



US ELECTION REGIONAL IMPLICATIONS MIDDLE EAST AND NORTH AFRICA: REGIONAL POLITICS REMAIN FLUID

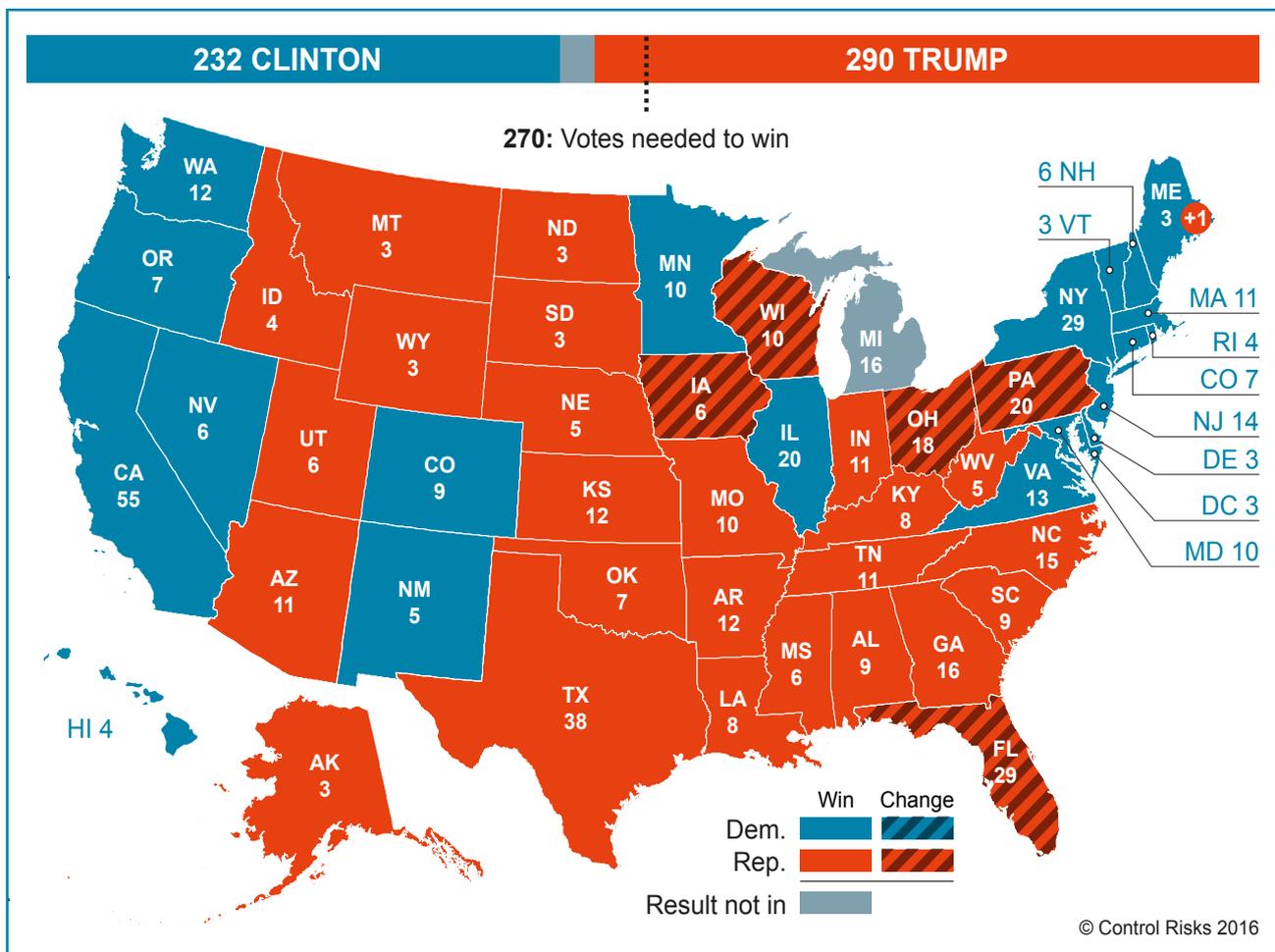
US ELECTION REGIONAL IMPLICATIONS

Republican candidate Donald Trump was elected as the next US president on 9 November, defeating the Democrats' Hillary Clinton. Due in part to Trump's strong showing, Republicans also retained a slim majority in the Senate (upper house) and a strong majority in the House of Representatives (lower house).

