



Food for Thought

The Impact of the U.S. Elections on Relations with Europe

 **NOVEMBER 2022**

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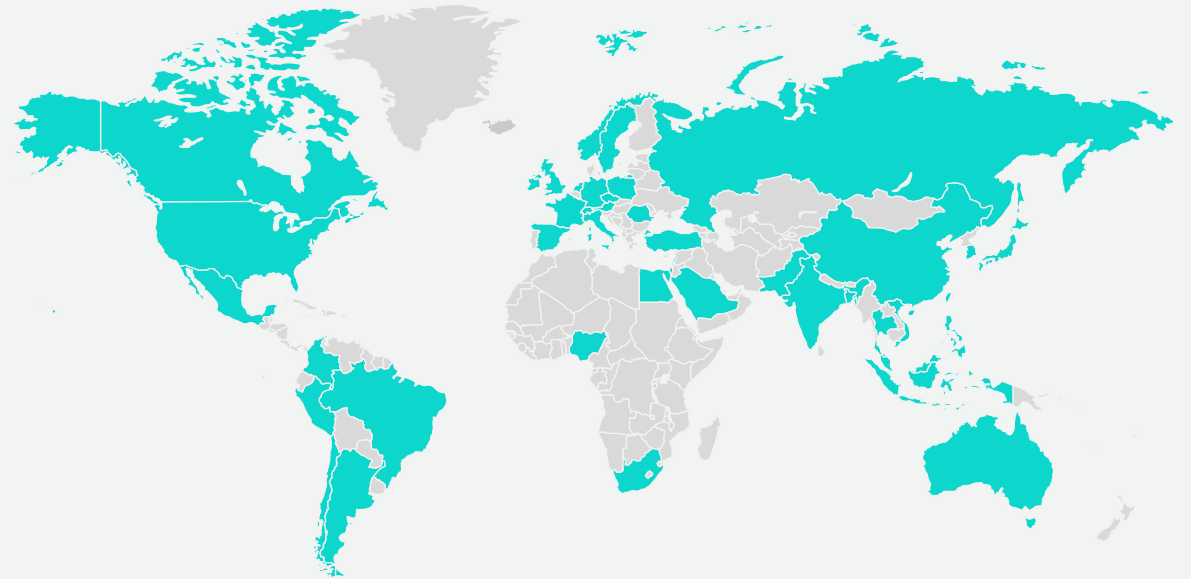
POLITICAL INTELLIGENCE

Daily tracking of political attitudes in 44 global markets

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Sonnet Frisbie leads Morning Consult's Geopolitical Risk Offering for Europe, the Middle East, and Africa. Prior to joining Morning Consult, Sonnet spent more than a decade at the U.S. State Department specializing in issues at the intersection of economics, commerce and political risk in Iraq, Central Europe and Sub-Saharan Africa.

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Where We Are:

Areas of Agreement and Disagreement

PRIORITIES FOR COOPERATION

U.S. and European adults' policy priorities overlap substantially on energy, the environment and export controls but are misaligned on trade, basic research, labor rights and China

U.S. and E.U. adults' top seven priorities for trans-Atlantic cooperation as of July 2022, ranked by share



UNITED STATES

1	Securing supplies of oil and gas
2	Export controls
3	Environmental protection (e.g., combating climate change)
4	Standards for consumer products
5	Coordinating humanitarian aid to other countries
6	Increasing bilateral trade in goods and services
7	Encouraging China to be a good international actor



