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DOCUMENT II · POLITICAL RISK ASSESSMENT

United States 2026–2028

Political, institutional, trade and foreign-policy risk of the divided government that AP projects from January 2027, and of the transition calendar.

INTENDED READERS

Policymakers, diplomats and institutional decision-makers in Spain, the EU and Latin America

ACCOMPANIES

Document I — Executive Brief · Document III — Electoral Outlook

CUT-OFF

4 November 2026, 09:00 CET · updated 14:00 · v1.6

RESULT

AP projects Democratic majorities in the Senate and the House · Alaska and Mississippi not called · certification pending

01 · RISK DASHBOARD

Risk profile at a glance

The material risk is no longer who wins, but how power is distributed from January, what happens to tariffs and the war, and how much room is left to allies. Levels according to the method in section 07.

OVERALL RISK LEVEL **ELEVATED**



Position: band resulting from the median severity of the seven risks (6/9), marked at its centre; it is not a measured value. Same method as the Executive Brief.

Trade / tariffs	HIGH	**Foreign policy and security**	ELEVATED
Governability	ELEVATED	**Government funding**	MODERATE
Monetary / inflation	MODERATE	**Institutional / legitimacy**	MODERATE

Moderate · Elevated · High

7 + 16
Senate + House flips (Spectrum with AP calls, 1:30 ET)

11 Dec
Funding expires (outgoing Congress)

3 Jan 2027
New Congress sworn in

10–12.5%
Section 301 tariff (AACB, 28 Jul)

21 / 865
US service members killed / wounded (Pentagon, 9 Oct; includes non-hostile deaths)

31–32%
Trump approval (Reuters/Ipsos)

CORE JUDGEMENT

From January the White House will face an opposition-controlled Congress, but it retains the initiative on trade and war while the statutory delegations remain in force. Congress gains control of spending, oversight and the capacity to legislate, always subject to the veto. The risk for allies lies in executive discretion and in speed, not in the count.

02 · THE RISK LIES IN THE POLITICAL AND INSTITUTIONAL RESPONSE TO THE RESULT

From the projected result to the distribution of power

CORE MESSAGE

Two overlapping calendars: the transition, with the outgoing Congress and the 11 December funding deadline, and divided government, from 3 Jan 2027. The AP projection settles the “who”; the “how” remains.

LEVEL OF CERTAINTY	SENATE	HOUSE
1 · Partial results	Maine: Jackson (D) +5 pp with ~2/3 counted (Maine Public). Mississippi: Colom (D) +43 votes with 97% counted (Magnolia Tribune, 2:00 a.m. CT)	Count under way: about 75 districts undecided at 4:19 a.m. ET (CBS)
2 · AP projection	D control; 7 flips, none Republican (1:30 ET); Maine and Michigan called; Alaska and Mississippi not called (AP, 10:09 and 08:48 UTC)	D control; 16 flips, none Republican (1:30 ET)
3 · Arithmetic determination	On the projections: 54 D (47 at the outset + 7 flips; Michigan, a D seat called by AP). 55 if Alaska or Mississippi goes D; 56 if both do. Only in the unprojected scenario of losing Michigan: 53	Not calculable: the number of districts called is missing
4 · Official certification	Pending (states)	Pending (states)

Sources: Spectrum News with AP calls (updated 4 Nov, 1:50 a.m. ET); AP results tool (Maine and Michigan called, 07:45 UTC; Alaska not called, 07:30 UTC); Maine Public (4 Nov). Michigan: NPR, The Hill and the Detroit News headline El-Sayed's (D) victory; pages not opened. Spectrum includes New Hampshire —already a Democratic seat— in its list and omits Kansas; the seven flips consistent with the other sources are NC, SC, KS, TX, OH, IA and ME. Later confirmation of the seven winners does not establish that each race had already been projected by AP before the cut-off. Update at 14:00 CET: Mississippi, Magnolia Tribune (4 Nov, data as of 2:00 a.m. CT; thousands of affidavit ballots remain, and counting them may take up to five business days; there is no runoff) and AP results tool (not called, 08:48 UTC); Alaska, AP (not called, 10:09 UTC) and SAN (4 Nov: less than one point apart, ranked-choice tabulation on 18 Nov); House, CBS News (about 75 districts undecided at 4:19 a.m. ET).

