

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 13-03-23

By Adam Burrowes

### The White House

09:15 ET 13:15 GMT:	President Biden will deliver remarks on the collapse of Silicon Valley Bank.
11:30 ET 15:30 GMT	Press Secretary Karine Jean-Pierre will gaggle aboard Air Force One en route to San Diego, California
16:30 ET 20:30 GMT	President Biden participates in a trilateral meeting with Australian Prime Minister Anthony Albanese and UK Prime Minister Rishi Sunak.
17:00 ET 21:00 GMT	The President delivers remarks on AUKUS.
17:45 ET 21:45 GMT	Biden participates in a bilateral meeting with UK PM Rishi Sunak
19:00 ET 23:00 GMT	Biden participates in a bilateral meeting with Australian PM Anthony Albanese
21:45 ET 01:45 GMT	The President participates in reception for the Democratic National Committee

### Elections Countdown:

- ❖ 2024 Presidential Election: 603 days

### Silicon Valley Bank Collapse

**09:15 ET 13:15 GMT:** US President Joe Biden will deliver remarks on the collapse of Silicon Valley Bank.

- According to the White House, Biden will discuss, "maintaining a resilient banking system and protecting our historic economic recovery."
- The White House remarks come after Biden yesterday signed off on a plan from the Federal Reserve, the Treasury Department, and the Federal Deposit Insurance Corporation to backstop uninsured depositors.

Biden will be looking to diffuse accusations from conservative Republicans that the intervention represents a bank bailout. Treasury Department officials briefed lawmakers yesterday on measures to contain fallout from the collapse.

- WaPo: "Critics have warned that any support from the government could set a troubling precedent, leading other banks to expect federal authorities to intervene if they went under. It could also spark a populist backlash over the appearance of U.S. taxpayer money going to save some of the country's richest residents."

- Senator Tim Scott (R-SC) said yesterday: “Building a culture of government intervention does nothing to stop future institutions from relying on the government to swoop in after taking excessive risks...”
- Biden’s remarks will be livestreamed here: <https://www.whitehouse.gov/live/>

## **AUKUS**

President Biden, UK Prime Minister Rishi Sunak, and Australian Prime Minister Anthony Albanese will make a major announcement today on a landmark submarine deal under the AUKUS defence partnership.

- Bloomberg: “The leaders of the US, Australia and the UK will announce plans for a new fleet of nuclear-powered submarines Monday as they deepen the Aukus defense partnership aimed at countering China in the Pacific. Upgrading Australia’s aging sub fleet is a lynchpin of that effort.”
- “Under Aukus, the three nations share classified military capabilities, including technology for nuclear-powered subs, as well as cooperation in a range of areas including hypersonic missiles, artificial intelligence and quantum computing.”

Albanese said in a speech last month that the security arrangement is the “biggest leap in our defence capability in our history.”

- Beijing claims that sharing nuclear technology with AUKUS is "a blatant act of nuclear proliferation" and, in a statement last year, said the pact is, "the first time that nuclear weapons materials are openly and directly transferred illegally from a nuclear-weapon State to a non-nuclear-weapon State."

## **Congressional Business**

The House is out

The Senate is out

**Committee Schedule –**

## **Republican News**

Former Vice President Mike Pence, a likely presidential candidate for 2024, criticised his former running mate, Donald Trump, in remarks at the annual Gridiron Club Dinner in Washington, DC on Saturday.

- Pence: “History will hold Donald Trump accountable for Jan. 6. Make no mistake about it: What happened that day was a disgrace, and it mocks decency to portray it in any other way. President Trump was wrong. His reckless words endangered my family and everyone at the Capitol that day.”
- Pence’s comments come amid an escalating dispute over the nature of the January 6 insurrection. Fox News host Tucker Carlson said last week, in a report developed from

Capitol Hill footage provided by House Speaker Kevin McCarthy (R-CA), that the January 6 unrest was a protest by “sightseers” rather than “insurrectionists.”

