

Around the World—Leaders' Views of President Trump

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American business leaders traveling abroad are asked for their views of Donald Trump and political developments in the US. In this brief, Longview Global Advisors' country experts outline how political leaders and their constituents around the world view President Trump.

Key takeaways

- Generally speaking, establishment elites in many countries have a low opinion of Donald Trump. They are alarmed at the White House's "America First" stance and snubs to global institutions, countries and leaders, and diplomatic norms. Global leaders are very concerned about how trade, investment, and economic growth in their countries could be dented by the new regulatory, trade, immigration, and tax policy agenda in Washington. This is evidenced by goodwill trips to the US by the leaders of Japan, Canada, Germany, and China.
- At the same time, global leaders are seeing to maintain working relations with Washington. Some, such as Germany's Angela Merkel and Indonesia's Joko Widodo, must calibrate their positions to contend with nationalism and populism in their own countries. Trump's populist and anti-globalist stances resonate with many people around the world, and political entrepreneurs such as Marine Le Pen and Rodrigo Duterte are trying to capitalize on the anti-establishment wave.
- Given the increased uncertainty and tenseness of relations, Washington will have to expend more political energy in the future to induce other countries to align with the US on a host of issues including trade, climate, and security. The risk of diplomatic or strategic miscalculation is elevated and this increases the potential for global market volatility.

Europe

In core European countries, the general public has a dim view of Donald Trump, especially of the way he talks about Europe. On the other hand, a poll conducted by Chatham House in January before Trump issued his executive order on travel revealed that the majority of Europeans oppose Muslim immigration into their region.

Mainstream political leaders are trying to defend the EU and Western democratic values while maintaining a diplomatic relationship with the US and facing pressures at home from populist parties that hope to follow Trump's path to victory in a fraught election season.

After Trump's election, European Council President Donald Tusk warned that President Trump was a potential threat to the EU. In a letter to European leaders, he wrote "worrying declarations by the new American administration all make our future highly unpredictable." European Commission President Jean-Claude Juncker accused Trump of ignorance and said he must be taught "what Europe is and how it works."

A lot of these leaders' worries are based on Trump's questioning of European policy and institutions—the EU, the euro, and NATO—the inconsistency of his messaging, and a fear that protectionist policies from the US will undermine Europe's economies. Reassurances given in meetings in Europe in February by the US vice president, secretary of defense, and secretary of state have eased concerns about security issues, but they do not address Trump's economic threats. ►



Germany

In recent polling, eighty percent of Germans surveyed said the EU needs to pull more closely together in order to face Trump, and 67 percent expressed concern that Trump's policies will negatively affect the German economy. Despite this strong opposition, Chancellor Angela Merkel has remained diplomatic. Ahead of the September general election she will have to balance German public opinion and her role as the "last defender of liberal democratic values" with maintaining a good diplomatic relationship with the US. She is expected to take the classic Merkel approach: careful and step-by-step.

Merkel's Social Democratic Party (SPD) opponent Martin Schulz criticizes her as too diplomatic. Walter Steinmeier, an SPD party member elected to the ceremonial role of German president in February, has been a vocal critic of Trump and has predicted "difficulties" in relations with the US. The far-right populist Alternative für Deutschland, on the other hand, is hoping to benefit from the American political trend, and has praised Trump's immigration ban.

France

In a November poll, only thirteen percent of those responding said they had a good image of Trump. Interestingly, 47 percent of National Front voters claimed to have a negative image of Trump even though FN leader Marine Le Pen applauded Trump's election and argues that his rise and his ideas show that the world is changing and moving towards her worldview and that change is possible.

Mainstream politicians in France are cautious, calling for unity, and warn of nationalist populism. Outgoing socialist President Francois Hollande, echoes Merkel, saying, "Europe will be ready to pursue transatlantic cooperation, but it will be based on its interests and values." Conservative Republican presidential candidate Francois Fillon at the end of January criticized Trump's immigration ban as an "insult to American history," but added that it was understandable that a national leader would want to control immigration.

Netherlands

A February poll in the Netherlands showed only fifteen percent of respondents view measures Trump has taken positively. The far-right populist party PVV leader Geert Wilders championed Trump, but only 49 percent of PVV voters rated Trump's policies positively.

In the run-up to the Dutch general election in March, center-right Prime Minister Mark Rutte finely calibrated his position in recognition of the PVV's strength. He criticized Trump's travel ban but said that he could understand US concerns. He also refused to call Trump a threat to the EU and said the EU should stop its "Trump bashing" since having good relations with the US was vital for Europe. Rutte also published an ad in Dutch newspapers warning that "something is wrong with our country" and saying "the silent majority" would no longer tolerate immigrants who come and "abuse our freedom."

