

## MNI POLITICAL RISK ANALYSIS – US Daily Brief 24-06-22

By Adam Burrowes

### The White House

09:30 ET 14:30 BST	The President receives his Daily Brief
14:00 ET 19:00 BST	Karine Jean-Pierre's press conference

### Elections Countdown:

- ❖ Colorado, Illinois, New York, Oklahoma, Utah primaries: 4 Days
- ❖ 2022 Midterm Elections: 137 days.
- ❖ 2024 Presidential Election: 866 days

### G7-NATO

- US Secretary of State Antony Blinken departed Washington yesterday for a hectic week of international summits, starting with the G7 ministerial in Germany today.
- This morning, Blinken met German Vice Chancellor Robert Halbeck and followed that with a lunchtime meeting with Foreign Minister Annalena Baerbock.
- Blinken will then attend a Food Ministerial Plenary Session and participate in a Foreign Ministers Panel Discussion this afternoon. He will then meet with his French counterpart Catherine Colonna and finally, finish the day with a press conference at 11:00 ET 16:00 BST 17:00 CET.
- Blinken will be joined by President Biden over the weekend. The president will hold bilateral talks with German Chancellor Olaf Scholz in advance of the G7 leaders' summit at Schloss Elmau in the Bavarian Alps on Sunday.
- A Biden meeting with Scholz will be timely, as cracks have begun to appear in the NATO response to Russia's invasion of Ukraine. Yesterday, Scholz proposed a Marshall Plan inspired scheme to rebuild Ukraine after the war. Scholz said the initiative would be "a task for generations," and suggested the G-7 as a forum to hammer out an agreement.
- Earlier today, Bloomberg reported concerns in the German chancellery about the impact of Biden's domestic political woes on the US administration's focus on events in Ukraine, stating "Scholz [...] views Biden as a driving force in sustaining pressure on Moscow and believes that unity among allies could fray once again if Republicans win back the White House in 2024, according to a German government official who requested anonymity to discuss internal thinking."

- There have already been critical voices, pointing out the lack of progress made at previous G7 summits. Jeffrey Sachs of Columbia University, said in Foreign Policy: “It’s hard to see much coming out of this summit, after a string of G-7 summits that similarly accomplished very little.”
- Sachs continued: “The G-7 is in deepening trouble, much of it self-inflicted. Most of the governments are weak. Biden’s approval continues to sink; Johnson’s approval rating is sinking; Macron is without a majority; Italy is in a state of uncertainty and is increasingly divided over the approach to the war in Ukraine; Germany is facing a severe energy crisis; and the US and EU are most likely falling into a recession.”
- After the G7, Biden and Blinken will head to Madrid for the NATO summit.
- For more info, see MNI Political Risk team's article on major summits taking place this week: <https://marketnews.com/mni-political-risk-analysis-nato-eu-g7-brics-in-focus>

## Asia

- The Biden administration may be on the brink of a significant diplomatic success in Asia, as the Republic of Korea edges closer to rapprochement with Japan.
- Korea President Yoon Seok Yoel is reportedly strongly in favour of repairing strained relations with Tokyo as both nations recalibrate their foreign policy objectives more squarely towards China.
- South Korea and Japan have been in a state of quasi-cold war due to grievances over Japanese treatment of Korean citizens during the the Second World War and a perceived lack of contrition to war crimes.
- The ROK and Japan are the two most reliable and valuable US allies in the region, and a significant pillar of the Biden administration’s “pivot to Asia” has been an effort to bring the two countries together to devise a tripartite regional forum.
- Secretary of State Antony Blinken, Defence Secretary Lloyd Austin, and President Biden have all visited the region in recent months to push for closer coordination between the three countries.
- The government of Prime Minister Fumio Kishida in Tokyo and President Yoon in Seoul both appear to recognise that confronting China can be more effectively managed in a tripartite fashion, so it appears that a warming of relations may be on the cards in the near future – and if that happens, it will represent one of the most significant breakthroughs of the Biden administration.

