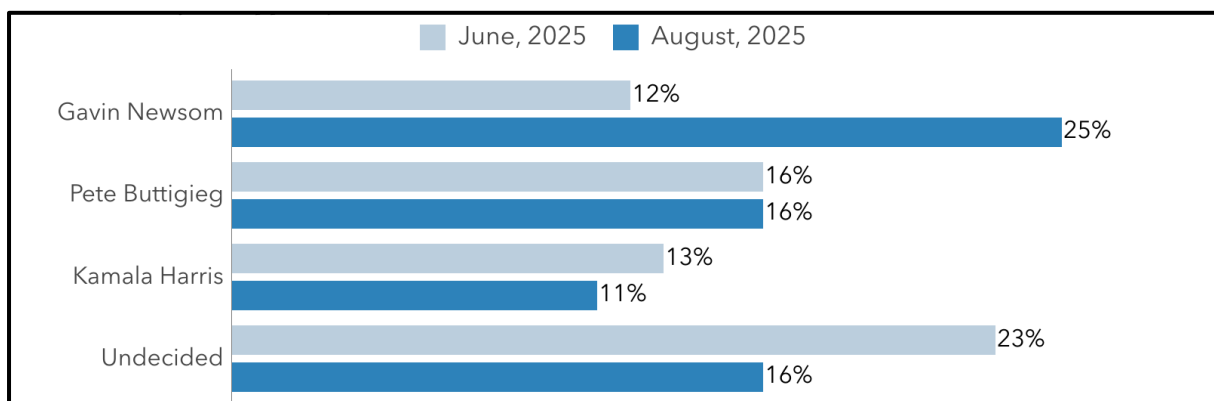
- Leavitt responded: *“I won’t get ahead of the president with respect to any military action or questions about that, ever... [but] ... And as I have said from this podium before, the Maduro regime is not the legitimate government of Venezuela. It is a narco-terror cartel. Maduro is not a legitimate president. He is a fugitive head of this drug cartel. He has been indicted in the United States for trafficking drugs into our country and it is the utmost responsibility of this president and this administration to prevent the illicit flow of drugs into our country and to protect citizens from those deadly poisons.”*

Chart of the Day

A new Emerson College survey has found California Governor Gavin Newsom ‘surging’ in the 2028 Democratic presidential primary with 25% support, a 13-point increase from a June poll from the outlet.

- Spencer Kimball, Executive Director of Emerson College Polling, noted: “Governor Newsom’s support surged across key demographic groups, highlighted by a 12-point increase among voters under 30 (6% to 18%) an 18-point increase among voters over 70 (13% to 31%), and a 14-point increase among both Black (9% to 23%) and White (10% to 24%) voters.”
- Emerson notes: “Sixteen percent support former Secretary of Transportation Pete Buttigieg, 11% former Vice President Kamala Harris, 5% Pennsylvania Governor Josh Shapiro, and 4% support Illinois Governor JB Pritzker and New York Congresswoman Alexandria Ocasio-Cortez, respectively.”

Figure 2: “Among the following candidates, who would you support for the Democratic Party Nomination?”



Source: Emerson College Polling

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