Pence said: “Tourists don’t injure 140 police officers by simply sightseeing. Tourists don’t break down doors to get to the Speaker of the House. Tourists don’t threaten public officials.”

- Politico posed this question of Pence as the GOP begins the process of deciding a 2024 presidential candidate: “Will Pence talk like this in front of Iowa Republicans? It’s one thing for him to slam Trump like this in a room full of D.C. journalists — and, importantly, to do so at an event that was not televised or filmed, which will limit the amount of play it gets on cable news. But will he show the courage to blast Trump in front of Republican primary voters?”

### **Former President Donald Trump**

Donald Trump’s former lawyer, Michael Cohen, will today testify before a New York grand jury on alleged hush-money payments made on Trump’s behalf.

- AP: “Cohen’s closed-door testimony is coming at a critical time as the Manhattan district attorney’s office closes in on a decision on whether to seek charges against Trump.”
- “A Trump loyalist turned adversary, Cohen is likely to provide critical details about whatever involvement the Republican presidential candidate may have had in the payments, made in the final weeks of the 2016 campaign, to two women who alleged affairs with him.”

### **Energy Security**

The Biden Administration is expected to approve the huge Alaskan oil Willow project today.

- The USD\$8 billion project has the potential to produce around 600 million barrels of crude oil over 30 years.

New York Times: “According to the two people familiar with the deliberations, the administration has concluded that it doesn’t have the legal authority to deny permits to [operator] ConocoPhillips, which has long held leases on the land in the petroleum reserve.”

- The administration will reportedly issue a number of restrictions on oil leasing in the Arctic and Alaska’s North Slope to offset political fallout from the approval of the project, which was blocked by Biden in 2021 on environmental grounds.

Bloomberg: “Environmental activists who helped put Biden in the White House insisted approval would be a betrayal of his campaign pledges.”

- Frank Macchiarola, senior vice president of policy at the American Petroleum Institute: “In the current energy crisis, the Biden administration should be focused on strengthening U.S. energy security and standing with the working families of Alaska by supporting the responsible development of federal lands and waters — not acting to restrict it.”

## Middle East

A surprise deal by Iran and Saudi Arabia to restore diplomatic relations has prompted optimism for a fresh approach to resolving Iran's nuclear programme but raised concerns in Washington about a marginalisation of US influence in the region.

- The deal brokered by China is the first significant international diplomatic play from Beijing in over a decade and appears to represent a fundamental re-ordering of the security framework in the Middle East.

Reuters: "The surprise deal between Iran and Saudi Arabia to restore diplomatic ties offers much for the United States to be intrigued about, including a possible path to rein in Tehran's nuclear program and a chance to cement a ceasefire in Yemen. It also contains an element sure to make officials in Washington deeply uneasy — the role of China as peace broker in a region where the U.S. has long wielded influence."

- Amy Hawthorne, deputy director for research at the Project on Middle East Democracy: "There is no way around it — this is a big deal. Yes, the United States could not have brokered such a deal right now with Iran specifically, since we have no relations. But in a larger sense, China's prestigious accomplishment vaults it into a new league diplomatically and outshines anything the U.S. has been able to achieve in the region since Biden came to office."
- Steven Cook, a senior fellow for Middle East studies at the Council on Foreign Relations: "Some folks in the gulf clearly see this as the Chinese century. The Saudis have expressed interest in joining the Shanghai Cooperation Organization and a good deal of their oil goes to China."
- Daniel Kurtzer, a former ambassador to Israel and Egypt now at Princeton University: "It's a sign of Chinese agility to take advantage of some anger directed at the United States by Saudi Arabia and a little bit of a vacuum there, and it's a reflection of the fact that the Saudis and Iranians have been talking for some time. And it's an unfortunate indictment of U.S. policy."
- Mara Rudman, former Middle East envoy under President Obama: "This is the latest reminder that the competition is on a global stage. It is by no means limited to the Indo-Pacific, just as it is not limited to solely to economics, or security, or diplomatic engagement."