EUROPEAN UNION

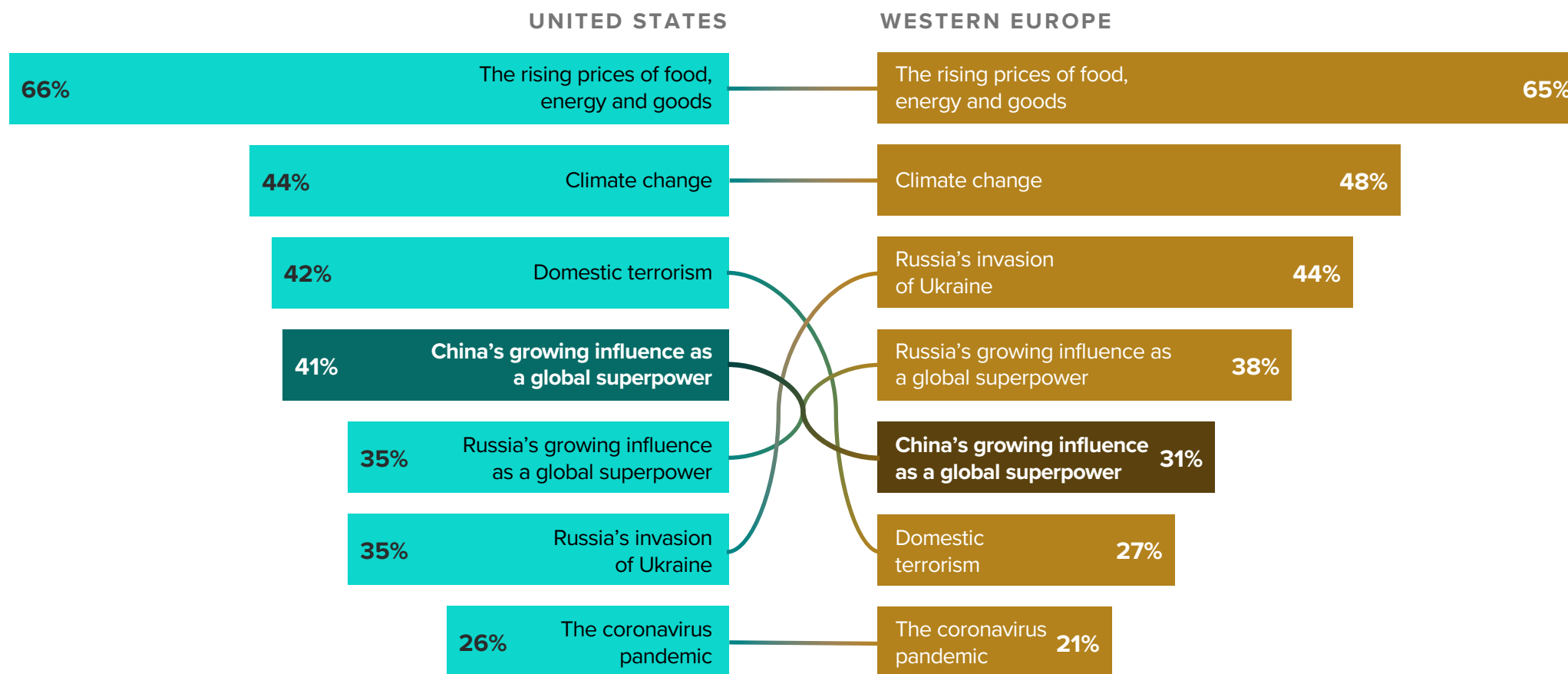
1	Environmental protection (e.g., combating climate change)
2	Securing supplies of oil and gas
3	Scientific cooperation
4	Coordinating humanitarian aid to other countries
5	Promoting labor rights globally
6	Standards for consumer products
7	Export controls

Surveys conducted July 7-8, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and July 12-16 in France, Germany, Italy, Spain and the Netherlands among representative samples of 1,000 adults per country, with unweighted margins of error of +/-3 percentage points.

POLICY PRIORITIES & COORDINATION

Inflation and climate change figure prominently among U.S. and European adults' most pressing concerns, but their views diverge on Russia and China

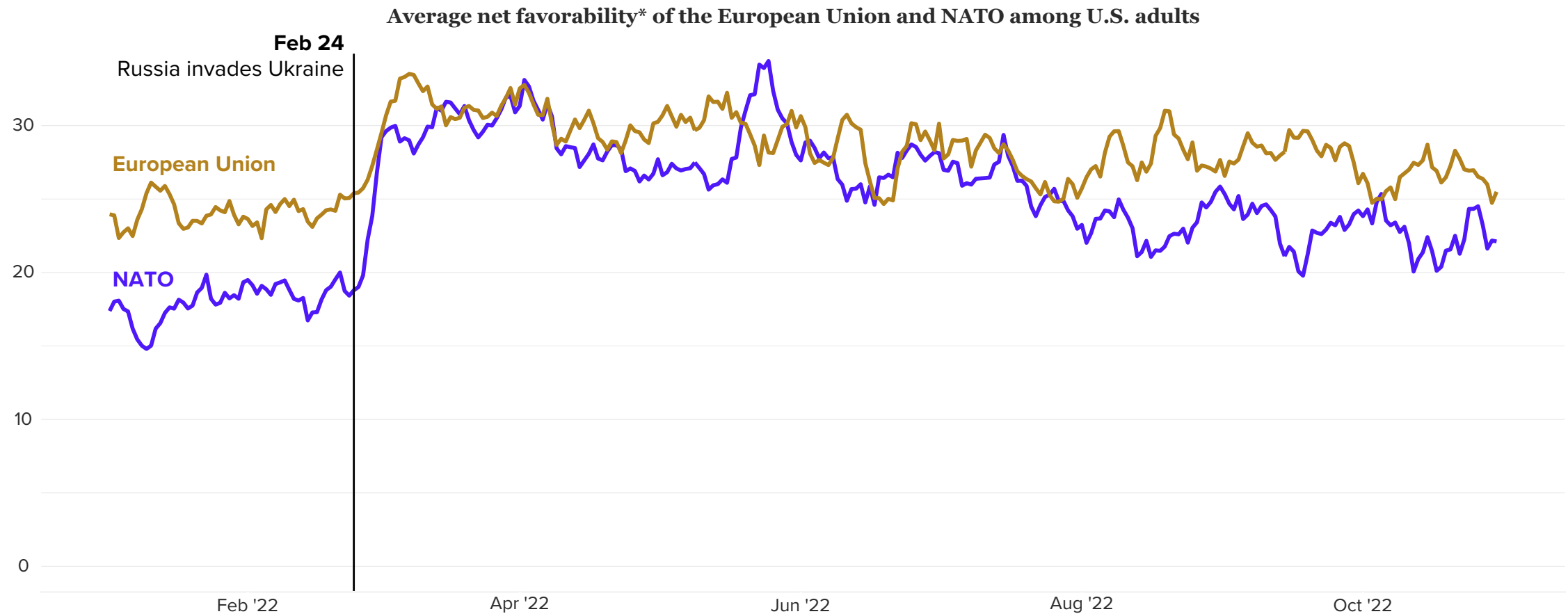
Shares who said they are “very concerned” about each of the following:



