



US ELECTION REGIONAL IMPLICATIONS

CONTENTS

US ELECTION REGIONAL IMPLICATIONS	1
ASIA: STILL THE FULCRUM OF GEOPOLITICS	3
EUROPE: UNEASE OVER TRADE AND NATO	5
LATIN AMERICA: BEYOND MEXICO, PAR FOR THE COURSE	7
MIDDLE EAST AND NORTH AFRICA: REGIONAL POLITICS REMAIN FLUID	9
AFRICA: STILL SECOND FIDDLE	11

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 worldwide, and how foreign governments are responding to the election result.

EXECUTIVE SUMMARY

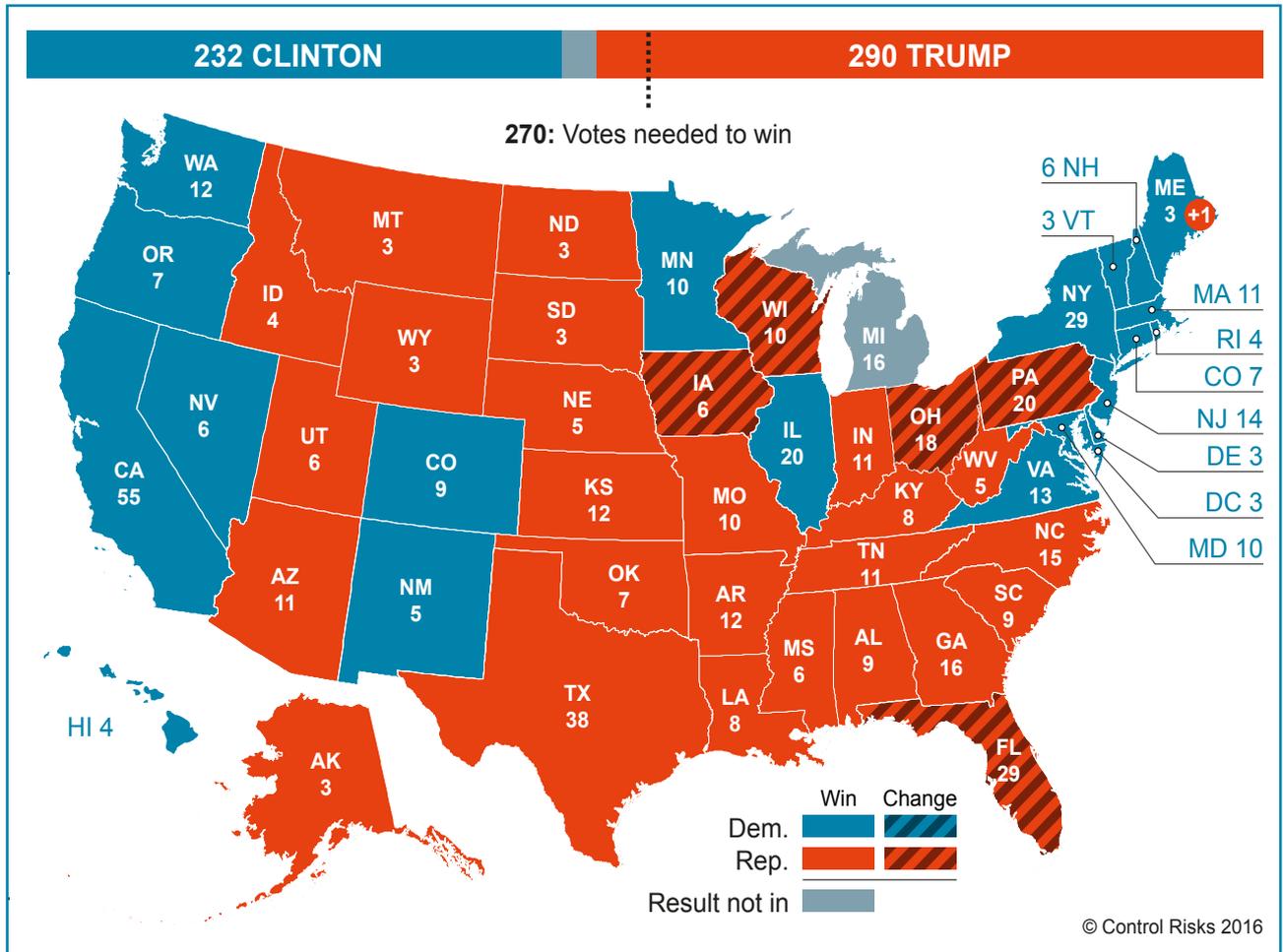
Asia: Considerable uncertainty surrounds US policy towards the region in both the trade and security arenas. A degree of US 'pivot' away from Asia seems likely as the administration pursues a more nationalist, transactional foreign policy. Regional countries may seek to strengthen ties with China, reflecting both underlying geopolitical realities and uncertainty about US commitments.

