Greetings from Washington,

November 2023

Warren Buffet famously proclaimed, "It takes 20 years to build a reputation and five minutes to ruin it." We may be witnessing America's five minutes as President Biden staunchly supports Israel's bombardment of Gaza, an increasingly unpopular position, especially among younger people in the United States and many other nations around the world, particularly in the Middle East. While many would argue that America's soft power has been on the decline since the Iraq War in 2003, followed by the Great Financial Crisis of 2008, the current Middle East crisis risks being a tipping point, with many worldwide accusing the U.S. of hypocrisy and double standards. It's too early to tell whether this will have a lasting impact on America's global standing, but <u>early signs are concerning</u>.

country to attract and influence others through one's culture, values, and policies. America's soft power has traditionally been fueled by its vibrant entertainment industry, world-class universities, and reputation as a beacon of democracy and innovation. For decades, America's cultural influence and values shaped the world's understanding of the U.S., bolstering its consumer brands' success and influencing perceptions and behaviors globally. However, in recent years we have witnessed volatility in America's soft power. A

17 advanced economies have a favorable view of the United States, down from 75% in 2002. A <u>significant</u> number of Americans also see US global influence is getting weaker, according to another Pew survey. Various factors have likely contributed to the decline in America's soft power, including: • Political polarization: The increasing political divide in the United States has led to a perception of instability and uncertainty among foreign audiences.

- Domestic social issues: Domestic issues such as gun violence, abortion, racial inequality, and healthcare access have raised concerns about the state of American society and its commitment to democratic values. The U.S. has maintained a robust soft power position relative to other advanced
- economies. Yet, this negative trend over the past two decades requires close attention, especially as the world moves to a bi-polar or multi-polar order with the
- brands operating globally. Consumers worldwide are becoming more ethically driven, increasingly basing purchasing decisions on factors beyond price and quality. Brand values, ethical practices, and the brand's country of origin play a significant role in consumer choices and perceptions. As consumers become less inclined to purchase products

rise of China. This decline in positive sentiment will eventually impact American

from a country they perceive negatively, American brands may face challenges maintaining trust and loyalty, even if these brands have no direct connection to the country's overall image. Recent events in the Middle East are a stark example of the <u>risk</u>, with McDonald's and Starbucks outlets nearly <u>empty</u> from Riyadh to Cairo. This is coupled with substantial unfavorable social media activity targeting many American brands. Influencers across the region with millions of followers are proactively calling for consumers to shift to local brands or international brands that support Palestinians. **Navigating the Changing Landscape**

American brands operating in the global marketplace must navigate this changing landscape by carefully considering the impact of a further and more severe decline in America's soft power in the future. To effectively do this, some key actions should be considered: Analyze political stances carefully: Brands that operate on a global level have a complex balancing act of staying true to their values while avoiding controversial political positions that may alienate consumers and damage

- Emphasize brand values: Brands should communicate their values and demonstrate ethical practices, aligning themselves with the values that resonate with consumers in specific markets and consistently applying them. Build local relationships and localize offerings: Brands should invest in relationships with local partners, influencers, and communities to foster a
- sense of connection and trust and find creative ways to localize their products and services. • Engage in social impact initiatives: Brands can demonstrate their commitment to the communities they serve by engaging in initiatives that
- American brands have long enjoyed a strong reputation on the global stage. However, the possible continued decline of America's soft power presents a new challenge for brands to maintain their competitive edge and connect with consumers worldwide. In an increasingly interconnected world-where social media's significant scale and virality will only increase the power of consumer advocacy-American brands need to adapt and evolve to prosper.
- Sincerely, **Amjad Ahmad** Chairman, empowerME Rafik Hariri Center for the Middle East **Atlantic Council**



Past Events

empowerME

Tuesday, November 28 | 10:00 a.m. (UAE Time) #WInFellowship On November 28, The Atlantic Council's empowerME Initiative, in partnership with

