



U.S. Elections & The World: Business & Politics at the Negotiating Table

Global Insights, Reactions and Implications

November 8, 2024



Trump II: A New World Order for Business

After winning the 2024 U.S. presidential election, the second Trump administration will be more prepared, more powerful and more agile than the first. Having learned from his first term and likely propelled by a Republican-led Senate and potentially the House of Representatives, Trump will navigate the political landscape with greater acumen and fewer constraints. Donald Trump's second term will be characterized by a constant state of negotiation – across borders, sectors and industries.

Hallmarks of Trump II:

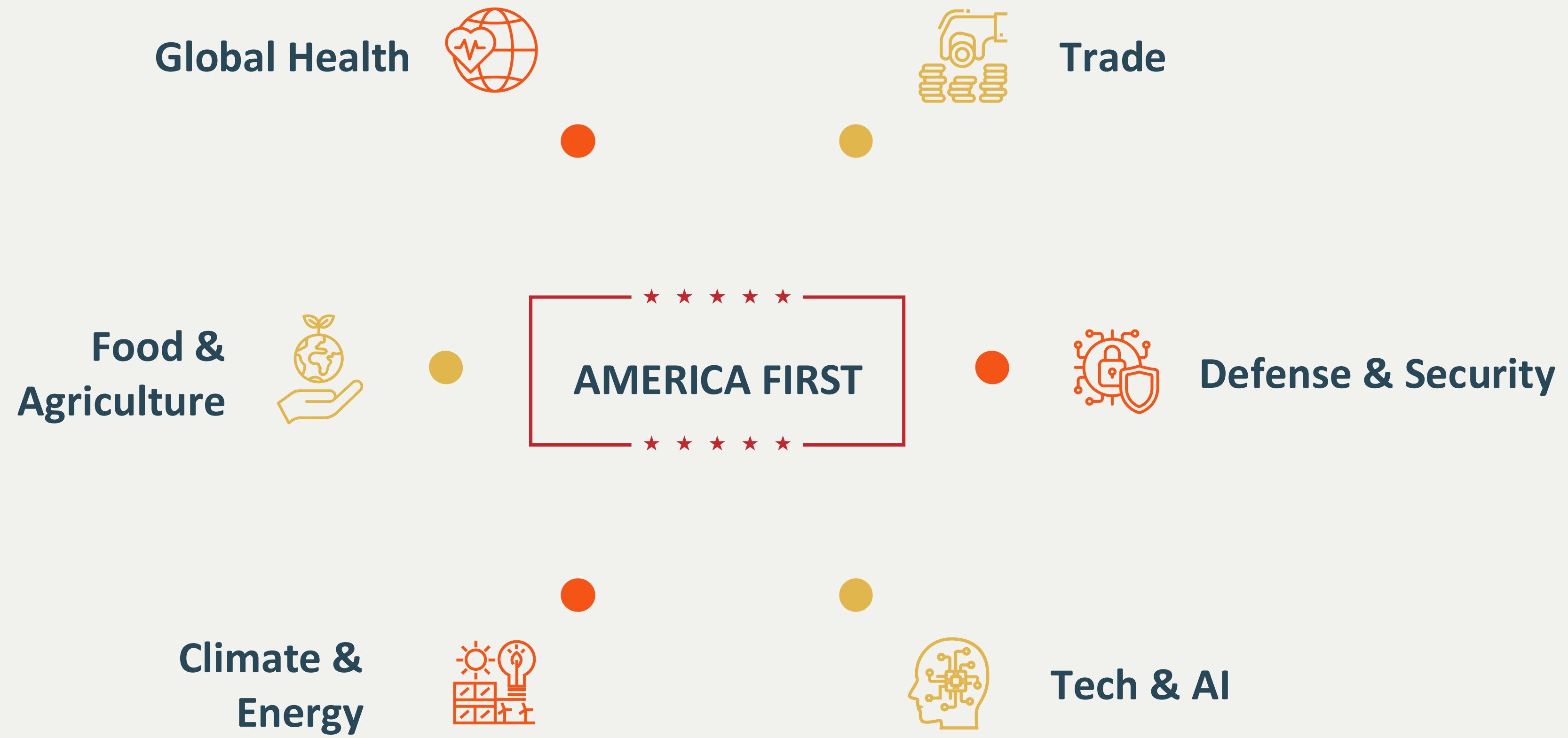
- Protectionism, economic nationalism and the “America First” philosophy
- Swift and unilateral action on tariffs, immigration and taxes
- Unpredictability in bilateral deal-making and transactional negotiation
- Deregulation and pro-American business instincts
- Onshoring to the U.S. overtaking friend-shoring
- Pullback from multilateral engagements and costly overseas military interventions
- Increased use of executive power over the institutions of government, including formerly independent agencies such as the Federal Reserve
- Personnel as Policy: People loyal to President Trump and aligned with his populist vision will have discretion to drive policy