## China

Donald Trump's former National Security Advisor, Robert O'Brien, told the Global Security Forum organized by the Soufan Center in Doha, Qatar yesterday that the US would destroy Taiwan's semiconductor industry if Taiwan appeared likely to fall to China.

- O'Brien: "The United States and its allies are never going to let those factories fall into Chinese hands."
- Semafor: "The bulk of the world's most advanced microchips are produced in Taiwanese facilities owned by TSMC. Gaining control of those plants would make China "like the new OPEC of silicon chips" and allow them to "control the world economy," O'Brien said... "Now let's face it, that's never going to happen," he said."

## Korea

North Korea announced yesterday that it had tested submarine-fired cruise missiles as the US and South Korean militaries today kicked off their largest joint exercises in years.

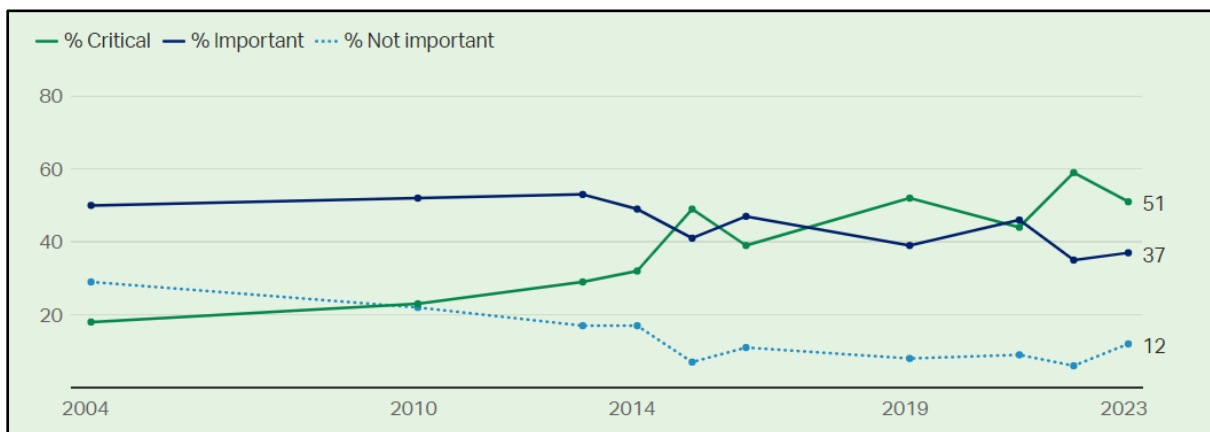
- AP: “North Korea’s launches Sunday signal the country likely will conduct provocative weapons testing during the U.S.-South Korean drills that are expected to run for 11 days. Last week, North Korean leader Kim Jong Un ordered his troops to be ready to repel rivals’ ‘frantic war preparation moves.’”
- Moon Keun-sik, a submarine expert at Kyonggi University in South Korea: “At a time when its efforts to build (bigger submarines) have reported little progress due to the sanctions, North Korea wants to show it’s still almost developed the types of missiles that can be fired from a submarine.”

## Poll of the Day

Gallup has published a report showing that the number of Americans who view the Russian military as a critical threat to the US has fallen significantly since last year.

- Gallup: “A majority of Americans, 51%, also view the military power of Russia as a critical threat, though this is down significantly from 59% a year ago. The decline may be related to the prolonged battle with Ukraine. Many military experts thought the Russian military would overwhelm Ukraine, but it has made gains only in limited parts of the country. Those gains have come at a heavy cost in Russian military personnel and equipment.”
- Full report: [https://news.gallup.com/poll/471872/americans-favorable-rating-russia-sinks-new-low.aspx?utm\\_source=substack&utm\\_medium=email](https://news.gallup.com/poll/471872/americans-favorable-rating-russia-sinks-new-low.aspx?utm_source=substack&utm_medium=email)

**Figure 1: Americans' Perceptions of the Russia-Ukraine Conflict as a Threat to the U.S.**



Source: Gallup

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