Europe: Europe is likely to seek pragmatic accommodation with the incoming administration, even as Trump's victory serves as inspiration for an array of populist movements fighting elections in 2017. Campaign rhetoric on NATO is unlikely to be matched by reality, but the US may seek to improve ties with Russia.

Latin America: Mexico faces significant economic and political uncertainty with likely efforts to renegotiate NAFTA. Elsewhere, Central and South America are likely to receive little attention from the new administration, with few significant changes in policy likely.

Middle East and North Africa: The incoming administration is likely to ensure a robust US military posture against Islamic State (IS), but will bring new threats to the integrity of the Iran nuclear deal, amid wider uncertainty about the durability of US security and geopolitical commitments. As elsewhere, countries will seek to balance this uncertainty with more independent foreign policies, and new diplomatic, trade, and security relationships.

Sub-Saharan Africa: Sub-Saharan Africa is braced for cuts and recalibration of US foreign assistance, as it shifts towards security co-operation over civil society and economic development. However, potential US trade disputes could create opportunities for some African countries with low-cost labour forces and preferential trade access.



ASIA:

STILL THE FULCRUM OF GEOPOLITICS

On Asia, as with many other topics, Trump's campaign rhetoric tackled taboo subjects and hinted at major departures from fundamental policies and principles. The region now waits nervously to find out where and to what degree that rhetoric becomes policy.

The administration could err toward a pragmatic interpretation of its themes in Asia. On both trade and security, there are plenty of symbolic but limited steps that would stop far short of the geopolitical game-changers suggested by some of the campaign comments. Certainly, Trump will hardly be the first president to take office having talked of dramatic action in Asia: as Ralph Cossa of the Center for Strategic and International Studies (CSIS) recently noted, 'Reagan was going to recognise Taiwan, and Carter was going to withdraw US troops from the Korean Peninsula'.

Control Risks is not rushing to raise regional political and security risk ratings as a result of the election, but we recognise that Trump's victory injects considerable uncertainty into some of the most important economic, security and diplomatic relationships on the planet.

ROCKY ROAD AHEAD FOR TRADE

Trump's signature trade policy – threatening unilateral tariffs to extract more favourable terms of trade and strengthen US manufacturing – squarely targets China. His 'Rust Belt' constituency will demand prompt action on trade, and existing executive and legislative authorities make the threat of unilateral tariffs plausible, though Trump has said he will pursue trade legislation. Trump also vowed to label China a 'currency manipulator' on his first day in office. A trade confrontation would be likely to invite Chinese retaliation against US exports, with US companies in China potentially caught in the crossfire. Negotiations over the US-China Bilateral Investment Treaty (BIT) would stall, amid broader fallout for bilateral relations.

The administration is also likely to review trade deals with other Asian countries. Recent bilateral trade agreements with South Korea and Singapore – two of Washington's staunchest regional allies – are vulnerable to re-negotiation. Prospects for Obama's landmark Trans-Pacific Partnership (TPP), already dim, are fading fast; in any event, Trump has stated that he would withdraw from the trade pact immediately on entering office. Therefore, ASEAN signatories can no longer count on enhanced US market access and significant political capital invested in the deal – particularly in Malaysia and Vietnam – could be squandered.