Implications for Business:

Companies will be compelled to aggressively negotiate for their interests in a global environment ripe for bold and unconventional deal making.

- Businesses will benefit from tax cuts and deregulation but face the specter of tariffs, the prospect of trade wars and challenges from polarized domestic politics, divisive geopolitics and a lack of predictability.
- Anticipated regulatory rollbacks and softening of anti-trust review will be welcomed by many corporations. Regulatory fracturing between the U.S. and the EU will widen, requiring careful alignment of global operations.
- Onshoring may overtake friend-shoring. Incentives, sanctions and tariffs will push firms to strengthen U.S. supply-chain and manufacturing investments and accelerate the rise of multilocal strategies.
- Balancing conflicting shareholder interests, stakeholder expectations and geopolitical sensitivities will become a constant headache for c-suites.

America First and Six Global Policy Paradigms





Trade

The most pressing question on Trump's trade agenda is to what extent will he follow his campaign promise of debilitating tariffs (60% on China and 10-20% across the board on other countries) and to what extent is he prepared to drop them in return for concessions (e.g., better trade deals and negotiated purchases and/or investment). Pressuring U.S. companies to reshore production is also central to his thinking.

Some economists predict that these tariffs would hit \$3 trillion in imports, decreasing GDP by 0.8%, spurring inflation and increasing consumer costs. These policies could negatively impact vulnerable populations globally and damage U.S. credibility, as many countries currently benefit from low tariffs and the least developed countries enjoy tariff-free trade. It will also likely normalize tariff use around the world. Complicating the picture, though, is the fact that the U.S. also relies on imports for key sectors, such as rare earth minerals essential for military and digital technologies.



To me the most beautiful word in the dictionary is 'tariff'.

-- Donald Trump

Watchouts:

- **China:** The administration is expected to implement intensified sanctions targeting Chinese officials and state-linked corporations, as well as further restricting market access. This policy direction aligns with a broader aim of supply chain decoupling from China to reduce economic interdependence. Proposed tariffs on Chinese imports could prompt retaliatory actions and heightened scrutiny of U.S. businesses operating within China.
- **Europe:** U.S.-Europe trade relations will likely see increased strain as the administration contemplates expansive tariffs on European imports. Such policies may prompt the EU to implement retaliatory measures, further straining transatlantic relations. European nations are already enhancing their defense capabilities and are likely to pursue greater strategic autonomy to mitigate reliance on the U.S., while potentially strengthening other geopolitical and trade alliances.
- **Asia Pacific:** Japan and South Korea maintain substantial trade surpluses with the U.S. and would likely face tariffs, at least initially. However, given the significant investments that companies from these countries have made in U.S.-based manufacturing, the Trump administration may take this into account during negotiations. Countries in Southeast Asia, which have so far benefited from recent U.S. trade policy on China, may be under pressure to protect their own markets from Chinese products. Regional leaders are increasingly concerned that if Chinese companies can't sell to the U.S., they will redirect exports to Southeast Asia and flood local markets.
- **Mexico and Canada:** Trump's protectionist trade policies may strain relations with Mexico — the U.S.'s largest trade partner. Trump's tariff policy has frequently served as a strategic tool to pressure Mexico on broader policy issues beyond trade, creating economic uncertainty in critical sectors like manufacturing, agriculture and automotive which depend heavily on access to the U.S. market. The Sheinbaum administration will likely remain cautious about Trump's protectionist policies, although Trump's pragmatic style might offer negotiation avenues. Trump also views the scheduled review of the USMCA in 2026 as an opportunity for a partial "renegotiation" rather than just a "review". While an overhaul is unlikely, Trump will focus on specific areas where he perceives that Mexico and Canada have "taken advantage" of the U.S., with an eye on boosting U.S. manufacturing and gaining political leverage on issues like migration.