J&H READING

The four levels must not be confused: an AP projection is enough to plan; only certification closes the result. No source consulted points to a reversal.

03 · POLITICAL AND INSTITUTIONAL FACTORS

Political and institutional factors

FACT = verified fact; JUDGEMENT = J&H assessment, with its confidence; INTERNAL = J&H knowledge without a 2026 source; PENDING = not verified.

F1 FACT **AP projects Democratic majorities in both chambers**

At 1:30 ET on 4 Nov, 7 Senate flips (AP figure according to Spectrum; reconstructed composition: NC and ME with an AP call checked at source, SC, TX, OH and IA on Spectrum's list, KS by three outlets), and 16 in the House, with no Democratic losses. Maine and Michigan called; Alaska and Mississippi not called (AP results tool, 10:09 and 08:48 UTC).

F2 FACT **The new majorities start on 3 Jan 2027**

The new Congress is sworn in on 3 January (Twentieth Amendment). Continuing resolution H.R. 6500, whose signing the White House announced in September, expires on 11 Dec (AACOM): it is negotiated by the outgoing Congress, with Republican majorities.

F3 INTERNAL **An outgoing Senate that needs Democratic votes**

A continuing resolution in practice requires 60 votes in the Senate to overcome the filibuster; with 53 seats, the outgoing majority needs the minority, which arrives strengthened by the result.

F4 JUDGEMENT MODERATE **Short continuing resolution as a rational option for both sides**

A continuing resolution to January or February passes the negotiation to the new Congress; a long deal before 11 Dec fixes spending under the outgoing balance. Both options are plausible.

F5 PENDING **Public response from the White House**

At 09:00 (CET) no verified quote from Trump after the polls closed had been located. Headlines after the cut-off (CNN, reporting that he will accept the results; The Hill, reporting that he congratulated Democrats) could not be opened or dated and are left for the next update.

J&H READING

The piece that most changes the risk in November and December is not the incoming Congress, but the White House's response and the form of the continuing resolution.

04 · WHAT CONGRESS CAN DO

Powers of its own—not merely a blocking role

Congress is not merely a counterweight: the Constitution assigns it foreign trade and spending. Its effective capacity depends on the law, the courts and the veto.

AREA	POWER	PRACTICAL LIMIT
Tariffs	Lay duties and regulate foreign commerce (Art. I, Sec. 8); the President acts under delegated powers (Sections 232, 301, 122)	Reforming or repealing a delegation requires a law: presidential signature or a veto override
Spending	No federal expenditure without congressional appropriation (Art. I, Sec. 9); it can deny funds or attach conditions	Conditional clauses in spending bills also require the signature
War	Declare war and fund the armed forces; War Powers Resolution of 1973	INS v. Chadha (1983) is invoked to argue that concurrent resolutions are not binding, but no court has settled its application to the War Powers Resolution; joint resolutions are subject to veto; the President's operational initiative has disputed limits
Oversight	Investigations, hearings, subpoenas	Litigation over executive privilege
Nominations and treaties	Advice and consent of the Senate	Senate only
Veto	Override with two-thirds of those present and voting, with a quorum (Art. I, Sec. 7)	290 and 67 only with full chambers and all voting

J&H internal knowledge of the constitutional text and the case law cited; not drawn from 2026 sources. Related 2026 facts: Supreme Court ruling on the IEEPA (20 Feb, Thomson Reuters) and H. Con. Res. 86 on Iran (3 Jun, 215-208, official House record, roll call 199).

J&H READING

The Democratic majority gains capacity for initiative and for budget blockage, but any change to trade or military policy by law still needs the signature or two-thirds. The courts —as the IEEPA case showed— are a third actor that can constrain the Executive without Congress.

