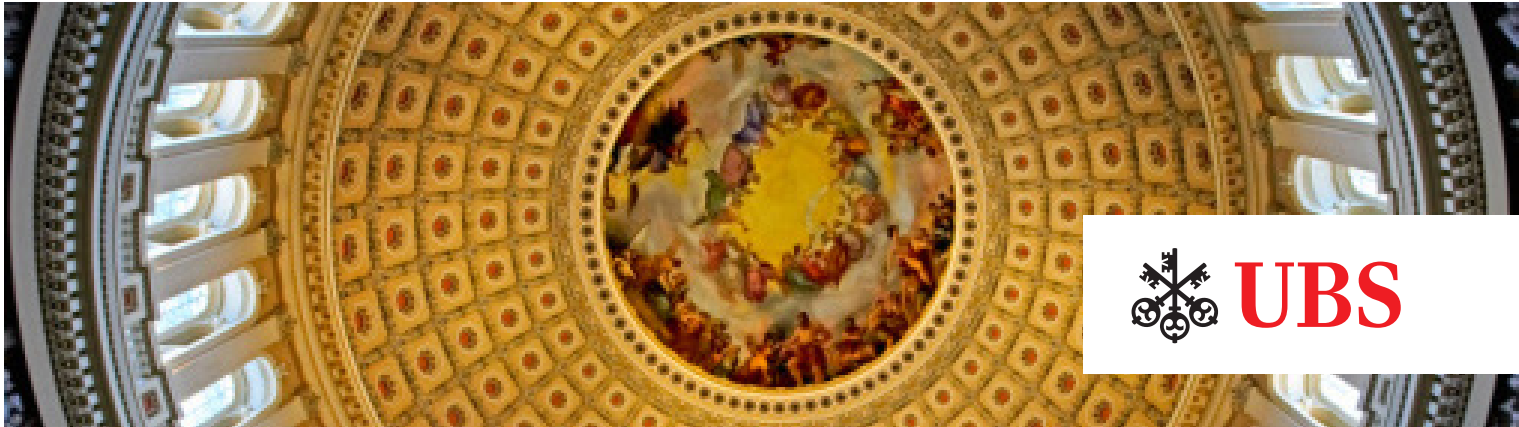


# Washington Weekly

Under the Dome: The Week in Review

31 October 2025



**This Week:** The **Senate** confirmed Trump administration nominees and voted again on, but failed to pass, the House-passed resolution to extend government funding through November 21. It also passed (with the support of all Democrats and a few Republicans) nonbinding resolutions to express disapproval of the reciprocal tariffs, particularly on Brazil and Canada. The **House** continued to be out of session.

**Next Week:** The **Senate** will continue to confirm Trump administration nominees and will continue to consider competing options for extending government funding. The **House** will be out of session.

## The Lead

**Shutdown Drags On.** With the government shutdown hitting one month today, Washington mostly offered more of the same. The House remained out of session, while the Senate held votes on the House-passed bill to extend government funding through November 21 as well as alternative measures to pay federal workers and to fund the Supplemental Nutrition Assistance Program (SNAP). Republicans generally opposed the piecemeal measures, while Democrats continued to oppose the House bill because it does not provide an extension of the Affordable Care Act (ACA) subsidies that expire at the end of the year. While Republican and Democratic leadership are still at loggerheads (and President Trump was out of the country), there is growing interest among rank-and-file members in finding a resolution. One possibility being discussed is a short-term extension into January with a one- or two-year extension of the ACA subsidies. Members are hearing from constituents who are seeing significant increases to healthcare costs as part of the expiration of the ACA subsidies and who are concerned about the expiration tomorrow of SNAP, which provides food assistance to 42 million people. While the Trump administration was able to find funds to pay military service members this week, millions of federal civilian employees are without paychecks. Many

lawmakers are concerned about the impact on air travel with Thanksgiving holiday travel looming. *The pressure is growing for lawmakers to take action, but it remains unlikely a solution will happen next week.*

**A Faint Lifeline.** Congress needs to pass 12 government funding bills covering various federal agencies for fiscal year 2026 if they want to properly fund the government. So far this year, both the Senate and the House have passed competing versions of three of these funding bills. In connection with the bipartisan talks on ending the shutdown, there are talks on addressing the remaining funding bills. One plan would be to pass a package of three or four funding bills as a show of good faith for ending the shutdown. An alternative would be to have the Senate first come to agreement on a government funding extension with the intent of quickly passing two separate packages of the remaining funding bills. Another alternative would be to include one of those packages on the short-term extension. However, many hurdles remain (not the least of which is how to handle the expiration of the ACA subsidies as part of reopening the government). There are also differences on funding levels for certain agencies. The House will need to pass any Senate packages, which will not be an easy task for Speaker Mike Johnson (R-LA). *Nevertheless, the bipartisan discussions this week on government funding show that there is some urgency in the Senate on getting out of this shutdown.*