Defense

President Trump's immediate defense priorities focus on achieving a deal to end the conflict in Ukraine, further increases in U.S. defense spending and reassessing U.S. military partnerships and commitments based on more transactional U.S. interests, rather than traditional commitments to longstanding allies.

His administration aims to prioritize American military strength while introducing elements of unpredictability on the global stage. In the near term, the new administration is also likely to focus on broadening alliances that benefit U.S. defense industry interests, such as negotiating a defense pact with Saudi Arabia to strengthen ties and open markets for American defense corporations.

Trump's impact on NATO and other U.S. military alliances remains unknown. Among Trump's most long-standing convictions is that U.S. protection should come with a price and that allies have been freeloading for too long. This belief could strain NATO cohesion and reshape alliances in the Middle East and Asia. Tensions with China are also likely to heighten as Republicans unambiguously consider inadmissible the prospect of Beijing as a military peer in Asia.



I've been saying, 'Look, if they're not going to pay, we're not going to protect, okay?'

-- Donald Trump

Watchouts:

- **Ukraine:** The administration will be reluctant to continue providing financial aid for Ukraine, advocating instead for a swift peace agreement that is more conciliatory to Russia's objectives. This approach may face resistance from some; bipartisan Congressional backing for Ukraine is likely to stay strong, as are NATO commitments and broader regional stability arrangements.
- **Israel-Iran:** Prioritizing strong defense alliances, the administration is expected to enhance military ties with Israel, KSA and the UAE, including significant arms sales and increased aid. This will increase pressure on Iran but will also attract criticism from human rights advocates. For the administration's approach to the Gaza war, anticipate a push for the release of the hostages and increased pressure on Qatar, Egypt and Israel to end the war.
- **Taiwan:** The incoming administration's stance on Taiwan's defense remains ambiguous. Trump has demanded that Taipei quadruple its defense spending to qualify for stronger American support. Any wavering in U.S. support for Taiwan could raise questions about U.S. strategic defense commitments elsewhere. This ambiguity may prompt U.S. treaty allies, such as Japan and South Korea, to reconsider their regional strategies.



Tech and AI

The Trump administration's global approach to technology and AI is anticipated to focus on advancing national security interests through strategic, often unilateral partnerships. Trump may emphasize deregulation and will promote U.S. technological dominance in areas such as AI, semiconductors and crypto. He will also question global governance mechanisms, including emerging governance around the responsible use of AI. He will likely support a more freewheeling domestic AI industry and seek guidance from supporters like Elon Musk and Vice President-elect Vance to guide policy positions, while bestowing benefits on those players that align with his administration's agenda. This stance will look to leverage technology to strengthen the U.S.'s geopolitical and economic position while reducing dependence on global cooperation frameworks.

In parallel, there will also be efforts to bring tech manufacturing to the U.S. This will put further pressure on countries and companies that have thrived by dominating niche sections of global electronic supply chains, in particular Taiwan and South Korea.

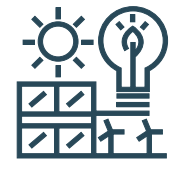


All you have to do is build your (semiconductor) plant in the United States and you don't have any tariffs.

-- Donald Trump

Watchouts:

- **International Cooperation:** The administration may pursue selective deals in the AI and technology sectors, prioritizing national security and market access for U.S. tech companies. This approach reflects a preference for unilateral action rather than multilateral governance, potentially affecting global diplomatic relations and reducing collaborative opportunities in tech innovation.
- **Media Representation of Tech Policies:** Technology policies, including support for cryptocurrencies and the decentralization of finance, are likely to be presented in the media as pro-efficiency and deregulatory measures. This aligns with the administration's broader economic strategy, portraying these policies as steps toward enhancing U.S. competitiveness in the global tech landscape.