Russia

Russia's relationship with the US administration differs from those of EU countries with Washington because of great-power tensions and the singularity of President Vladimir Putin. He is more of an opportunist than a risk-taker. The goal of Russian policy toward the US is not to win over Trump—whom Putin and his team likely don't trust—and the Kremlin is not willing to make concessions to the new administration on key national security issues. Rather, Moscow seeks to do to the US what it's doing in Europe—stirring populist, nationalist, and anti-establishment sentiment; fomenting uncertainty; confounding relations between the US and its NATO allies; and generally weakening the global stature of the US and European powers. ►



If Trump makes tactical concessions regarding Syria, ISIS, and possibly Ukraine, all the better, but Russia probably expects little in terms of constructive partnership or the dialing down of strategic security and nuclear threats. Moscow likely is not very concerned about Congress hijacking Trump's Russia policy agenda and making the US stance more strident. It probably views the polarization of debate in Washington over Russia as beneficial because it undermines the coherence of US policy and keeps the White House, Congress and other stakeholders distracted and relatively weak. The release of more information showing close ties between President Trump's team and the Kremlin would change this equation, including in Europe.

Asia

Across Asia, Trump's election is seen as further weakening US influence in the region. For example, talk of the Beijing-led Regional Comprehensive Economic Partnership (RCEP) trade agreement has supplanted the Trans-Pacific Partnership. As it is in Europe, nationalist populism is rising across Asia, particularly in China, Indonesia, Thailand, Myanmar, and, perhaps most acutely, in the Philippines. These trends are creating geopolitical unease, even as regional economic integration increases. Control over the South and East China Seas and North Korea's military ambitions loom as crisis points, but regional leaders don't know where the White House stands, creating opportunities for strategic error.

China

Prior to Trump's victory, Chinese-language media wrote extensively in favor of Trump rather than Hillary Clinton who was seen as tougher in the areas of human rights, cybersecurity, and Chinese activities in the South China Sea. Chinese officials and their surrogates looked past Trump's threats on trade, viewing his willingness to question America's alliances in Asia as a strategic opportunity.

Beijing puts a premium on strategic stability and Trump's victory was a big surprise. Chinese officials were further caught off guard by Trump's public questioning of the one China policy and his telephone call with Taiwan's president. They were also surprised by their inability to establish back-channel communications with the new administration. But Chinese officials calmed slightly after Trump declared his support for the one China policy in a call with President Xi Jinping in February and they will attend a summit at Mar-a-Lago in April.

Beijing views Trump as untested and President Xi Jinping made it clear at Davos that China views Trump's "America First" policy as its opportunity to displace the US as the standard-bearer of globalization. While China's global ambitions are growing, though, it lacks the willingness, capacity, and goodwill abroad to be a truly global leader.

Secretary of State Rex Tillerson, an advocate of smooth relations and the one China policy, visited China in March, and recent statements by Treasury Secretary Steve Mnuchin suggest that the US will not declare China to be a currency manipulator when the administration issues its legally-mandated determination in April. That said, the administration is expected to unveil a package of trade and investment measures aimed at China once Robert Lighthizer, a trade hawk, is confirmed as the US trade representative. Under the tagline of "reciprocity", Congress and the administration are revisiting the rules and procedures for vetting foreign direct investment—an initiative that is expected to constrain Chinese interests.

Beijing is taking a wait-and-see position but officials are preparing to retaliate if China's market access is limited. Options include subjecting US companies to tax, antitrust, and anti-dumping investigations and the scaling back of government purchases of US products. Late last year, China fined General Motors \$30 million for antitrust violations after it found the company guilty of allegedly setting minimum prices on some car models made by its SAIC-GM joint venture. ►



China's response to South Korea's deployment of a US-built missile defense system is another template for how Beijing may respond to US pressure: State media and government-backed political groups have led angry calls to boycott popular South Korean products and travel groups have canceled tours to South Korea.