Surveys conducted Sept. 1-3, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults each in Germany, France, Spain, Italy and the United Kingdom, with unweighted margins of error of +/-3 percentage points.

BILATERAL PERCEPTIONS

Trans-Atlantic cooperation on Russia's invasion of Ukraine sharply increased U.S. favorability toward the E.U. and NATO, but the public's views have since moderated

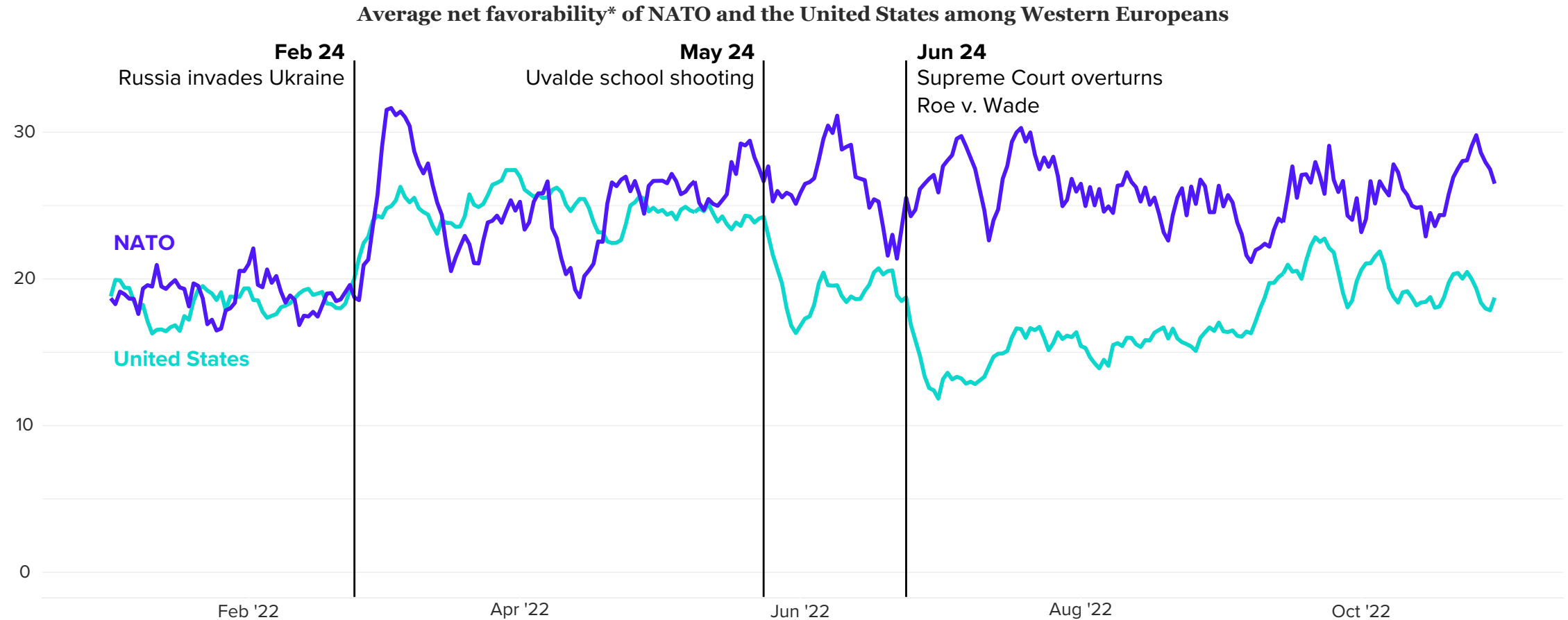


*Net favorability is the share with a favorable view minus the share with an unfavorable view.