ALLIANCES STILL SACROSANCT?

Trump has also signalled that he may re-evaluate US regional alliances, causing palpable angst in Tokyo and Seoul. More broadly, his putative isolationism could play out as withdrawal from regional territorial disputes in the East and South China Seas, where the US has sought to uphold the international legal principle of freedom of navigation. This would encourage the trend of US allies – such as Philippines and Malaysia – balancing US uncertainty with warmer China relations, including by downgrading maritime disputes. Even Vietnam, the one state willing to entertain brinkmanship with China over South China Sea claims, will pursue accommodation if nascent US ties wither on the vine.

On top of the failure of the TPP, these factors would go a long way toward reversing the Obama administration's strategic 'pivot' to Asia. (Conversely, the incoming administration appears keen to further strengthen ties with India – a rare point of bipartisan consensus in Washington.)

As tempting as a US retreat from Asia sounds, Chinese leaders are also unsettled by the potential change of script in Washington. A more transactional security relationship with Japan and South Korea – even simply reviewing military and financial commitments – would necessarily impact their domestic defence debates. Of particular concern to Beijing and the regional balance of power, this might encourage them to 'self-insure' by developing new defence capabilities, including nuclear weapons. The long-term consequences of perceived strategic vulnerability in north-east Asia are hard to foresee, but potentially profound. Hillary Clinton was far from popular in Chinese foreign policy circles, but the present unpredictability of a Trump administration is even less welcome.

Such concerns also apply to the incoming administration's approach to North Korea, which is rapidly developing its nuclear weapon and ballistic missile capabilities. The administration's ultimate posture toward Pyongyang is unknown, but – based on campaign statements – potentially more confrontational than Obama's 'strategic patience'.

Until senior administration officials and national security advisers are in position, it is impossible to say how close US security policy will hew to campaign pledges. The confines of the office, Congressional prerogatives and Republican party politics will

all weigh against a free hand in critical trade and security relationships. While there is a new element of uncertainty, it is unlikely that the new administration would or could take steps to rapidly and radically dismantle regional security relationships.

TRUMP L'OEIL

Beyond China, Japan and South Korea, Asia did not feature strongly during the presidential campaign and is unlikely to be a major early focus of the Trump administration. Nonetheless, US policy shifts will reverberate across the region, shaped by national context:

[Indonesia](#) is less reliant on US military and trade relations than most of its neighbours. (It is nowhere near ratifying the TPP, for example, despite official pronouncements.) In the context of a more isolationist US foreign policy, this seems unlikely to change, particularly if further anti-Muslim rhetoric damages Indonesian perceptions of the US.

Given his flamboyant political style, [Philippines](#) President Rodrigo Duterte is ripe for confrontation with the incoming administration, which may forebear less in the face of hostile rhetoric than Obama. Furthermore, Trump's proposal to reverse offshoring could hit Philippine's lucrative business process outsourcing (BPO) sector, which employs more than a million people and generated USD 22bn in 2015. There are also concerns that tighter immigration restrictions could damage vital remittance flows from the US, which amount to about 5% of GDP.

Prime Minister Najib Razak of [Malaysia](#) is poised for rejection at the altar of the TPP, after investing a substantial amount of political capital. This would weaken his credibility within the ruling UMNO party, creating yet another opportunity for detractors to challenge his leadership. Meanwhile, Najib will rely on conservative Malay Muslim voters ahead of 2018 elections, potentially drawing US scrutiny of counter-terrorism partnership.

[Thailand](#) is likely to come in for less criticism on human rights and democracy grounds, if only out of benign US neglect. However, less certain US security commitments could push the junta closer to China.

The administration is likely to intensify [Australia's](#) geopolitical dilemma between the US and China. If the US indeed pivots away from Asia, Canberra will feel increased pressure to ensure stable relations with Beijing as a geopolitical inevitability.

EUROPE:

UNEASE OVER TRADE AND NATO

Throughout the campaign, European politicians were generally keen to say as little as possible about the contest across the Atlantic – with the obvious exception of Nigel Farage (UK Independence Party) and Geert Wilders (Dutch Party for Freedom), whose support was as vocal as it was predictable. This was despite an avalanche of, mostly negative, media coverage from even conservative outlets for whom a Republican win would normally be a matter of quiet satisfaction, if not gaudy celebration.