## Congressional Business

*The House will meet at 10:00 ET 15:00 BST*

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

*Committee Schedule: -*

### United States Innovation and Competition Act

- There have been developments in the USICA chips bill this week, but Congress is running out of time to send a bill to President Biden's desk and lawmakers agree that the legislation needs to be wrapped up by the summer recess or risk losing some of the key private investment that will compliment federal funds.
- Commerce Secretary Gina Raimondo, the White House negotiator said: "Bottom line: They say we need to have decisions made this summer and we need to have cement in the ground this fall. Which is to say, now. And I can tell you in the past month, I have spoken to my counterparts in Japan, Korea, France, Germany and Italy and they are all right now actively negotiating to cut deals with chipmakers. ... I can tell you with certainty. If Congress doesn't get this done this summer, we're going to lose these chip makers to other countries and that will be devastating."
- The Wall Street Journal broke a story yesterday saying that Intel has put a pause on its USD\$20 billion semiconductor plant in Ohio due to concerns that Congress will fail to pass USICA.
- According to Punchbowl News: "Intel says it will still go ahead with the project, but the ultimate size of its investment is up in the air. The company has concerns over the federal commitment to supporting semiconductor chip manufacturing, an enormously expensive undertaking."
- The bill is currently in Congressional conference to resolve the substantial differences between the House and Senate passed versions of the bill.
- Reportedly, one of the most significant blockages for conferees is on trade provisions. The House version of the bill allocates significant funding for Trade Adjustment Assistance program and House Democrats want this to remain in the final bill.
- A 45-minute meeting was held on the issue yesterday, with Senate Finance Committee Chair Ron Wyden (D-OR) reporting that conferee were "making progress," and saying that the group was "...focused on getting this done."
- Raimondo said: "The past few weeks have been weeks of tremendous progress. And I would say, as I'm talking to you right now, we're definitely closer than we ever have been to getting this across the finish line."
- Raimondo continued: "I can tell you from my own activity because I'm very involved talking to the chairs and ranking members – they're working [...] we are running out of time, to be sure, but I suppose I would say things are happening."

### Military

- The House Armed Services Committee has voted to advance its USD\$840 billion version of the annual defence policy bill. The package has been boosted by more funding for ships, aircraft, Ukraine aid, and to offset inflation.

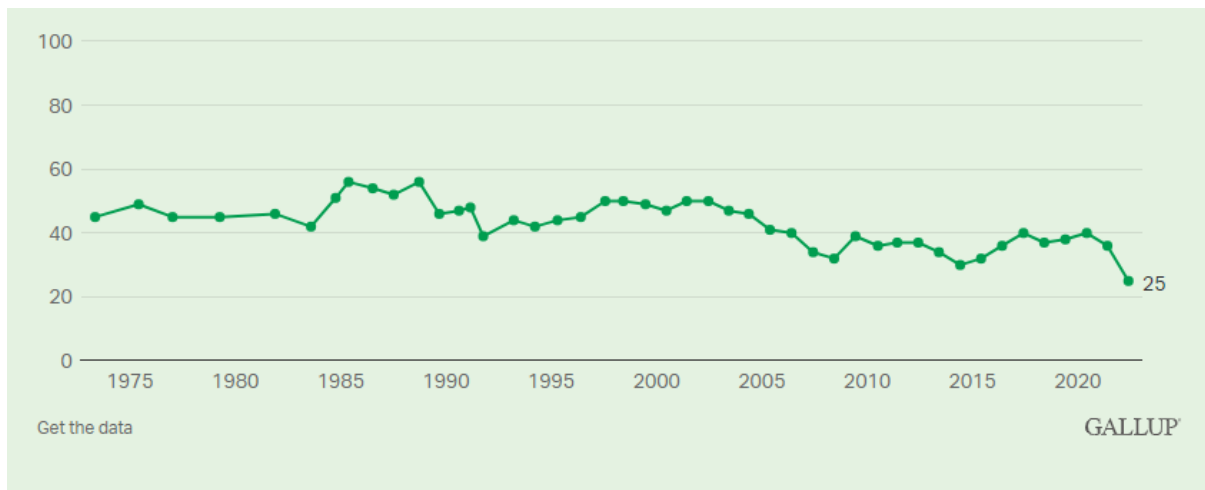
### Supreme Court

- The Supreme Court has another opinions day today as the wait continues for a ruling in the case Dobbs vs Jackson’s Women’s Health – the Mississippi abortion case which a ruling from Justice Alito is expected to end the constitutional right to an abortion.

**Poll of the Day**

- Confidence in the United States Supreme Court reaches as all-time low as the nation’s top court dominates news wires this week.

**Chart 1: Percentage of respondents who reported “great deal/quite a lot” of confidence in the Supreme Court**



Source: Gallup

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