Source: Morning Consult Political Intelligence. Daily reports are based on pooled 7-day moving averages of U.S. adults, with a margin of error of +/-2 percentage points.

BILATERAL PERCEPTIONS

Western Europeans' views of the U.S. became more positive amid its support for Ukraine, only to sink following major domestic news events, in contrast to persistent favorability toward NATO



*Net favorability is the share with a favorable view minus the share with an unfavorable view.

Source: Morning Consult Political Intelligence. Daily reports are based on pooled 7-day moving averages of adults in Germany, France, Italy, Spain and the United Kingdom, with margins of error of less than +/-1 percentage point.

SECTION SUM UP

Broad convergence on priorities

divergence on China vs Russia and economic statecraft

“Rally around the flag”, but not forever



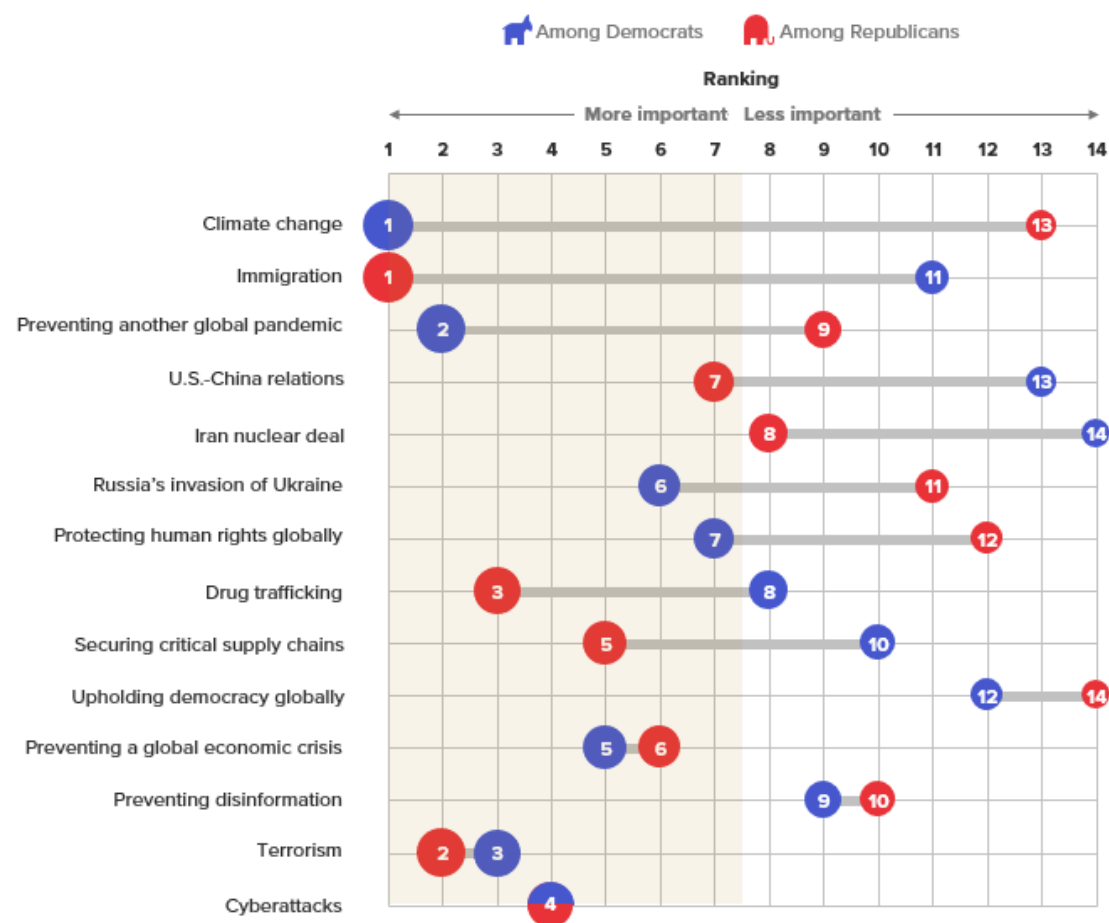


Where we are going:
**Predicting the Foreign Policy
Focus of a Republican House**