**AFGE Weighs In.** The American Federation of Government Employees (AFGE), the nation's largest federal workers union with over 800,000 federal employees, is demanding Congress pass a clean continuing resolution and restore funding immediately. In a rare rebuke of both parties, the AFGE President condemned the impasse as an "avoidable crisis," citing unpaid workers, looming layoffs and families turning to food banks after missing multiple paychecks. The union has filed lawsuits against the Trump administration and warned that the shutdown's

impact is deepening by the day. Bipartisan Senate negotiations over back pay and protections for essential workers are ongoing, but no deal has emerged. The union stopped short of directly criticizing Democrats, but there are alarm bells ringing given that the union has been a big supporter of the party. *AFGE's demands won't force a resolution, but they do add to the pressure.*

### Other Issues

**Trade Truce.** President Trump this week was on a multi-country tour in Asia that included stops in Malaysia, Japan and South Korea. An overarching focus of the trip was trade. There were deals signed with Malaysia and Cambodia as well as framework agreements with Thailand and Vietnam, with the US pressing these countries to curb transshipments from China. The US and Japan signed a deal that enshrined lower US tariffs (15%) on many Japanese goods (including autos) in exchange for Japanese investments in the US. A similar one was agreed to (but not officially finalized) with South Korea. The biggest development of all was a meeting between President Trump and Chinese President Xi that yielded a *détente* (nominally a one-year reprieve) between the two superpowers on ongoing trade frictions. The US not only walked back threats of higher tariffs but also agreed to a lower tariff level on Chinese goods by 10 percentage points. Both the US and China dropped tit-for-tat export controls on rare earth minerals and certain technologies. These controls could have been very disruptive to global supply chains and had given China leverage in the discussions. China also agreed to buy soybeans and other US agricultural products. *Recognizing that a full trade war was in neither side's interest, both were able to de-escalate prevailing tensions with this temporary truce, though frictions no doubt will resurface.*

**Digital Services Tax.** France instituted a Digital Services Tax (DST) in 2019, and the Trump administration responded by imposing tariffs on France. The French government is at it again as it searches for more revenue for a budget deal. It is exploring a potential fivefold increase (from 3% to 15%) in its DST. This is concerning to tech businesses that are the top targets of such a DST. Whatever the French government decides to do, we do know that the Trump administration and Republicans in Congress will push back against an increase to the DST. *We expect tariffs and/or retaliatory taxes to be threatened in the coming weeks and months.*

**Congress Year-End.** The government shutdown has taken most of the oxygen out of the room and prevented any other legislative action to occur. The House has been out of session

since mid-September. The Senate mostly has passed nominations and voted on various options for extending government funding. Once any government funding extension is passed, it will be a busy sprint to the end of the year. Congress will work on passing as many of the 12 government funding bills as they are able to. Both chambers will also need to reconcile differences on the defense authorization bill for fiscal year 2026. Since the House will have been out for at least six weeks, it will have significantly more hearings and markups than usual. There are fading hopes of addressing issues like permitting reform, online safety for kids, pharmacy benefit managers regulation and a farm bill reauthorization. Stand-alone bills will take a backseat with the glut of other priorities. *With an election year right around the corner, the clock is ticking for lawmakers to get anything else over the finish line.*

**Congress Eyes NBA Gambling Scandal.** The revelation last week of a basketball gambling scandal has piqued Congress's interest. Lawmakers have requested a formal briefing from NBA Commissioner Adam Silver. Sports betting has exploded since a 2018 Supreme Court decision that repealed the Professional and Amateur Sports Protection Act. However, federal oversight remains minimal, leaving states to manage a fragmented regulatory landscape. The scandal has reignited calls for a national framework to ensure transparency and accountability in sports wagering. *It remains to be seen if Congress is able to come to a bipartisan agreement on regulating sports betting, but even the threat that it could may spur changes in the industry.*

### The Final Word

**Bellwether Elections Take Shape.** With early voting for gubernatorial contests well underway in Virginia and New Jersey, observers are watching for signs of voter sentiment heading into the 2026 midterms. Both states have unique political dynamics. Virginia has a heavy concentration of federal employees. New Jersey traditionally leans Democratic. Recent polling and turnout trends suggest a competitive landscape. Republicans hope that President Trump's strong showing in both states in 2024 shows a serious voter partisan shift that will allow them to help flip seats. Democrats are testing various messages in an attempt to right the ship after 2024. Historically, these states have offered imperfect but telling previews of midterm momentum and reflections on the president in power. *Time will tell if they serve as true bellwethers or political mirages, but the outcomes will shape both parties' strategies as they head into next year's midterm elections.*

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