Climate and Energy

Trump is openly antagonistic toward climate action and will immediately reverse Biden administration positions, including re-withdrawing the U.S. from the Paris Agreement, while prioritizing legacy energy players and economic growth over environmental concerns. The U.S. stepping back from climate leadership will allow others, including China and the EU, to grow their leadership on global climate initiatives and the clean energy industry.

Trump's energy priorities emphasize what he has termed "American energy dominance" through increased domestic fossil fuel production (including liquified natural gas exports), extensive regulatory rollbacks and dismantling the Biden administration's climate and clean energy policies. However, efforts to repeal or significantly scale back federal clean energy incentives will be complicated by the growing support from the business community and elected Republican leaders, who have seen an influx of investments and economic activity as a result of investment from the Bipartisan Infrastructure Bill and the Inflation Reduction Act.

Any decisions regarding climate and clean energy spending will also be influenced by the need to offset costs of Trump's number one economic priority – extending his 2017 tax cuts. Even if Trump cuts clean energy spending and regulation, he will likely keep in place and even enhance domestic sourcing requirements and other protectionist trade measures to support U.S. industry. These approaches would likely strain relations with allies committed to climate action and may lead to higher global greenhouse gas emissions.

Watchouts:

- China: China will continue to lead and grow in emerging clean tech industries and further fill the position as a leader in global climate action and coordination, contrasting with the U.S.'s pull back. Additional trade restrictions on China will further impact cost and availability of critical elements of the U.S. clean energy supply chain.
- Middle East: The administration's alignment with fossil fuel development may bolster U.S. ties with Middle Eastern oil exporters.
- Sub-Saharan Africa: A transactional U.S. approach will shift emphasis from climate projects potentially heightening Sub-Saharan Africa's vulnerability to climate change impacts.



I will terminate the green new scam, one of the great scams in history.

-- Donald Trump



Food and Agriculture

The Trump administration is expected to prioritize economic and trade interests of U.S. farmers, who are representative of his large base of rural support. However, his plan to levy tariffs on countries that hinder U.S. exports could spark retaliatory action, with the U.S. agriculture industry a prime target. Legislative priorities of the industry include the passage of a new Farm Bill, the extension of tax cuts and modernization of the H-2A migrant worker program.

The Biden administration invested in support for sustainable agriculture, much of which will be rolled back. The Trump administration is expected to focus on food security and farm productivity over environmental concerns.

Trump has voiced support for deregulation of various parts of the agriculture sector, including livestock and rural energy production. Regulatory oversight at the EPA, USDA and FDA will likely be significantly weakened. However, his focus on deregulation is in contrast to his intention to appoint Robert F. Kennedy Jr. to a key role focused on food and health.



American agriculture is built on science, technology and innovation and we must stay ahead of China with our science.

-- Donald Trump

Watchouts:

- China: Trade policies and tariffs could disrupt agricultural exports to China, impacting U.S. farmers reliant on this market and influencing China's agricultural strategies to boost self-sufficiency.
- European Union: Diverging agricultural standards may complicate U.S.-EU trade relations, especially if the EU emphasizes sustainability and stricter regulations. This could impact the competitiveness of U.S. agricultural exports to Europe.
- Latin America: Countries in Latin America, particularly those with strong trade ties to the U.S., could see shifts in agricultural trade dynamics if the administration adjusts trade agreements, impacting regional agricultural sectors.



Global Health

The incoming Trump administration will look to revise the Affordable Care Act to lower costs and potentially allow insurers to offer plans based on health risks. He plans to reintroduce work requirements for Medicaid recipients and may implement spending cuts. Trump proposes restructuring public health agencies like the CDC and NIH, focusing on chronic disease prevention and rolling back vaccine mandates, potentially including for illnesses largely absent from modern life such as measles, polio and mumps. His policies also include restricting federal funding for gender-affirming care and potentially limiting access to abortion medications. Efforts to lower prescription drug prices will continue from the Biden administration, possibly revisiting international pricing models.