POLICY PRIORITIES & COORDINATION

From our general foreign policy tracker: biggest party splits on immigration and climate change, then on China relations

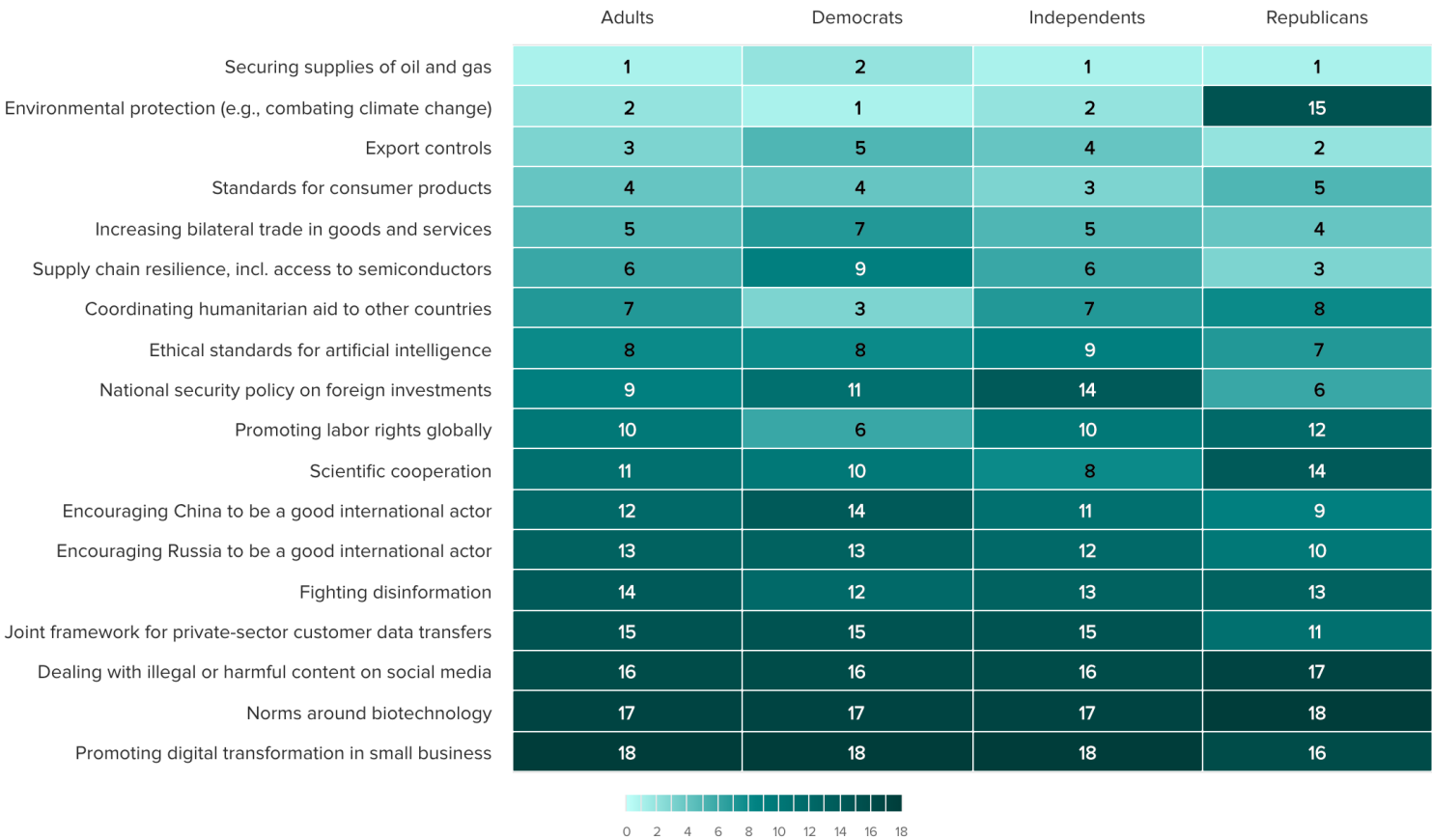
U.S. adults' foreign policy priorities, by party affiliation



POLICY PRIORITIES & COORDINATION

Specifically dealing with the E.U.: Democrats and Republicans diverge sharply on environmental protection, supply chain resilience and disinformation

U.S. adults’ priorities for cooperation with Europe, reported by party affiliation



Survey conducted Oct. 29-31, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

PRIORITIES FOR COOPERATION

U.S. Republicans have fewer areas of converging priorities with Europeans writ large, and focus more than Democrats on restrictive measures.