**Atlantic Council empowerME THE IMPACT OF FINTECH

Hotel Management Corporation PJSC; Patricia Gomes, Managing Director,

Regional Head of Commercial Banking, MENAT, HSBC; Linda Fitz-Alan, Registrar & Chief Executive, Abu Dhabi Global Market Courts; and Thereshini Peter, Chief

Learn More

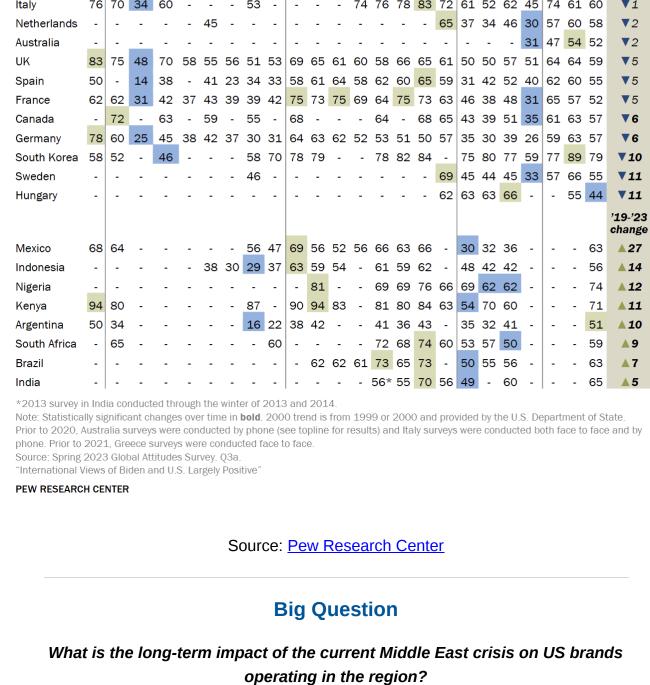
On November 1st, the Atlantic Council's <u>empowerME Initiative</u>, in collaboration with U.S. Embassy in Bahrain and in-country partner Bahrain Fintech Bay, held a WIn Fellowship event focused on understanding the factors that both support and constrain women entrepreneurs in Bahrain's fintech sector. The workshop was moderated by **Lynn Monzer**, Associate Director of the WIn Fellowship at the Atlantic Council. The event featured **Bader Sater**, Chief Executive Officer at Bahrain FinTech Bay; Jamal Fakhro, Managing Partner at KPMG in Bahrain; Noora Al-Nusuf, Head of Corporate Affairs (Middle East excl UAE) at Standard Chartered Bank; and **Batool Alkhaja**, Director of Public Policy at Rain.

12:00 p.m. (ET); 7:00 p.m. (KSA) #WInFellowship On October 18, the Atlantic Council's empowerME Initiative, in partnership with U.S. Embassy Riyadh and PepsiCo, and in collaboration with its in-country partner

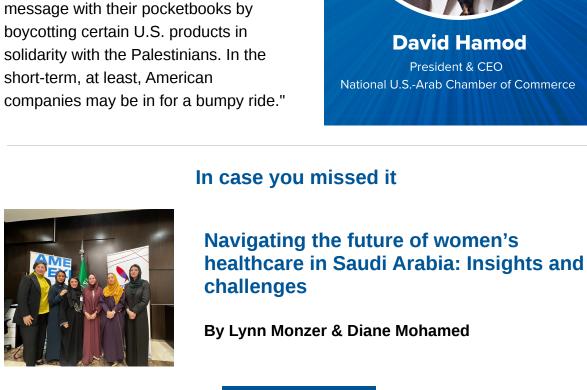
MENA Monitors: Oil & Foreign Exchange Despite the prevailing anticipation of a rise in oil prices following the Israel-Hamas conflict, the WTI and Brent oil price per barrel have declined significantly, dropping from \$96.26 (Brent)/\$93.68 (WTI) per barrel in September to \$79.98 (Brent) / \$75.54 (WTI) this week. In addition, Egypt continues to witness a deepening foreign exchange crisis, while the Lebanese pound has exhibited relative stability since the conflict begun. Check out our MENA Monitor trackers to learn more! **MENA Monitor: Oil Prices**