Narrow margins separated the two candidates in many states, as well as in the nationwide vote (separated by around 600,000 votes – 0.4% – out of more than 120m cast), underscoring the polarisation of the electorate. Both candidates, as well as outgoing President Barack Obama, issued pleas for national unity and a smooth political transition in the wake of a lengthy and often divisive campaign.

Unlike Clinton, Trump did not comprehensively outline his domestic and foreign policies. As a result, there is considerable uncertainty about which policies he will pursue in office, and how aggressively he will do so. In this report, we explore how the incoming administration is likely to approach and influence regional politics.

US Presidential elections results



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MIDDLE EAST AND NORTH AFRICA: REGIONAL POLITICS REMAIN FLUID

The incoming president expressed views on a range of issues pertaining to the Middle East and North Africa, including the international nuclear agreement with Iran, the Israeli-Palestinian conflict, the wars in Syria and Iraq, and the fight against Islamic State (IS). However, he has done so with varying degrees of detail and consistency, and much could change over the coming weeks and months as he lines up his cabinet and formulates key foreign policy positions.

For the time being, the region's leaders have all offered Trump their congratulations, and expressed their willingness to work with him to strengthen ties with the US. But they are also looking for answers to questions that will have a significant impact on regional politics, stability and the business environment.

MULTIPOLARITY SET TO PERSIST IN THE US POWER VACUUM

A more isolationist and transactional US foreign policy would cement the trend towards multipolarity set in motion by Obama's broader disengagement from the region and softer stance towards Iran. It would encourage regional players – chiefly Iran, the Gulf states and Turkey – to continue pursuing more independent foreign and security policies, intensifying regional competition. Old assumptions about alliance and alignment, already under strain, would become even more threadbare.

In the face of a more assertive Iran and regional militancy, Washington's traditional Gulf allies are most concerned about any weakening of US security commitments. The new administration may expect to see more tangible (read: financial) benefits from continued maintenance of freedom of navigation in the Gulf or provision of military and intelligence support. Large defence procurements only recently signed with many of the Gulf states should act as a palliative in this regard. (And counter-terrorism is likely to trump human rights concerns in arms sales.)

We do not expect the anti-Muslim rhetoric of the campaign to dramatically undermine relations. However, the prospect of strict visa requirements for Middle Eastern nationals – in the wake of the US Congress's removal of Saudi Arabia's sovereign immunity in relation to the 9/11 terrorist attacks – will certainly complicate relations, and could contribute to an uptick in anti-US popular sentiment.

A more transactional US posture would probably strengthen Russia's hand as a regional powerbroker and strategic balancer, obviously in Syria but also through its closer relations with Egypt, Israel and – to a lesser degree – the Gulf states. (That said, Egypt was swift to welcome Trump's election, perhaps anticipating less interference in internal affairs and more support for counter-terrorism.) It will also create space for other geopolitical players – including China, the EU and post-Brexit UK – to build bilateral economic and diplomatic relations with both state and non-state actors.

IRAN NUCLEAR DEAL UNDER THREAT

Trump adopted a relatively hardline, but occasionally inconsistent position towards Iran during the campaign. This makes it difficult to assess exactly how he will approach the maligned Iran nuclear deal, the Joint Comprehensive Plan of Action (JCPOA), except to say that US support for the deal is likely to diminish. The new president via executive authorities, or the Republican-controlled Congress via legislation have many options for undermining the deal if desired.

Most expeditiously, Trump could simply terminate the legislative sanctions waivers granted by Obama as a requirement of the JCPOA, or re-impose sanctions through executive order. Congress could also introduce new sanctions with the new president's blessing, which Obama repeatedly blocked. In particular, new so-called 'secondary sanctions', or extra-territorial sanctions affecting foreign companies, might be interpreted by Iran as abrogation of the deal. The new administration could also seek to trigger the JCPOA's dispute settlement mechanism by alleging Iranian non-compliance, thereby potentially setting in motion the deal's so-called 'snapback' sanctions procedure.

Less directly, the US is likely to implement additional non-nuclear sanctions on Iran relating to its ballistic missile programme (ostensibly still circumscribed by UN resolutions), policy in Syria, or human rights record. These would most likely be narrowly targeted, but might still broach influential individuals or entities tied to the government and security services. Depending on the nature and scope of such sanctions, they would be unlikely to trigger the nuclear deal's collapse. Indeed, the Obama administration has continued to enforce and tighten non-nuclear targeted sanctions despite the JCPOA.