Trump is likely to pull back from global health institutions like the World Health Organization. Though this would take some time, it could weaken international cooperation in pandemic preparedness and during health crises. Restricting funding for international groups that support abortion would impact global reproductive health services.



[in reference to RFK] He can do anything he wants. He wants to look at the vaccines. He wants —everything. I think it's great. I think it's great... [RFK is] going to work on health and women's health.

-- Donald Trump

Watchouts:

- Sub-Saharan Africa: Reduced U.S. support may impact efforts to combat infectious diseases like malaria and HIV, straining health care systems and potentially increasing health vulnerabilities in the region.
- Southeast Asia: Decreased funding for health initiatives could affect pandemic preparedness and response capabilities, particularly in densely populated areas with limited health care resources.
- Latin America: Reduced U.S. involvement in health partnerships, as well as the Pan American Health Organization, may challenge efforts to address diseases like Zika and dengue.
- Middle East: Humanitarian health support may decline, potentially affecting health outcomes in conflict-affected areas, where access to medical care is already limited.

Regional Viewpoints

China

Trump plans to adopt a unilateral approach toward China, targeting economic imbalances in the U.S.-China relationship. Building on measures like blacklisting Chinese tech firms, his agenda may include expanded sanctions on Chinese officials and state-linked companies, market access restrictions on critical Chinese sectors and further efforts toward supply chain decoupling inherited from the Biden administration.

Trump has proposed tariffs of 60% or more on Chinese imports, potentially ending Permanent Normal Trade Relations (PNTR). While this may provoke Chinese retaliation, it could also lead to broader negotiations for economic or geopolitical concessions.

He may revive the “China Initiative” to counter economic espionage and intellectual property theft, despite past criticism of racial profiling.

On defense, Trump claims his unpredictability would deter China from actions like a Taiwan invasion. He is skeptical of multilateral efforts like AUKUS and questions U.S. military aid to Taiwan, suggesting Taiwan should shoulder more defense costs.

Considerations

- Will Trump view competition with China more through the lens of trade and business competition, or through the framing of China as an all-encompassing, existential military and technological rival?
- To what extent are 60% tariffs an opening negotiation tactic and how receptive would Trump be to a negotiation “deal”?
- Under what conditions will Chinese companies be able to sell/access the U.S. market? (i.e., will Chinese companies be able to invest and manufacture in the U.S. if they hire American workers?)

Asia Pacific

The Trump Administration is likely to apply new tariffs to allied U.S. trading partners, such as Japan and South Korea and countries aligning with the U.S. against China, such as Vietnam. These tariffs may discourage these countries from aligning with the U.S. on export controls and other economic issues, even if they continue to align with the U.S. militarily to counter China.

President Trump’s tariffs could slow economic growth in the APAC region, especially for major exporters to the U.S., such as Vietnam, Malaysia and South Korea. Japan’s markets also expect the yen to fall against the dollar if tariffs reduce Japan’s exports to the U.S.

President Trump’s commitment to U.S. strategic ambiguity in Taiwan has itself been ambiguous. If Trump decides to pare back U.S. assistance to the island or commit to U.S. nonintervention, U.S. treaty allies such as Japan, South Korea and the Philippines may adjust their security strategies accordingly.

Considerations

- How will Trump balance military and strategic interests with partners in Asia against “America First” economic priorities?
- Will ASEAN countries raise tariffs on China in the event that Chinese exports are blocked from the U.S. market and “redirected” to Southeast Asia?
- Is the era of tariff-free friend-shoring over?

South Asia & India

A Trump Administration is expected to maintain positive relations with India, building on his previous term and Biden's policies, with a focus on defense, technology and supply chain cooperation, driven largely by mutual concerns over China. His personal rapport with PM Modi could also ease U.S. pressure on India over religious minority issues.

India stands to gain from strengthened defense, technology and supply chain partnerships. However, Trump's transactional trade approach may lead to tariffs on Indian exports such as steel and aluminum and seeking reciprocal market access in key sectors. Beneficiaries could include the auto, minerals, oil & gas and defense industries, while sectors like IT, clean energy and pharmaceuticals might face challenges from regulatory changes.