India

India-US relations look stable for now due to common strategic interests. Prime Minister Narendra Modi and his team in the prime minister's office and external affairs ministry seek to continue the strengthening of India-US relations that began during the Obama administration. The desirability of closer ties with India is a rare point of bipartisan agreement in Washington as well. Modi is particularly interested in attracting US investment to drive his economic growth and reform agenda. Both countries' desire to contain China's assertive geostrategic posture has been a key factor in Indo-US relations. New Delhi is unlikely, however, to be fully drawn into a US-China tussle given its longstanding border disputes with China and dependence on Chinese trade and investment. India hopes the Trump administration is receptive to its endeavors to isolate Pakistan diplomatically, which would push Pakistan further into China's economic and political orbit. New Delhi is wary of the US scaling back support of the governing regime in Afghanistan, a move that would likely worsen the security situation in South Asia.

Finally, immigration has emerged as a source of tension with proposals circulating in the US Congress to restrict issuance of H1B visas for foreign professionals—many of whom come from India. The Trump administration has yet to formally weigh in on the visa program.

Indonesia

Impressions of Donald Trump in Indonesia are mixed. On the one hand, there is positive sentiment regarding his protectionist stance, as a segment of the population feels that governments should protect their country's sovereignty and workers against the forces of globalization. President Joko "Jokowi" Widodo has not yet taken a firm position on President Trump or any of his policies, but Jokowi was elected two years ago riding a wave of sentiment similar to the one that carried Trump into office. The public felt fatigue with the political establishment and Jokowi promoted his business-like approach to government and pledged to put Indonesia's interests first.

On the other hand, Indonesians are concerned about the rise of Islamophobia around the world and many Indonesians fear Trump's recent executive order banning immigrants from predominantly Muslim countries could expand to include those from Indonesia, which has the world's largest Muslim population. Muslim extremist groups in Indonesia, which are small but quite vocal, are using the ban to spread the idea that the US is a hostile power.

With TPP dead and protectionist rhetoric coming out of Washington, Indonesia and other ASEAN nations are seeking to diversify trade and investment ties. China plays a lead role in this process, the king of Saudi Arabia visited in March to promote trade and investment, and the UK has expressed greater interest in the region as it prepares for Brexit.

Australia

Elites in Canberra are deeply concerned about the situation in Washington and events have led them to assume the worst and shift to risk management mode. According to a former prime minister, political elites view Trump as a "rookie" who "lacks an understanding of the US's external domain." and Trump's testy call with Prime Minister Turnbull in January indicates "a non-comprehension of convention" which is critical for trust. As a result, Australia's leadership is questioning Trump's "rational faculties" and whether the US president "shares our values." ►



While international organizations could use a refresh, a view in Australia is that Trump's nationalist bent will undermine global cooperation in institutions such as the UN and WTO where the US has played such a critical leadership role. While China's global ambitions are growing, it has neither the willingness nor capacity or goodwill abroad to be a truly global leader. This leaves Asia and the world in an unstable and precarious state.

Middle East

The region's leaders have made few public comments beyond vague diplomatic niceties about the US administration as they wait to see what actions the president takes. Reactions have ranged from a warm welcome by Israeli Prime Minister Benjamin Netanyahu (despite mixed messages on settlements) and Egyptian President Abdul Fattah El-Sisi to a cautiously positive response from Gulf Cooperation Council leaders to hostility from Iranian leaders. In private, Arab leaders express concern about Trump's rhetoric against Muslims and in favor of Israel. A main concern is that actions based on this rhetoric—such as relocating the American embassy in Israel to Jerusalem and abandoning the two-state strategy for Palestine—will spark street protests. Having contained the populist forces unleashed during the Arab Spring in 2011, the region's leaders do not want to risk another round of large-scale political mobilization. On the other hand, Arab leaders approve of Trump's harsh criticism of Iran.

Latin America

Concerns are mounting across Latin America about the extent to which the region's economies could be dented by the new nationalist trade and tax policy agenda in Washington. Rising US interest rates and a strengthening dollar could also bode ill for capital flows and would force the region's central banks to raise rates to defend currencies and current accounts. This could depress already weak growth across much of the region. The region is slowly becoming more liberal, open, and amenable to free trade and investment, and an "America First" policy line from the north could stymie that trend.

Mexico

President Enrique Peña Nieto and Trump are both very unpopular in Mexico. In February, Peña Nieto had only a 19 percent domestic approval rating and 86 percent of those surveyed had a negative view of Trump. But this sentiment is rather diffuse, with most concern focused on the planned border wall.

Pushback in Mexico against the Trump administration is largely centered in the business community and among political elites because they have much to lose on the trade front. Therefore Peña Nieto, and especially his surrogates, are trying to leverage popular sentiment against the US administration by using harsh language in public to bolster their domestic positions.