U.S. Republicans and E.U. adults’ top seven priorities for trans-Atlantic cooperation, ranked by share



U.S. Republicans

1	Securing supplies of oil and gas
2	Export controls
3	Supply chain resilience, incl. access to semiconductors
4	Increasing bilateral trade in goods and services
5	Standards for consumer products
6	National Security policy on foreign investments
7	Ethical standards for artificial intelligence



EUROPEAN UNION

1	Environmental protection (e.g., combating climate change)
2	Securing supplies of oil and gas
3	Scientific cooperation
4	Coordinating humanitarian aid to other countries
5	Promoting labor rights globally
6	Standards for consumer products
7	Export controls

Surveys conducted Oct. 29-31, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and July 12-16 in France, Germany, Italy, Spain and the Netherlands among representative samples of 1,000 adults per country, with unweighted margins of error of +/-3 percentage points.

SECTION SUM UP

Republicans are to Democrats as democrats are to Western Europeans

Fewer areas of overlap between republicans and Europeans, but imperfect translation of policy

Look for more disagreement on economic statecraft (ukraine support, china export controls), climate change, and industrial policy (subsidies)

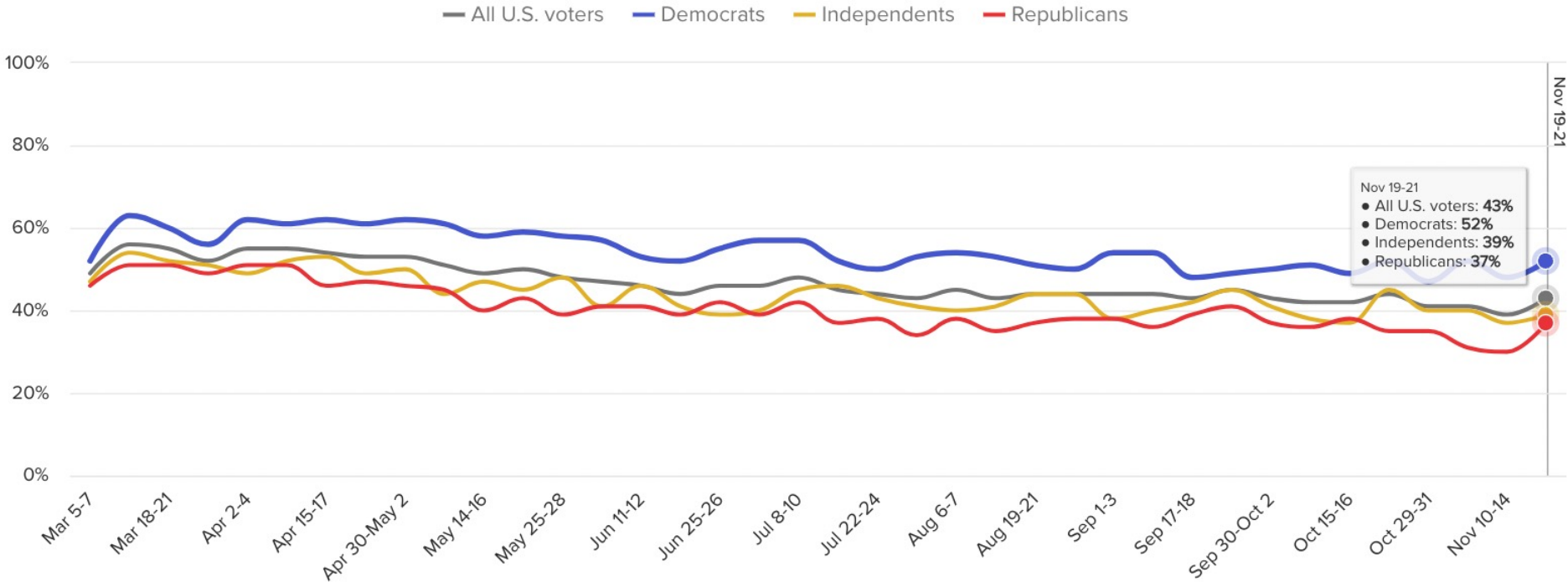




Sanctions and Inflation

U.S. support for sanctions has steadily declined post-invasion, but a plurality of Americans still support them regardless of inflation