In any event, despite Trump's staunch criticism of the Iran nuclear deal, several factors weigh against unilateral US action to cause its collapse. First, there is no major domestic constituency in favour of ending the deal. Second, the JCPOA is widely supported within the US defence and foreign policy establishment for successfully containing Iran's nuclear ambitions, thereby reducing the threat of conflict in the Middle East involving the US. Third, the US would be alone in abrogating the

deal: the EU, China, and Russia – as well interested third parties such as Japan, South Korea and India – will continue to support the deal and refuse to re-join a US-led sanctions regime. Finally, the US's Gulf allies – as much as they opposed the deal – are wary that its collapse would escalate confrontation and add another source of regional instability.

We expect Iran to continue to fulfil its JCPOA commitments in pursuit of foreign investment, regional influence and economic growth. Much of the leadership, including representatives of the Iran Atomic Energy Organisation (IAEO), support the deal, which is perceived as a pillar of domestic political stability leading up to May 2017 elections. These motivations will persist, contingent on US action.

If the US deliberately abrogates the JCPOA by imposing significant sanctions, Iranian domestic politics would push toward a hardline response. Depending on the nature of such sanctions, Iran may either continue to comply with the JCPOA to curry support from the international community, or withdraw from its commitments under the deal. Iranian withdrawal would be likely to trigger a new round of sanctions escalation that significantly complicates the ability of non-US companies to do business with Iran.

MILITARY POSTURE LIKELY TO BE SUSTAINED

Trump vocally supported US military operations against IS in Iraq and Syria, and has suggested closer counterterrorism co-operation with Russia and other actors. While he appears to oppose expanding US military assistance to Syrian rebel groups, he may be favourable to a more robust US military ground deployment in Iraq. Along with a shift in Washington's relationship with Moscow, this could lead to de facto acceptance of the Syrian government under Bashar al-Assad as a key party in peace negotiations and player in the post-conflict landscape.

The US military is likely to maintain a significant footprint in the region in support of the mission against IS. Offensives against Mosul (Iraq) – well underway – and Raqqa (Syria) will continue. By extension, IS and its affiliates and sympathisers will retain high intent to target the US and its interests abroad.

The president-elect has not made any public statements about the war in Yemen, but his underlying isolationist position is likely to weigh against any expansion of US involvement, including support to the Saudi Arabia-led coalition. Counter-terrorism operations against al-Qaida in the Arabian Peninsula (AQAP) would be likely to continue.

Libya certainly featured prominently during the campaign as a result of the 2012 attack on the US consulate in Benghazi during Clinton's tenure as secretary of state. However, US policy in Libya was all but absent from the presidential contest. The US has been one of the pillars of international support for the UN-endorsed Government of National Accord (GNA) based in the capital Tripoli. A significant reduction in US support for the GNA – or a shift towards supporting forces in the eastern Libya that are closer to Russia, the UAE and Egypt – would significantly reduce the GNA's viability and call its survival into question.

MORE SUPPORT FOR ISRAEL

Trump's position on Israel is perhaps his most-well defined with regards to the region. His March 2016 speech to the American Israel Public Affairs Committee (AIPAC), an influential lobby group, outlined a far more hawkish and pro-Israel position. In particular, he expressed support for moving the US embassy in Israel from Tel Aviv to Jerusalem (signalling potential recognition of Jerusalem as the Israeli capital), for vetoing any proposed peace agreements at the UN, and for unconditional peace negotiations (which the Palestinians reject). On the basis of this position, right-wing Israeli politicians after the election declared the 'era of a Palestinian state over'.

Faced with this prospect, Obama may make a final attempt to influence the trajectory of peace talks before he leaves office. It is rumoured in US foreign policy circles that the president is considering presenting a UN Security Council resolution setting out the contours of a peace deal, thereby seeking to bind the new administration's hands. But while much of the council would be supportive of such a resolution, Russia would be likely to veto it to support its own regional leadership ambitions.

Much stronger support for Israel – after difficult relations with the Obama administration – would aggravate regional tensions and replenish the rallying cry of Palestinian and other militant groups. To the degree that the US expands political cover for Israel's settlement building, it would drive a wedge between the US and Europe, and potentially increase reputational and sanctions risks for companies doing business in the West Bank.

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