

MNI POLITICAL RISK ANALYSIS – US Daily Brief 19-05-22

By Adam Burrowes

The White House

08:30 ET 14:30 BST	President Joe Biden receives his daily brief.
09:00 ET 14:00 BST	Prime Minister Magdalena Andersson of Sweden and President Sauli Niinistö of Finland arrive at the White House
09:15 ET 14:15 BST	Biden, VP Harris, Andersson, and Niinistö meet to discuss Finland and Sweden's NATO applications and European security.
10:30 ET 15:30 BST	The Nordic leaders and Biden deliver brief remarks
20:30 ET 01:30 BST	Biden departs Anchorage, Alaska for Seoul, South Korea Press Secretary Karine Jean-Pierre and National Security Advisor Jake Sullivan to gaggle aboard Air Force One

Midterms Countdown: Alabama, Arkansas, Georgia Primaries, Texas Primary Runoff: 5 days. 2022 Midterm Elections: 176 days. The 2024 Presidential Election: 904 days

NATO

- Today is another key day in Sweden and Finland's NATO application process.
- At 09:00 ET 14:00 BST Swedish Prime Minister Magdalena Andersson and Finnish President Sauli Niinistö will arrive at the White House. The leaders will discuss 'Finland's and Sweden's NATO applications and European security' with US President Joe Biden and US Vice President Kamala Harris at the White House, before delivering a joint press conference.
- The primary obstacle to Finland and Sweden's NATO accession is an ongoing Turkish objection over alleged support of Kurdish groups designated by Ankara as terrorist organisations.
- Turkish Foreign Minister Mevlüt Çavuşoğlu told US Secretary of State Antony Blinken yesterday: 'Yes, we see the threat in our region, and that's the reason we see that Finland and Sweden want to be NATO member, new member. You know, Tony, Turkey has been supporting the "Open Door" policy of NATO even before this war. But with regards to these possible candidates – or already candidate countries – we

have also legitimate security concerns that they had been supporting terrorist organizations. And there are also export restrictions on defence products.'

- It is unclear whether the objection is credible or if Turkey is leveraging its NATO veto to extract concessions from the US. Blinken said in a statement after the meeting with Çavuşoğlu: 'Turkey's security concerns should be also met.'
- The New York Times has suggested that the Turkish objection will be overcome without delaying the process considerably. The Times: Niinisto said yesterday that the Turks 'have communicated to us from many sources that Turkey would not block membership.'
- NATO Chief Jens Stoltenberg made a similar comment about Turkey's intentions on Sunday, although Ankara has since doubled down on their objections.
- US Secretary of Defence Lloyd Austin met with Swedish Defence Minister Peter Hultqvist yesterday to discuss interim security to cover the period of vulnerability between application and accession to the alliance.
- Following the meeting, US National Security Advisor Jake Sullivan said: 'The United States is prepared to send a very clear message, as are all of our European allies, that we will not tolerate any aggression against Finland or Sweden during this process.' Suggesting that an interim security provision has been arranged and may be announced at the White House today.
- In Europe today, US Gen. Tod Wolters, NATO's Supreme Allied Commander in Europe will speak at a press conference at the NATO Military Chiefs of Defence Meeting in Brussels.

Asia

- President Biden will travel to South Korea this evening on his first trip to Asia as president.
- In Seoul, Biden will meet newly elected South Korean President Yoon Seok-Youl. Biden will then travel to Japan where he will meet with Japanese Prime Minister Fumio Kishida.
- Biden is also scheduled to participate in a meeting of the Quad alliance, which includes the US, Japan, Australia, and India.
- National Security Advisor Jake Sullivan warned yesterday that there is a 'genuine possibility' that North Korea may conduct a nuclear test during the president's trip to the region.
- Sullivan: 'Our intelligence does reflect the genuine possibility that there will be either a missile test ... or a nuclear test or both in the days during or after Biden's Asia trip.'
- Politico identifies five challenges for Biden on his Asia tour:
 - 1. 'Seoul and Tokyo's bilateral bitterness'
 - 2. 'Countering North Korea's nuclear threat'

- 3. 'South Korea and the Quad'
- 4. 'Selling the Indo-Pacific Economic Framework'
- 5. 'Deepening India's Quad involvement.'