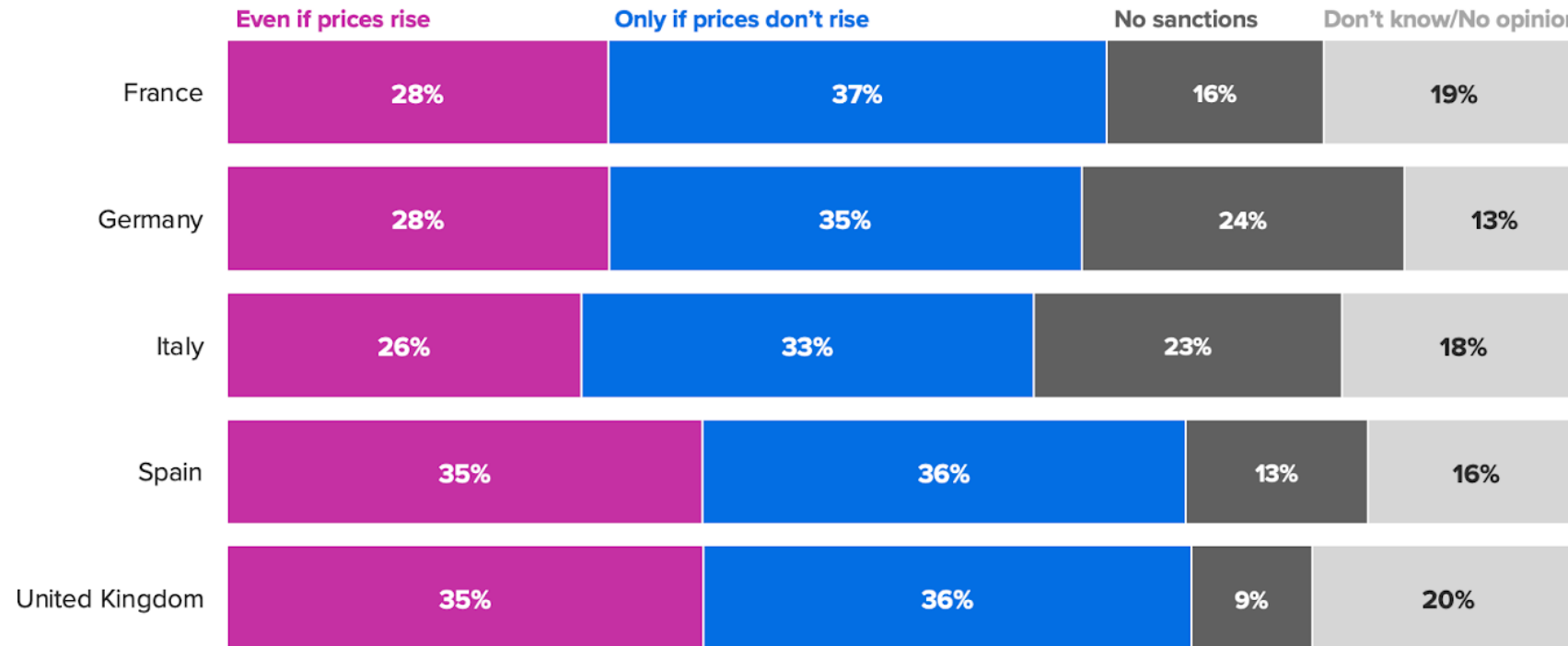
Share of the following who say “my government should impose sanctions on exports of Russian oil and natural gas even if it causes the price of goods to rise in my country”:



Surveys conducted among a representative sample of roughly 2,000 registered U.S. voters each, with an unweighted margin of error of +/-2 percentage points.

Americans support sanctions at higher rates than Europeans: Only 28% to 35% of the latter support sanctions that cause prices to rise, while pluralities support them if prices remain stable

Shares of adults who say they support energy sanctions on Russia ...