In the ten weeks until Trump's inauguration, European business faces the unavoidable question: 'What does it mean for us?' There will be a strong temptation to focus on Trump's politics, but most governments will keep practical issues front and centre when considering what it means for them.

TRADE IN FOCUS

Trade has been a hot topic in Europe for most of 2016. This shows no signs of abating in 2017, with the planned start of UK negotiations to leave the EU (Brexit) and the probable demise of the proposed US-EU Transatlantic Trade and Investment Partnership (TTIP). Even in the unlikely event that more orthodox Republicans prevail on the new president to embrace the deal, public opinion in Europe remains unconvinced, as the troubled campaign to ratify a similar Canada-EU free trade agreement in late 2016 indicates.

Ironically, the UK may find itself in a slightly stronger position with regard to trade with the US. Bilateral trade talks with the new administration could represent a serendipitous chance to strike a huge early success in the Brexit era and establish a model for the next generation of trade agreements. The key personnel in the UK's international trade ministry are notably close to mainstream Republican opinion on the issue, and Trump – among many others – has drawn parallels between the politics of Brexit and the US election. However, the new administration's prioritisation of US interests in any negotiations may frustrate the UK's desire for a good deal that also survives public scrutiny.

NATO NERVOUSNESS

Trump's commitment to NATO and the collective defence of US allies in Europe was notably uncertain during the election campaign. As president, he is likely to take a more pragmatic view, with institutional, economic and political concerns ensuring that some of the nightmare scenarios of an undefended eastern frontier prove unfounded.

Nevertheless, the new administration is likely to seek to improve relations with Russia, with relatively little weight given to European sentiment. This will inevitably cause disquiet, particularly in the Baltic states, not least because the administration may well put NATO Article 5 – committing members to mutual assistance – on the table, even if only as a negotiating position. (Europe will recall that it heeded Article 5 obligations on the only occasion it was triggered: by the US after the 11 September 2001 terrorist attacks.) However, a new era of relations with Russia is likely to involve quid pro quo on all sides, and Russia's new assertiveness on its western and south-western frontiers may be reined in if a successful 're-reset' can be achieved.

There are implications beyond Europe's borders too. Trump has called the Iran nuclear deal – considered a major EU foreign policy success – into question. The EU will not sacrifice the gains from the deal lightly, creating a clear point of tension on a defining foreign policy objective on both sides of the Atlantic, particularly if the future of NATO emerges as a talking point in any EU-US dialogue over Iran.

EUROPE'S POPULISTS TRIUMPHANT

'Brexit won, Trump won, we can win' will now be the mantra among populist parties across the continent, particularly in the three most significant countries with elections in 2017: France, Germany and the Netherlands. However, we caution against reading across too directly from the upstart successes of 2016 into the big votes of 2017, in part because US and European moves across the political spectrum rarely run in sync.

There is no doubt that some of the factors that propelled Trump to victory – particularly messages on immigration and employment, as also seen in the Brexit vote – have appeal in some parts of Europe. But none of the European politicians who aim to follow his path have the same mix of outsider appeal and establishment heft (in the shape of the Republican party machine, as reluctant as much of it was) as the president-elect enjoyed. Moreover, the existing successes of populists on the eastern side of the Atlantic suggest that Trump is following the trend as much as he is setting it.

The closest comparison is in [France](#), where Marine Le Pen of Front National (FN) has been consistently in the top two of opinion polls for the presidential election, due in May. However, it is this strength that may work against her in converting this

to an outright win in the French system where a run-off against a more moderate candidate is likely. Le Pen's existing popularity will limit her room for growth, particularly if faced with a candidate around whom all non-Le Pen voters can rally without reluctance. Moreover, identifying herself too closely with the US president-elect may lose her some votes among French conservatives, who, polling suggests, were reluctant to favour him. So while a Le Pen presidency may be more likely than it was before the US election, it is still not a likely outcome.