05 · TRADE, TARIFFS AND THE ECONOMY

The Executive retains the initiative on tariffs

INDICATOR	VALUE	READING
Supreme Court ruling (20 Feb)	The IEEPA does not authorise tariffs (Learning Resources v. Trump)	Refunds unresolved (Thomson Reuters)
Section 122	10% global; expired on 24 Jul	Statutory maximum of 150 days
Section 301 (announced 23 Jul; in force 24 Jul)	10% (EU, Canada, Mexico, United Kingdom and others); 12.5% (China, Brazil, Japan, Korea, Switzerland and others)	60 economies; excludes Section 232 goods; rates in dispute (EY; AACB)
Section 232	In force (steel, aluminium, copper, automobiles)	Current rates: unverified
USMCA	The US declined to extend it "in its current form" (1 Jul); annual reviews; expires in 2036	White & Case
EU–US	2025 agreement (15%) frozen in February; implementation agreed in May	Current status: unverified

ECONOMY	VALUE	SOURCE AND CAVEAT
Fed	Chaired by Kevin Warsh; 25 bp rise in September; on 28 Oct held the 3.75–4.00% range by 10-2 (Cook and Hammack in favour of a rise)	FOMC statement, 28 Oct
CPI, year on year	3.7% (September; core 2.6%); 3.4% (August)	BLS, published on 14 Oct (reported by Stephens)
Petrol	$4.07/gallon (18 Aug)	AAA via Scripps

Sources: Thomson Reuters (20 Feb), AACB (28 Jul; customs broker: figures shifting and under litigation), White & Case (Jul), Euronews (23 Feb), Brussels Times (20 May), EY (Jul), FOMC statement (28 Oct), BLS via Stephens (14 Oct), Scripps (18 Aug). The petrol price has not been checked against a primary source.

J&H READING

The Supreme Court ruling limited the emergency route, not tariff policy. The new Congress can open the debate on the Section 232 and 301 delegations, but any reform needs the signature or two-thirds.

06 · FOREIGN POLICY AND SECURITY

Iran, NATO, Ukraine and Venezuela

Facts verified through open sources, kept separate from what remains unconfirmed.

FRONT	VERIFIED FACT	CURRENT STATUS
Iran	War since 28 Feb, without congressional authorisation (Axios); 60-day memorandum expired on 18 Aug. Casualties: 18 killed in August (Scripps); 21 killed and 865 wounded in the Pentagon's DCAS database as of 9 Oct, which includes non-hostile deaths (Task & Purpose, citing The Washington Post)	The two figures do not use the same criterion; operational situation in October–November unconfirmed
NATO and Greenland	Ankara summit (7–8 July): threat to withdraw some 80,000 troops from Europe if Denmark does not cede Greenland (Stars and Stripes). On 22 Sep, the US, Denmark and Greenland signed an Arctic security agreement that expands the US military presence; according to Frederiksen, it recognises the sovereignty of the Kingdom and Greenlandic self-determination (AP via Spectrum)	Signature verified; entry into force and parliamentary process: unverified
Ukraine / Russia	The Kremlin rejects a temporary ceasefire (Peskov, 29 Oct); local humanitarian ceasefire in Kherson since 27 Oct (ISW)	No independent verification; the source mixes 2025 references
Venezuela	Maduro captured in a US operation on 3 Jan; Venezuela's Supreme Court ordered Delcy Rodríguez to assume the interim presidency (Reuters, reproduced by ThePrint and The Star, 4 Jan); the US controls oil revenues (MercoPress, 3 Jul; single source, unverified)	Current custody situation: unverified

J&H READING

The June vote was a concurrent resolution, which does not go to the President for signature and whose binding effect is disputed. With a Democratic Senate, a joint resolution can reach the President's desk; the veto remains the ceiling. For allies, the risk is the unpredictability of the Executive.

07 · METHOD AND RISK RANKING

Risks by probability and impact

Each risk is scored on two factors with published scales; severity and band are obtained with a fixed rule. The scores are J&H expert judgement; the aggregation is reproducible.