But the government's and business elites' diplomatic positions regarding the broader relationship with the US and the Trump administration are more nuanced. Peña Nieto is open to upgrading NAFTA in areas such as telecoms and energy where major reforms in Mexico have occurred since the original deal was inked. By taking a firm public stance against the border wall, he hopes to gain political room to negotiate modest upgrades to NAFTA without paying too big a political cost, especially among the business community. But the leadership and business elites are nervous about any major changes to the treaty as these could significantly hurt the economy and trade-intensive businesses, and trigger further devaluations of the peso. Although peso devaluation can help Mexican exports, they only do so to the extent that tariffs and rising costs of imported inputs don't absorb the difference. This would add to the many chronic domestic problems the government is confronted with—lackluster growth, low oil prices, peso volatility, persistent deep poverty, crime, and poor public services—the sources of Peña Nieto's unpopularity. ►



The US-Mexico relationship is at its most tense state since the 1980s, but the relationship also has many stabilizers. Mexican political and business elites have deep ties with federal, state, and local policymakers across the US and are seeking to reinforce those ties and emphasize cooperation. Mexican citizens have deep family ties to the US, which is the source of the remittances on which many depend. While the US media intensely covers Trump's fusillades against NAFTA, the deportation issue, and the wall, these stories get less coverage in Mexico and thus haven't stirred up broad anti-US sentiment. Only one percent of those surveyed in February said the fate of NAFTA was a top concern. The average person is more worried about endemic corruption, security problems, and their personal economic situation. There have been some public protests and efforts to boycott US products and brands, but they haven't been significant.

Because of the US's outsized economic power, the White House is able to drive the agenda, but if America pushes Mexico too hard, it could foment a nationalist backlash that turns public opinion against NAFTA and US-Mexico cooperation. In that event, Pena Nieto would feel compelled to curtail the cooperation on issues such as limiting the passage of Central American migrants through Mexico, drug smuggling, security, and law enforcement—that took place during the Obama era.

Brazil

Trade accounts for just 11.5 percent of Brazil's GDP while the corresponding figures for Chile and Mexico are 33 percent and 32 percent, respectively. Given this, a main foreign policy goal of the Temer administration is to improve investor perceptions in the US and spur exports. Temer has said Trump's victory "doesn't change [the relationship between the two countries] in any way" and he sent a letter inviting the president to work together to strengthen bilateral ties.

The US is Brazil's second-largest trading partner, and although Brazil's top policymakers do not expect the country to become a target of the Trump administration, exporters are alarmed by Trump's promises to expand trade protections. Brazilian agribusiness leaders are particularly concerned about access to the US market as well as the downward pressure US policy could have on global market prices for key Brazilian commodities such as soy, cotton, and sugar cane.

Immigration is a sensitive issue for Brazil. There are currently an estimated 1.3 million Brazilians living in the US. Many of them are undocumented—raising concerns about mass deportations. Moreover, the Brazilian government has publicly stated its opposition to President Trump's plans to extend the wall along the US border with Mexico.

In Brazil, parallels have been drawn between the US election and Brazil's local elections last fall when voters roundly rejected political elites and the status quo. The nationalist and populist wave in the US raises questions about what's ahead for Brazil's presidential race in 2018.

Argentina

Conservative reformist President Mauricio Macri has pledged to open Argentina to the world after years of populist protectionist policies under former President Cristina Fernandez. Coming to power at the end of the Obama era, Macri promoted FDI and trade with Washington to help lift Argentina's economy out of recession. But the arrival of Trump and his nationalistic and protectionist stance, may help spur a backlash in Argentina to Macri's liberal trade agenda. One of the first measures of the Trump administration was to extend a ban on lemons imported from Argentina which the Obama administration had moved to lift.

Trump and Macri are both businessmen but their relationship started off on the wrong foot. Macri supported Hillary Clinton last year and some in his entourage have sharply criticized Trump. Macri called Trump in November and congratulated him on the victory, but the conversation ►



became controversial in Argentina. It was reported that during the call Trump tried to get Macri to cut the red tape affecting the construction of a \$100 million Trump Tower in downtown Buenos Aires. Both Macri and Trump denied that the project was discussed.

Chile

Chile is a poster child for free trade in Latin America. The US is the second most important trade partner for Chile and its main international investor. Chile has also been a champion of free trade in Latin America and was a TPP member. This Trump administration's decision to scrap TPP has motivated Chile to look for new trade partners and to pursue bilateral trade deals. Prices for Chile's main export copper have increased by 14 percent since Trump's election on speculation that the US will pursue a large infrastructure building program. ■