In **Germany**, the result is likely to give a further morale boost to the anti-euro, anti-Islam Alternative für Deutschland (AfD) party that has emerged since 2014 to provide the first credible challenge to Chancellor Angela Merkel's conservative alliance on the right. However, with all other parties in varying degrees of crisis and almost a year to go to the election, this is unlikely to translate into a fundamental threat to Merkel's position – if she is the candidate. Indeed, just as with FN in France, the sense is that the AfD may already be relatively near its ceiling, without much prospect of being taken to the next level by events in the US.

Despite fears about a weakening of the US commitment to NATO, the president-elect's rhetoric tends to resonate well among Central and Eastern European states. His victory is likely to be used by some of the region's leaders – such as Poland's Jaroslaw Kaczynski and Hungary's Viktor Orban, whose styles he most closely resembles – to legitimise their own socially conservative and nationalist policies.

NEW STATE OF PLAY FOR US-EUROPEAN RELATIONS

Trump's election changes the state of play between Europe and the US, particularly in terms of relations with Russia. While there is no doubt that US-Russia relations will change, we would caution against some of the more extreme reactions, both from those who opposed him and from those who might seek to follow his lead. His campaign has been vague on policy detail, leaving scope for the legislative branch to influence his position after 20 January, particularly with mid-term campaign beginning so soon thereafter. Much of what he represents is old news in Europe and much of the rest might be difficult to translate into actual policy.

LATIN AMERICA: BEYOND MEXICO, PAR FOR THE COURSE

The overall context for looking ahead to what the new administration might do is that there has been no overarching 'Latin America' policy under the outgoing administration. There have been pockets of activity – Cuba, Central America, the Colombia peace deal, to name but three – but in general terms the region has received little attention from the US over the past several years. Mexico aside, it barely featured at all in the presidential campaign. This overall situation will largely remain the same under the new administration in the US.

NAFTA IN THE CROSSHAIRS

Of all Latin American countries, Mexico received most attention from the president-elect during the campaign, both in the context of immigration and trade policy. There is clear nervousness in Mexico and in the markets about the impact of the new administration on relations between the two countries. The Mexican peso fell close to 10% against the dollar as the result of the election came in, for example. Even in the event of a 'benign' administration with no renegotiation of NAFTA, our joint-venture partner Oxford Economics predicts a fall in expected growth for Mexico in 2017 from 2.5% to just over 2% on the back of the falling peso, rising inflation and greater fiscal pressure that uncertainty over Mexico-US economic ties will engender.

Why does it matter so much to Mexico? 80% of Mexican exports go to the US, and so campaign pledges to renegotiate or even tear up NAFTA cast a significant pall over the economy. It appears that, at a minimum, the new administration will use the threat of renegotiating or pulling out of NAFTA as a means of pressuring Mexico into accepting concessions over tariffs on certain products – chiefly manufactured goods, in the hope that American firms with facilities in Mexico will move elements of their supply chain back to the US. Mexico cannot afford to lose access to the US market and so would almost certainly have to accept a new deal, but the implications of that on the economy as a whole and Mexican domestic politics could be dramatic in the short term.

At a more practical level, a cooling-off period between the two governments is likely in terms of cross-border co-operation on immigration, security, anti-drugs operations and the like. Mexican hackles were raised during the campaign by Trump's pledge that he would build a wall on the shared border and that Mexico would pay for it, and there is little incentive to co-operate with the incoming administration on that front. Nonetheless, in time, common interests in ensuring cross-border security are likely to prevail, but it will likely require significant behind-the-scenes trust and communication on both sides to ensure that progress is not lost behind potentially heated rhetoric from both countries on the immigration issue.

SECURITY AND MIGRATION IN CENTRAL AMERICA

Central America is another region that has expressed concern over the impact of the new administration on trade ties, flows of aid and general co-operation on security and governance issues. The region, together with the Dominican Republic, has its own free trade agreement with the US, DR-CAFTA; the incoming administration's protectionist instincts have raised local concern that any moves against NAFTA will presage similar treatment of DR-CAFTA. This seems unlikely, given that Central America's primary exports to the US under the deal are low-value added products that are unlikely to create the jobs in the US that the new administration seeks. Nonetheless, Central American politicians will be watching Mexico-US developments closely for any sign of a knock-on effect.