RISK · EVENT ASSESSED	HORIZON	P	I	P × I	BAND
R1 · Executive tariffs. Executive tariffs (Sections 301/232) affecting the EU, Spain or Latin America are maintained or extended	to 3 Jan 2028	HIGH (3)	VERY HIGH (3)	9/9	HIGH
R2 · Escalation with Iran. Renewed military escalation (strikes, blockade or breakdown of negotiations) or an institutional clash over a war powers resolution	to 3 Jan 2028	MODERATE (2)	VERY HIGH (3)	6/9	ELEVATED
R3 · Unilateral move on allies. Withdrawal, reduction or conditioning of the US military presence in Europe or at allied bases, including Rota and Morón	to 3 Jan 2028	MODERATE (2)	VERY HIGH (3)	6/9	ELEVATED
R4 · Budget deadlock. None of the FY2028 annual appropriations bills is enacted before the fiscal year begins on 1 Oct 2027. Any resulting shutdowns or continuing resolutions are consequences, not the event assessed	3 Jan 2027 to 1 Oct 2027	HIGH (3)	HIGH (2)	6/9	ELEVATED
R5 · Government shutdown on 11 Dec. Funding lapses with no continuing resolution or agreement (outgoing Congress)	to 11 Dec 2026	MODERATE (2)	HIGH (2)	4/9	MODERATE
R6 · Monetary tightening. A further Fed rate rise	to 3 Jan 2028	MODERATE (2)	HIGH (2)	4/9	MODERATE
R7 · Dispute over the result. The White House publicly disputes the result or its certification	to 3 Jan 2027	LOW (1)	VERY HIGH (3)	3/9	MODERATE

Method: each risk is scored for probability (1 low, 5–40%, covering the very low and low bands · 2 moderate, 40–60% · 3 high, 60–95%, covering the high and very high bands; each risk has its own horizon, shown in the matrix) and impact (1 medium · 2 high · 3 very high); severity = P × I (1–9). Bands: 1–2 low · 3–5 moderate · 6–8 elevated · 9 high. Each dimension takes the band of its most severe risk; the overall level takes the band of the median of the seven risks (6/9). The P and I scores are J&H expert judgement; the aggregation is fixed and reproducible (Document II, section 07).

CRITERION	1	2	3
Probability (over each risk's horizon)	Low (5–40%): requires a change of behaviour not observed	Moderate (40–60%): there is precedent or a signal, without a decision	High (60–95%): already under way or announced
Impact (on Spain, the EU and Latin America)	Medium: sectoral or reversible effect	High: affects the bilateral relationship or several sectors	Very high: affects security or trade systemically

J&H READING

Each probability refers to a defined future event and horizon, not to the existence of a situation already under way: the war with Iran is a fact; R2 assesses its escalation. Trade (R1) occupies the high band; R5 has a horizon of weeks and is not comparable in timeframe with the others.

08 · INTERNATIONAL DIMENSION

Spain, the EU and Latin America

The relationship with Washington depends on the Executive; Congress provides oversight, budget and a second channel.

ES FACT Spain

On 3 Mar Trump said "We're going to cut off all trade with Spain"; Albares stated that Rota and Morón will not be used against Iran (Al Jazeera). On 7 Jul he threatened to withdraw troops from both bases (Moncloa.com). Spain does not accept the 5% of GDP. Election on 29 Nov, called by Royal Decree 806/2026 of 5 October (BOE of 6 Oct). Polls, not individually cross-checked: CIS (1–6 October) PSOE 34% and PP 22.2%; Sigma Dos, Sociométrica and NC Report (2 Nov), PP ahead (ARA, 3 Nov): methodological divergence.

EU PENDING European Union

2025 trade agreement frozen in February and implementation agreed in May (Euronews; Brussels Times). Current status unverified.

BR FACT Brazil

AFP (22 Aug): the US imposed two new rounds of tariffs in July; Lula–Trump call on 21 Aug. Times Brasil attributes to Trump, after 25 Oct, the claim that Brazil had applied Joe Biden's playbook.

MX FACT Mexico

The US declined to extend the USMCA at the 1 Jul review; annual reviews are triggered (White & Case).

VE FACT Venezuela and the Caribbean

Maduro captured on 3 Jan; Delcy Rodríguez, interim president by order of Venezuela's Supreme Court (Reuters, 4 Jan). Elcano: Trump's pressure narrows the room for Spain and the EU in Latin America (EFE, 28 Jan; opinion).

J&H READING

No front changes because of the AP projection; what changes, from January, is Congress's capacity to oversee, attach conditions to funds and legislate.

09 · PROBABILITY OF THE OUTCOMES

Divided-government scenarios, by band

Scenarios mutually exclusive and exhaustive under the classification rule in the box below. J&H central estimates summing to 100%; the bands express the uncertainty and are read as a joint constraint. They are expert judgement: the evidence supports the order of plausibility, not the exact magnitude. They share the percentage scale of the matrix in section 07, but are not derived from it.