MENA Monitor: Lebanon Foreign Exchange

Sources: Official Lebanon exchange rate; LBP Revaluation; 1/2022 parallel market rate (PMR); 06/2022 PMR; 11/2022 PMR; 03/2023 PMR; 06/2023 PMR; 11/2023 PMR



property." "In my opinion, due to the ongoing war in Gaza, the long term impact on U.S. brands operating in the Middle East/North Africa region will be negative. A majority of the local populations see a strong correlation between American brands and Israel's actions of which they strongly disapprove. The organized and sustained boycott we are witnessing today have not been observed during



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Big Reads

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Oman and Bahrain (Arabian Business)

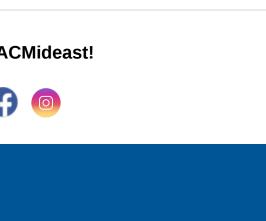


empowerME is changing the conversation

about the Middle East by focusing on economic prosperity. Watch this video to

learn more about empowerME and its unique chairman, regional venture capital pioneer Amjad Ahmad. **WATCH VIDEO**

Subscribe <u>empowerME</u> shapes solutions to empower entrepreneurs, women, and the private sector and builds influential coalitions to drive regional economic integration,



Atlantic Council

Brands Leveraging America's Soft Power The concept of soft power, introduced by Joseph Nye, refers to the ability of a 2023 study by the Pew Research Center found that a median of 59% of people in • Perceived unilateralism: America's foreign policy decisions, particularly its involvement in military interventions, have sometimes been criticized as unilateral and lacking international cooperation.

perceptions of the United States and tailor their messaging and approach accordingly, avoiding controversial or insensitive messaging.

Atlantic Council O ADGM

the U.S. Mission in the UAE and in-country partner Abu Dhabi Global Market, held a WIn Fellowship in-person event during Abu Dhabi Finance Week (ADFW) to examine women's representation in the finance sector. The event featured opening remarks by **Martina Strong**, U.S. Ambassador to the UAE and a panel discussion moderated by **Abeer Abu Omar**, a Bloomberg Government and Economics Reporter. The panelists included Shaikha Nasser Al Nowais, Corporate Vice President – Owner Relationship Management, Rotana

Wednesday, November 1 #WInFellowship

Financial Officer for GCC, Visa Inc.

Watch Here Atlantic Council empowerME **WOMEN'S ECONOMIC PARTICIPATION AND ITS IMPACT ON HEALTHCARE IN SAUDI ARABIA**

consequential impact on the healthcare sector.

Council of Health Insurance.

09/01/2023 MENA Monitor: Egypt Foreign Exchange

Sources: Official Egypt exchange rate; 11/2022 parallel market rate (PMR); 12/2022 PMR; 6/2023 PMR;

Views of the U.S. since 2000 % who have a **favorable view** of the U.S.

30 EGP

Hisham Fahmy American Chamber of Commerce in Egypt "Historically, the region has been importing international and American brands. This has effectively limited innovation and intellectual property, given the investments and footprint of franchised brands. With the current active boycott we are witnessing on US brands that support the occupation, and that was triggered by the current conflict, consumers are shifting to locally

branded and produced products. This will in turn aid these brands to grow

further and potentially build their own

value creation cycle and intellectual

Ahmad Abu Ghazalah

CEO

International Wings Group

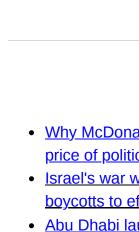
governments to award certain contracts to U.S. firms because of the perception that the U.S. Government is "all in" for Israel in this conflict. Second, Arab

families – especially youth – will send a

"The issue of Palestine is once again front and center, for now. U.S. companies may expect pushback as a result of the Gaza tragedy at two levels. First, it will be more difficult for Arab