US aid to Central America, particularly the 'Northern Triangle' countries of Honduras, El Salvador and Guatemala, has been a key prop for those countries, and they will be similarly anxious to avoid cuts to programmes that are designed to tackle the root causes of immigration to the US – particularly, around domestic insecurity and the economic challenges facing each of those countries. In fact, given the new administration's focus on slowing illegal immigration, these are the types of programmes that could survive an otherwise swinging axe on foreign aid programmes. The title of the programme may change – to reflect a greater focus on security or anti-narcotics objectives, for example – but the end result in funding may not end up being too dissimilar.

LITTLE CHANGE IN SOUTH AMERICA POSTURE

In South America, we expect little change in overall policy. The president-elect expressed solidarity with the 'oppressed' people of Venezuela on the campaign trail, as a sign of his opposition to the increasingly authoritarian regime of President Nicolás Maduro, but the new administration seems unlikely to actively seek involvement in the political crisis there. In fact, overt statements in support of the opposition would likely backfire given how Maduro uses these to highlight 'foreign' interference to beef up his popular support. Nonetheless, targeted sanctions of individuals connected to the Maduro government, as has occurred under Obama, are likely to continue given a more hawkish Republican-led Congress.

In Colombia, in a rare act of bipartisanship, Obama was able to secure funding from Congress earlier in 2016 for a new version of Plan Colombia – US funding principally for the anti-narcotics fight in Colombia, this time in support of the peace process. Although the ‘no’ vote to the peace deal between the government and the FARC in October has put peace on hold, US support to the Colombian administration will continue under that umbrella. One thing that remains to be seen will be how actively the new administration participates in further peace talks; Secretary of State John Kerry has been extremely active behind the scenes in support of the peace process, and his successor may not have the same zeal.

CUBAN SUNSET?

Finally, Cuba-US relations will undergo another transformation. The Trump campaign’s anti-Cuba rhetoric hardened as the campaign wore on, but we do not anticipate all the political and commercial openings pursued by Obama to be rolled back. Certainly, they may be ‘suspended’, on the grounds that Cuba has done little to reciprocate in terms of political and economic liberalisation and improved human rights. However, Republican legislators (particularly from the mid-west) have been among the most active in pushing for greater trade relations with Cuba. Moreover, from a practical point of view, curtailing travel and remittances of Cuban Americans to and from the island would be a deeply unpopular move, regardless of Cuban Americans’ overall political allegiances.

So 2017 is likely to see significant verbal sparring between the US and Cuban governments. But 2018 remains the real game-changer, with Cuban President Raúl Castro due to step down from office. Without the symbolism of a Castro in the presidency, it will become much easier for Republican lawmakers to look to repeal the US trade embargo.

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.

AFRICA:

STILL SECOND FIDDLE

Africa did not feature significantly during the presidential campaign, and the president-elect has made scarce reference to the region. As a result, there is little concrete indication of his administration's prospective policy toward the region.

However, the campaign's nationalist and isolationist themes suggest that Africa will become even more isolated from US policymaking. This could mark a departure from the last 15-odd years of bipartisan support for engagement centred around promotion of democratic values, respect for rule of law and human rights, security (especially counter-terrorism) co-operation, and development assistance (of which the US is currently the single largest provider).

We expect the most significant impacts for African countries will come through three aspects of the new administration's policy: curbing free trade, cutting aid and pursuing alliances that fit US strategic security interests.

SILVER LINING TO US TRADE POLICY?

A more confrontational approach to international trade could have a silver lining for sub-Saharan Africa. Should a major trade dispute with China, Mexico or other manufacturing exporters materialise early in the administration, US and foreign investors might look to low-cost labour markets with preferential trade access through the African Growth and Opportunity Act (AGOA), especially in East Africa.

