



ASG BULLETIN: TRUMP, TILLERSON, AND RUSSIA

DECEMBER 19, 2016

- Trump's announcement of Exxon Mobil CEO Rex Tillerson as his choice for U.S. Secretary of State seems to indicate that Trump plans to carry through with his campaign pledge of ending the "horrible cycle of hostility" between the United States and Russia. However, it is not clear how this will play out in practice.
- Tillerson is a consummate pragmatist who has focused on his company's core mission. At Exxon Mobil he has operated at the highest levels of the Russian political establishment, where he has earned a reputation as a serious, thoughtful, and effective partner.
- These relationships with Russia are already raising questions on his impartiality, and whether he should divest himself of his Exxon Mobil stock or even recuse himself from broader Russia policy discussions.
- During his presidential campaign, Trump made clear that he sees Russia as a partner in fighting ISIS. There are real questions on whether Russia would do so – and whether Russia would pressure the Assad regime to join. Trump will also face a Congress and an American public highly skeptical of Russia in light of recent hacking revelations.
- Trump's consistent, opening posture of warmth toward Russia may prove hard to sustain. The current crisis built up over a considerable period of time, destroying both trust and basic channels of communication between the two countries' national security establishments. Similar new eras of good feeling ended in the George W. Bush and Obama administrations. Facing the prospect of a lengthy period of economic stagnation and presidential elections in 2018, the Putin regime has relied heavily on fostering a fortress mentality and anti-Western hysteria to sustain its legitimacy. There is little reason to believe that will change.

Implications for Business: Sanctions

One area that will be of particular interest for companies is how the Trump administration approaches Russia sanctions. Both Trump and Tillerson have indicated a willingness to ease or even take them off. Exxon Mobil has also been forced to freeze landmark joint projects with Russian companies in the Arctic and elsewhere due to the sanctions regime.

[ABOUT ASG](#)

Albright Stonebridge Group (ASG) is a leading global business strategy firm. We help clients understand and successfully navigate the economic, political, and social landscape in international markets. ASG's worldwide team of commercial diplomats has served clients in more than 110 countries.

[ALBRIGHTSTONEBRIDGE.COM](#)

Whether Tillerson will take a broader view of the important role sanctions have played in the U.S.-EU response to Russian aggression in Ukraine remains to be seen. It is possible Trump may also want to show his own toughness at some point, which could cause relations to sour.

As a practical matter, taking sanctions off would be relatively easy: Trump could simply issue a new order rescinding the executive actions taken under President Obama (there are some Congressionally-imposed sanctions in place, though these are largely discretionary). This would open up a range of financial, energy, and defense-related business opportunities currently off limits.

Any move to weaken sanctions would face resistance in Europe. Despite wavering by some EU member states in recent months, larger member states (led by Germany) have managed to keep unanimity on sanctions up to now – including extending them for six more months on December 19. If the U.S. were to withdraw sanctions it will be much more difficult for Germany to keep 28 member states on board for future extensions.

[ASG's Europe Practice](#) has extensive experience helping clients navigate Russian and sanctions issues. For questions or to arrange a follow-up conversation please contact [John Hughes](#).