The Trump administration is expected to take a more isolationist stance toward South Asia beyond India, granting India a larger regional role. Cooperation with Pakistan would likely focus on regional stability and counterterrorism, with added pressure on Pakistan to address domestic terror organizations.

Considerations

- To what extent can India position itself for “friend shoring,” if Trump's overwhelming priority is manufacturing and investments in the U.S.?
- What opportunities will exist for Indian companies to partner with the U.S. and strengthen its “China-free” supply chains?
- What will be the willingness and ability to advocate for an improvement in India's business environment for foreign companies while Trump prioritizes his “America First” agenda?

Middle East & North Africa

Trump is likely to adopt a more transactional approach to the Israeli-Palestinian conflict, pressing for concrete gestures as part of a broader strategy to advance normalization with Saudi Arabia. It is less clear how Trump will approach the Gaza War, but his administration will likely continue to provide strong support for Israel with minimal conditions related to humanitarian concerns in Gaza, though he has said he would like to see a “quick end” to the conflict.

As many Middle Eastern countries look to diversify alliances and decrease reliance on the U.S., a Trump administration may prioritize expanding U.S. influence through increased foreign military sales and security partnerships aimed at countering moves toward economic independence from the West.

Under a Trump administration, the region would likely focus on expanding economic partnerships established by the Abraham Accords, including in energy, defense and technology sectors. The administration will prefer select partnerships with clear U.S. national security benefits to multilateral engagements, particularly in areas like AI and cybersecurity.

Considerations

- Despite Trump stating he wishes to see an end to the conflict in Gaza, what will ultimately be the impact on regional stability?
- How will Trump's “maximum pressure” campaign against Iran impact global and domestic energy security?
- What new trade agreements may be brokered in the areas of military equipment, energy and AI?

Sub-Saharan Africa

A Trump administration is unlikely to prioritize the region, meaning that while general changes in U.S. policy will impact Sub-Saharan Africa (possibly severely), relations are likely to remain managed through existing frameworks and channels. The larger markets on the continent like South Africa and Nigeria may face increased pressure to open their markets to U.S. goods and services.

Efforts to counter China's growing presence in Africa will likely continue throughout the U.S. foreign policy bureaucracy, however the Trump administration is unlikely to back these efforts with tangible commitments and/or investments. That said, security priorities could lead to increased military support for countries like Nigeria, Somalia and those in the Sahel, focusing on counter-terrorism and stability.

The nature of U.S. aid to the region is also likely to change as Republican oversight of foreign aid will prioritize conservative causes and push existing priorities like climate change, reproductive health and gender equality (among others) off the agenda.

Considerations

- To what extent will "America First," tariffs be extended to the region? Will low trade volumes and the developing status of Africa's poorest countries be considered in Trump's trade policy?
- What will be the composition and quantity of U.S. foreign aid to the continent, particularly in relation to U.S.-procured food aid?
- Will a world more hostile to trade be an impetus for more intra-Africa trade and development initiatives?

Russia & Ukraine

The Trump administration is likely to alter U.S. policy towards Russia and Ukraine. Trump favors a peace deal that recognizes Kremlin interests, potentially reducing U.S. support for Ukraine. However, key GOP leaders like Rep. Michael McCaul and Senate Minority Leader Mitch McConnell remain committed to aiding Ukraine and supporting NATO. This internal GOP split suggests a nuanced foreign policy approach, balancing Trump's preferences with broader party commitments.

The administration may reduce aid to Ukraine but maintain some level of support due to pressure from GOP leaders. This shift could embolden Russia, increasing its influence in the region. The dynamics of U.S.-Russia relations might ease but at the cost of Ukrainian interests.

While the administration will be more friendly to Russia, the internal GOP debate will play a crucial role in shaping policy. Developments in relationships between Russia – China – Iran – North Korea will also be critical. The outcome will depend on how the administration navigates these differing viewpoints and dynamic events.

Considerations

- What will the contours of a proposed Trump peace plan look like?
- What will the impact be on NATO and the European Union?
- What implications will there be for U.S. sanctions on Russian business and individuals?