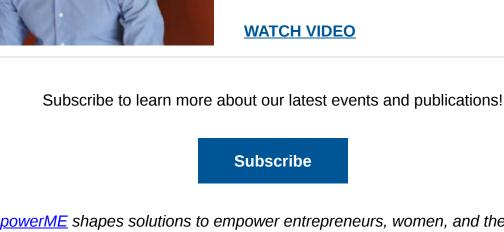
Fostering growth: Women in Bahrain's fintech sector

By Nibras Basitkey & Rachel Friedman





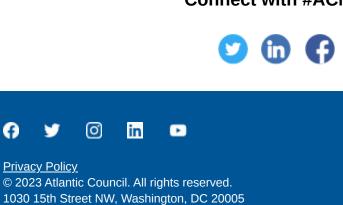
boycotts to effect change (CBC News) Abu Dhabi launches new AI company in push to become a global tech hub (The National News) empowerME

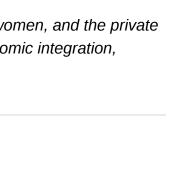


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their brand. Therefore, careful assessment of sensitive topics is required across their varied markets. • *Understand the local context*: Brands should be aware of the local

align with local needs and priorities and invest in the well-being of their local employees and customers.

Upcoming Event

Atlantic Counci empowerME **DEMYSTIFYING VENTURE CAPITAL**

WOMEN IN FINANCE: BUILDING A MORE SUSTAINABLE AND INCLUSIVE FINANCIAL SYSTEM

ON WOMEN'S FINANCIAL **INCLUSION IN BAHRAIN** 11:00 a.m. (ET); 6:00 p.m. Bahrain Time

Wednesday, October 18

American Chamber of Commerce Saudi Arabia, held a WIn Fellowship event examining the evolving economic roles of women within Saudi society and their

The event featured keynote remarks by **Dana Alajlani**, Co-Chairwoman at The

moderated by **Noor Osama Nugali**, Acting Deputy Editor-in-Chief at Arab News. The panel included **Samar Nassar**, Managing Director for Healthcare Services and

Watch Here

Technologies at the Saudi Arabia Ministry of Investment; Fatimah Alhamlan, Consultant and Women's Health Advocate at King Faisal Specialist Hospital & Research Centre; and Naseem Almulla, Customer Excellence Director at the

American Chamber of Commerce in Saudi Arabia, and a panel discussion

New Tracker

Highest rating '00 '02 '03 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '21 '22 '23 change - - 35 39 <mark>34</mark> - 38 43 36 54 - <mark>63</mark> 48 56 **8** Greece Israel - - 63 61 50 59 66 <mark>85</mark> 72 69 66 68 72 57 67 68 **41** 71 70 73 Japan Poland 76 70 34 60 - - - 53 - - - 74 76 78 83 72 61 52 62 45 74 61 60

View Monitors

Big Data

"Temporarily speaking, the crisis is

hurting US brands to the extent of calls for boycott. We and our companies are quietly emphasizing the positive impact US companies have on the economy. This seems to be the strategy of US companies throughout the region.

Boycotts also occurred in the previous

Hisham Farouk

CEO

Grant Thornton UAE

past Israeli – Palestinian/Arab conflicts. Social media is also a platform used to

manufactured in countries not seen as

hostile to Palestine that could act as a replacement to U.S. brands. The longer

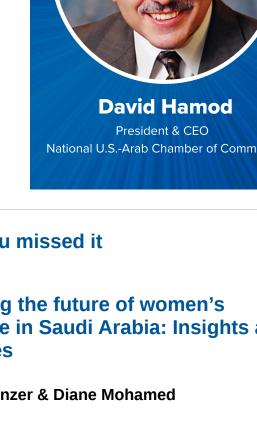
the conflict continues the more the boycott culture will be engrained and behavioral trends changed towards a preference for consumption of non U.S.

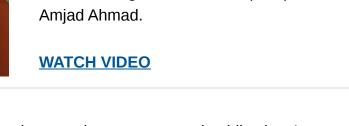
brands."

highlight local brands and brands

two intifadas, but it seems more

aggressive this time."





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