AGOA was recently extended until 2025 and has historically had bipartisan support in Congress. That said – like other trade agreements with Asia and Latin America – its durability is in question given Trump's pledge to re-negotiate existing deals. Certainly, the idea of 'tilting the playing field' in favour of Africa is likely to appear alien to an overarching 'America First' trade policy.

US FOREIGN AID BUDGET LIKELY TO GET SMALLER, MORE CONTESTED

Trump will also look to achieve savings from the foreign aid budget for domestic priorities, including tax cuts and infrastructure spending. Currently, nearly one-third of all US official development assistance (ODA) – USD 8bn in 2015 – flows to sub-Saharan Africa, much for public health programmes such as the President's Emergency Plan for AIDS Relief (PEPFAR). Even though many fiscal conservatives are hostile to foreign aid in general, a good chunk of this funding enjoys strong bipartisan support in the US, including among the evangelical Christian constituency.

This sets the stage for a significant battle over levels of funding (probably destined to decrease) and allocation of funding (between social, political and security priorities, as well as between countries). As a public commentator and presidential candidate, Trump has consistently articulated a position that sees overseas aid as not in the best interests of the US. The little public comment he has made on Africa has carried the same message: all aid to Africa is 'stolen' through corruption.

This suggests that, within a potentially smaller foreign aid budget, funding will be mainly directed to health programmes with strong domestic political constituencies, and security priorities (chiefly counter-terrorism and countering-violent extremism). Democracy promotion, civil society support and the array of US government agencies overseeing foreign aid are likely set for a haircut. Even Power Africa – an electrification initiative launched by Obama – is likely to take a back seat to more hard-nosed priorities.

While this may be music to the ears of backsliding autocrats, it also injects a significant source of uncertainty into funding streams and bilateral co-operation, and is likely to push many African countries to seek closer relations with China, India, and other sources of development assistance.

SECURITY CO-OPERATION

We expect the greatest continuity in US-Africa relations to be in the area of security co-operation, specifically counter-terrorism. The US military's Africa Command (Africom) – actually headquartered in Germany, but overseeing everything from the hunt for Joseph Kony to drone surveillance of Boko Haram – is likely to emerge as a more important pillar of the new administration's engagement with the continent. After eschewing US security assistance for many years, some governments may seek to strengthen relations to tap US funding and take advantage of inattention to domestic political repression.

Trump's hawkish position towards the Islamic State (IS) and other jihadist groups will ensure a continued high degree of US security support and regional operations. At the same time, however, anti-Muslim rhetoric has alienated many Muslim Africans: this could complicate security partnerships, while also contributing to underlying radicalisation in the context of heavy-handed African security crackdowns. Given the dominance of local issues in militancy across Sub-Saharan Africa, if and how this plays out is likely to vary significantly by country.

GREAT GAME OVER?

Overall, the incoming administration is poised to shift US engagement with sub-Saharan Africa away from soft power initiatives towards a more security-led agenda. This will advance the trend across the region to look to alternate models of political and economic organisation, notably the blend of authoritarian politics and industrial policy exemplified by China. Indeed, the strong performance of Ethiopia and Rwanda in recent years already provides a regional model – albeit still reliant on foreign assistance – that many countries are seeking to emulate. Moreover, sub-Saharan Africa may soon have access to new, large pools of development capital from China and India as they look to strengthen South-South relations and secure strategic economic and military interests in the region.

Greater divergence in opinions among policymakers at the international and regional levels, as well as significant variance in attitudes among African leaders, on what is the ‘right’ approach for maintaining peace and driving prosperity, will now combine with even less coherence in the international community. This is likely to mean greater room for opportunists – presidents, ministers or other powerbrokers – to manipulate external partners for political and economic gain. We expect this to benefit leaders more interested in self-preservation than public policy, potentially aggravating political instability.

Meanwhile, the region will remain buffeted by external factors beyond its control and influence, including the overall performance of the global economy (expected to take a hit in the event of a major US-China trade dispute) and climate change (where Trump has pledged to withdraw US commitments, tantamount to dismantling the recent UN climate treaty).

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