Ukraine

- The US has reopened the US embassy in Kyiv.
- The State Department released this statement: 'Three months ago, we lowered our flag over the US Embassy in Kyiv, Ukraine, just days before Russian forces streamed across Ukraine's border to carry out President Putin's unprovoked, unjustified war of choice. When we suspended operations at the embassy, we made the point clear: while we would relocate U.S. embassy personnel for their safety and security, this would in no way prevent our engagement with, and support for, the Ukrainian people, government, and civil society as well as our allies and partners.'
- The statement continues: 'Now, that day has come. Today we are officially resuming operations at the U.S. Embassy in Kyiv. The Ukrainian people, with our security assistance, have defended their homeland in the face of Russia's unconscionable invasion, and, as a result, the Stars and Stripes are flying over the Embassy once again.'

Ukraine Aid

- The Senate is expected to pass the ~USD\$40 billion Ukraine aid package today after clearing the objection of Senator Rand Paul (R-KY) via cloture. There will be a handful of GOP 'noes' but the bill will be approved with a strong bipartisan vote.
- Senate Majority Leader Charles Schumer (D-NY) said Paul's blockade of the bill was 'repugnant' and 'strengthened Putin's hand.'
- Schumer: 'This should already have been done and over with, but it is repugnant that one member of the other side, the junior senator from Kentucky, chose to make a show and obstruct Ukraine funding.'
- Paul in response said: 'I went home and I had a standing ovation from 200 people at a Lincoln Day dinner, who all say, 'Thank you for holding up this money. We need help at home. We can't get baby formula. We can't pour our gas.'

Congressional Business

The House will meet at 09:00 ET 14:00 BST

The Senate will meet at 10:00 ET 15:00 BST

Committee Schedule

- HOUSE Foreign Affairs: The Ukraine Crisis: Implications for U.S. Policy in the Indo-Pacific
- HOUSE Appropriations: Office of the Director of National Intelligence, Central Intelligence Agency and Office of the Under Secretary of Defence for Intelligence & Security Overview (closed session)
 - DNI Avril Haines and CIA Director William Burns testify

Treasury

- Treasury Secretary Janet Yellen announced yesterday that the US Treasury is unlikely to extend Russia's debt-payment license which expires on May 25.
- US Treasury Secretary Janet Yellen said that the move may cause Russia to default on its sovereign debt but won't significantly change the situation in Russia, as 'they're already cut off from global capital markets.'
- Yellen said ahead of a G7 finance ministerial in Bonn, Germany: 'The expectation was for it to be time limited. It's reasonably likely to expect that the license will be left to expire. A final decision hasn't been taken yet, but I think it's unlikely that it would continue.'
- Yellen also said that the US was considering imposing a tariff or price cap on Russian oil exports. Yellen: 'Oil and gas revenues are very substantial source of revenues for Russia. We would like to do what we could to diminish those revenues.'

The American Innovation and Competitiveness Act

- Congressional leaders have released a timeline for completing conference on the America Competes/Innovation/Chips act. The bill has had a number of names during its year in Congress but remains focused on boosting the US semiconductor industry and weaning the US off its dependency on China for tech.
- According to Punchbowl News, the goal is to have all legislative items ironed out by May 25 and file the completed conference report by June 21.
- This is a highly optimistic timeline considering the complexity of the bill and number of lawmakers involved in the conference.