Europe

At a time of relative economic fragility, the Trump administration seems likely to apply 10-20% across-the-board tariffs on EU exports, with the EU prepared to retaliate quickly. A U.S.-EU trade spat or even trade war could lower growth and cause inflation in both markets, while the UK would also be vulnerable to the same. The administration may be willing to negotiate on tariffs provided European countries spend more on their own defense, making increases in military spending likely across the continent. The slowing or end of U.S. military aid to Ukraine and conciliatory negotiations with Russia to end the war could also cause strains within NATO and encourage Europe to pursue greater strategic autonomy on both military and economic matters, making a united U.S.-EU front on China and other issues less likely or at least less cohesive.

Considerations

- Will the EU be able to avoid a full-blown trade war through a negotiated settlement with the Trump administration?
- Which industries and companies are best positioned to negotiate exemptions from tariffs?
- Who will be the most effective EU interlocutor with Trump?
- What role will right-leaning Prime Ministers Orbán of Hungary and Meloni of Italy play in transatlantic negotiations?

Latin America and the Caribbean

The Trump administration will prioritize combating illegal immigration "from day one" and has promised to embark on a program of mass deportations.

The second Trump administration will also oversee a scheduled review of the USMCA North American trade agreement by 2026. While President Trump negotiated the original deal, he will likely look for additional concessions, particularly with respect to transshipments. Combined with a threat of broader tariffs, this could lead to a trade spat with both Mexico and Canada, as neither country sees the review as a renegotiation, while Trump has signaled he does.

Trump's strong stance against the current governments of Venezuela and Cuba may also increase migration pressures, putting more strain on transit countries such as Mexico and Costa Rica, furthering regional instability.

However, the administration might find common ground with a cohort of populist leaders who have embraced right-wing positions, such as Javier Milei in Argentina. Socially progressive leaders such as Ignacio Lula da Silva in Brazil, Gustavo Petro in Colombia and Claudia Sheinbaum in Mexico have signaled openness to working with Trump, particularly on economic issues.

Considerations

- How aggressive will Trump be with respect to review and renegotiation of USMCA?
- Who will emerge as Trump's closest regional partners?
- How will negotiations over trade, investment and immigration intersect?

Global Reactions

CANADA

Toronto Star: **Trump says the U.S. has been 'screwed' by Canada. Brace yourselves for a full-on trade war**

Prime Minister Trudeau: "The world is actually more difficult and more complicated than it was four years ago and I know there's lots of work for us to do"

MEXICO

President Sheinbaum says: "Mexico always comes out ahead. We are a free, independent, sovereign country. There will be good relations with the United States. I'm convinced of that"

UNITED KINGDOM

BBC: **Trump win provokes trade-offs and dilemmas for UK**

FRANCE

Le Monde: **Faced with Trump's re-election, the European Union must take its destiny into its own hands**

ISRAEL

Prime Minister Netanyahu, cited a "powerful recommitment" to the US-Israel alliance in his response to the result

QATAR

Al Jazeera: **"In relation to Israel, Trump win comes with 'two very big risks'"**

SOUTH AFRICA

IOL: **Trump Victory: A conundrum for SA**

President Cyril Ramaphosa looking forward to "continuing the close and mutually beneficial partnership" between his country and the US

GERMANY

"We're Better Off Together": German Chancellor Tells Donald Trump

INDIA

Economic Times: **"From trade, H-1B visas to markets, what Donald Trump's victory means for India"**

Prime Minister Modi noted ambition to "build on the successes of [Trump's] previous term"

RUSSIA

TASS: **Russia to defend national interests in cooperation with new U.S. administration**

President Putin says he is ready for dialogue with 'courageous' Trump

CHINA

People's Daily: **"Stable U.S.-China relations serve the common interests of both countries"**

China's President Xi congratulated Donald Trump and urged both nations to find the "right way to get along"

SINGAPORE

Straits Times: **"Is South-east Asia ready for Trump 2.0? Brace for much bigger economic impact"**

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Let's Talk

James Robinson

jrobinson@apcoworldwide.com

+1 212 300 1803

apcoworldwide.com

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