A · Contentious divided government (base case)



B · Limited transactional deal



C · Legitimacy crisis



LOW MODERATE HIGH

SCENARIO	BASIS FOR THE BAND
A · 65%	Already under way: the House voted against the war in June; the Executive governs through delegated powers; the incoming Congress gains control of funding
B · 25%	Requires a budget agreement and the White House accepting the result without dispute; there are incentives (avoiding shutdowns), no verified signal
C · 10%	Requires a dispute over legitimacy, not budget deadlock; no verified quote anticipating it at the cut-off time, and later headlines pointing to acceptance of the result

Trade
HIGH
R1 tariffs: 3 × 3 = 9

Foreign policy and security
ELEVATED
R2 escalation, R3 allies: 2 × 3 = 6

Governability
ELEVATED
R4 budget deadlock: 3 × 2 = 6

TWO KINDS OF BAND, TWO ORIGINS

The **severity** bands in the cards above are derived from the matrix in section 07 with a fixed rule and are reproducible. The **scenario** probabilities (65%, 25% and 10%) are J&H expert judgement: they share the percentage scale of the matrix, but are not calculated from it. Classification rule, applied on 31 Mar 2027 and in this order: **C** if the White House or Congress has disputed the other's legitimacy (challenge to the result or its certification, refusal to comply with court rulings or laws); otherwise, **B** if funding for the rest of fiscal year 2027 has been approved by agreement without a government shutdown; in any other case, **A**. The intensity of clashes over trade, investigations or war powers does not alter the classification: a budget deal with clashes on those fronts is B. The rule ensures that the three scenarios are mutually exclusive and exhaustive.

J&H READING

The de-escalation lever is the form of the 11 Dec continuing resolution; the signal to watch, the White House's first public response to the result.

10 · SENSITIVITY AND LINES OF ACTION BY AREA

What to do, by decision area

Exposure by area according to the band of the most severe risk affecting it.

AREA	RISKS	BAND
Foreign trade · Sections 301 and 232, USMCA	R1	HIGH
Diplomacy and alliances · NATO, bases, Iran	R2, R3	ELEVATED
Cooperation and external funding · budget	R4, R5	ELEVATED

DIPLOMACY AND ALLIANCES

1. Cross-reference 29 Nov with the threats over Rota and Morón and NATO's 5%.
2. Open a channel with the incoming committees with foreign-policy weight.

FOREIGN TRADE

1. Plan with Sections 301 and 232 as the floor.
2. Follow initiatives on the delegated powers, the litigation and the USMCA reviews.

CONTINGENCY

1. 11 Dec: short continuing resolution or long deal.
2. From January: risk of shutdowns due to budget deadlock.

KEY POINT FOR DECISION-MAKERS

Position for contentious divided government and make provision for government shutdowns in 2027; Congress will be a new interlocutor, not a shortcut.

· INSTITUTIONAL HORIZON

Institutional timeline, November 2026 – January 2027

3 November	Polls; first AP calls in Georgia, New Hampshire and North Carolina.
4 November	AP projects Democratic majorities in both chambers (7 + 16 flips at 1:30 ET).
18 November · Alaska	Ranked-choice tabulation of the Senate race (SAN, 4 Nov). In Mississippi, counting affidavit ballots may take up to five business days (Magnolia Tribune).
29 November	Spanish general election.
11 December	Funding expires; the outgoing Congress decides.
3 January 2027	120th Congress sworn in (Twentieth Amendment).

THE SERIES · HOW TO READ THE THREE DOCUMENTS TOGETHER

This Political Risk Assessment develops powers, risks and method; the Executive Brief provides the synthesis; Document III, forecast versus result and composition.

Prepared by J&H Consulting Group. This is not legal or investment advice. Risk bands and levels are J&H assessments using the method set out in Document II. Public information as of 09:00 CET on 4 November 2026, with the status of Alaska, Mississippi and the House updated at 14:00 CET; the AP projections cited correspond to 1:30 a.m. ET (Spectrum News) and to 07:30–07:45 UTC (AP results tool). The sources consulted are predominantly English-language and US-based; the Spanish-language sources reproduce English-language agencies or media. Perspectives in French, German, Chinese, Russian, Persian or Arabic have not been cross-checked, and that asymmetry may bias the foreign-policy sections. Agreement between outlets with different editorial lines may reflect the same AP projection and does not amount to independent verification.