Food Security

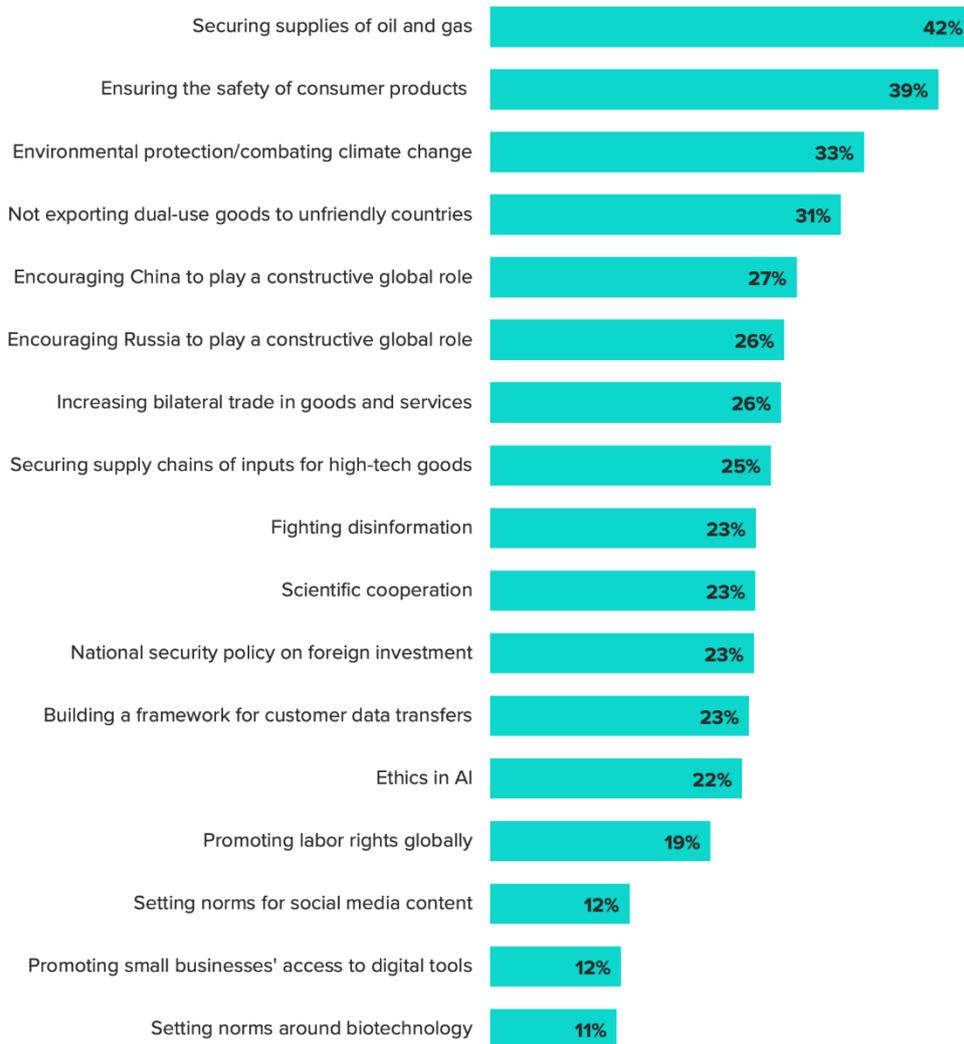
- Secretary of State Antony Blinken has denied that US sanctions on Russia have contributed to the escalating food crisis.
- Blinken said at the UN food security summit yesterday: 'Some have tried to blame the sanctions imposed on Russian – on the Russian Federation by the United States and many other countries for worsening this crisis. This is false. When we imposed sanctions on Russia in order to end the war as quickly as possible, we deliberately and carefully created exceptions for agricultural goods and fertilizer. We're working every day to get countries any information or assistance they need to ensure that sanctions are not preventing food or fertilizer from leaving Russia or anywhere else.'

Poll of the Day

- Morning Consult has produced a report on the most important issues for US-EU cooperation. The report is in response to the Trade and Technology Council (TTC) meetings this week where the prospect of export controls to limit China's access to dual-use technologies (commercial tech with military applications) were discussed but absent for the final meeting transcripts.
- Morning Consult concludes that US officials and US voters are far more concerned with China, while 'EU negotiators have signalled a clear desire to focus on Russia over China.'

Chart 1: Most important issues for cooperation with the EU

Shares of U.S. voters selecting each of the following issues as one of the top five **most important** areas of cooperation with the European Union:



Source: Morning Consult

IMPORTANT: This email contains information protected by copyright which can only be used in accordance with the terms of your Market News subscription agreement. UNAUTHORIZED DISCLOSURE, PUBLICATION, REDISTRIBUTION OR FURTHER DISSEMINATION OF THIS INFORMATION MAY RESULT IN CRIMINAL PROSECUTION OR OTHER SEVERE PENALTIES. Any such authorization requires the prior written consent of Market News. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News. Market News takes any such violation seriously and will pursue available legal remedies.

This document may contain forward-looking statements. Forward-looking statements may be identified by the use of such words as; "may," "might," "will," "would," "should," "could," "expect," "plan," "planned," "intend," "anticipate," "believe," "estimate," "estimated," "outlook," "predict," "project," "probable," "potential," "possible," "target," "continue," "look forward," or "assume" and other similar terms.

Forward-looking statements are not historical facts or guarantees of future performance but instead express only beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside the control of Market News. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. Subscribers are cautioned not to place undue reliance on any forward-looking statements or examples. None of Market News or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright @ 2021 Market News Ltd & Hawking LLC d/b/a Market News. All rights reserved.