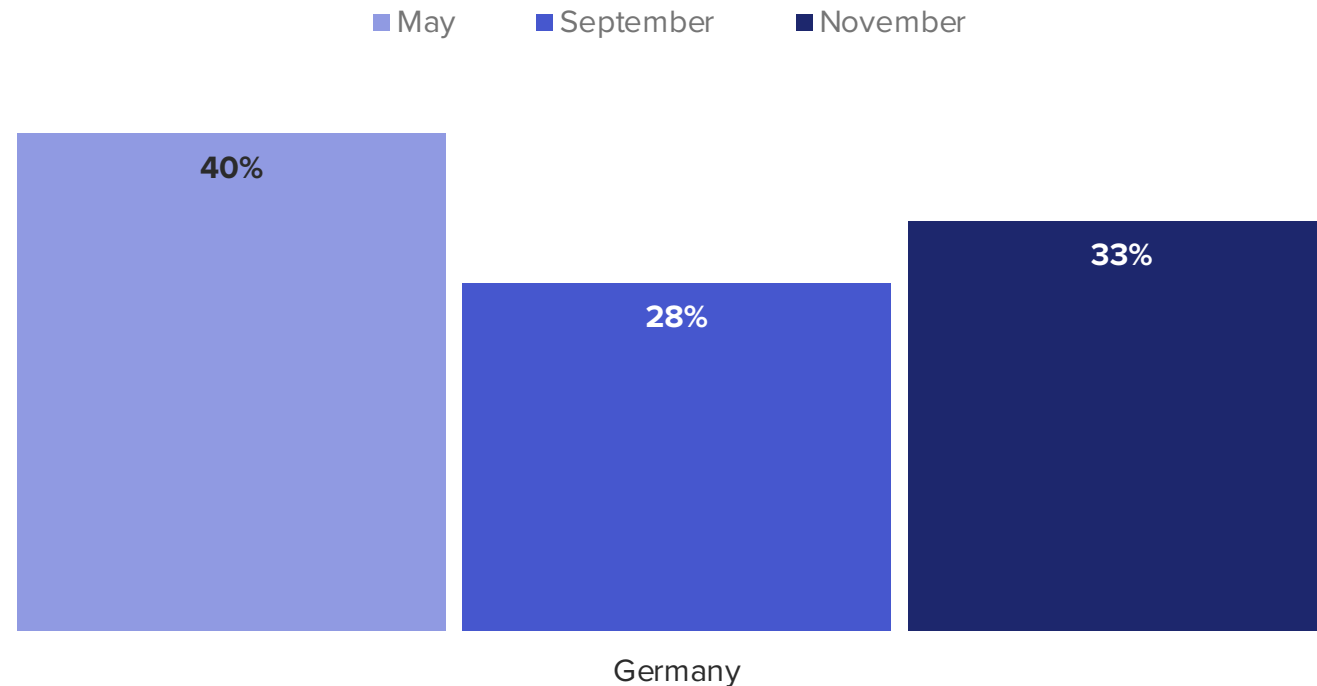


Surveys conducted Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults per country, with unweighted margins of error of +/-3 percentage points.

Figures may not add up to 100% due to rounding.

In Europe support has also declined since spring, but recently support in Germany has slightly rebounded in spite of inflation

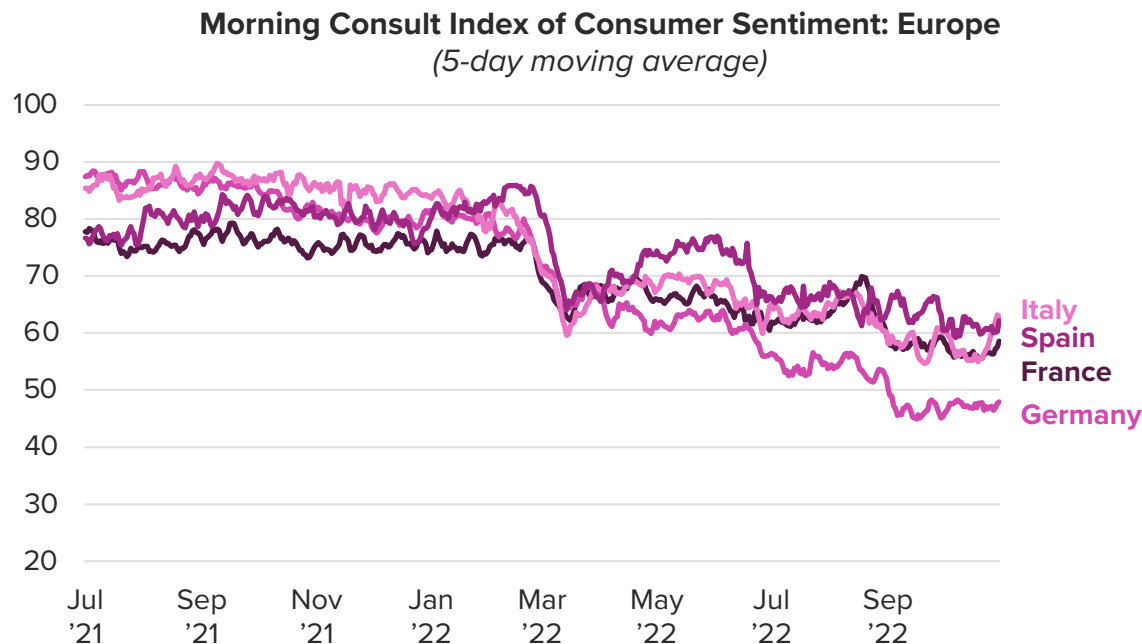
Shares who say “My government should impose sanctions on exports of Russian oil and natural gas even if it causes the price of goods to rise in my country”



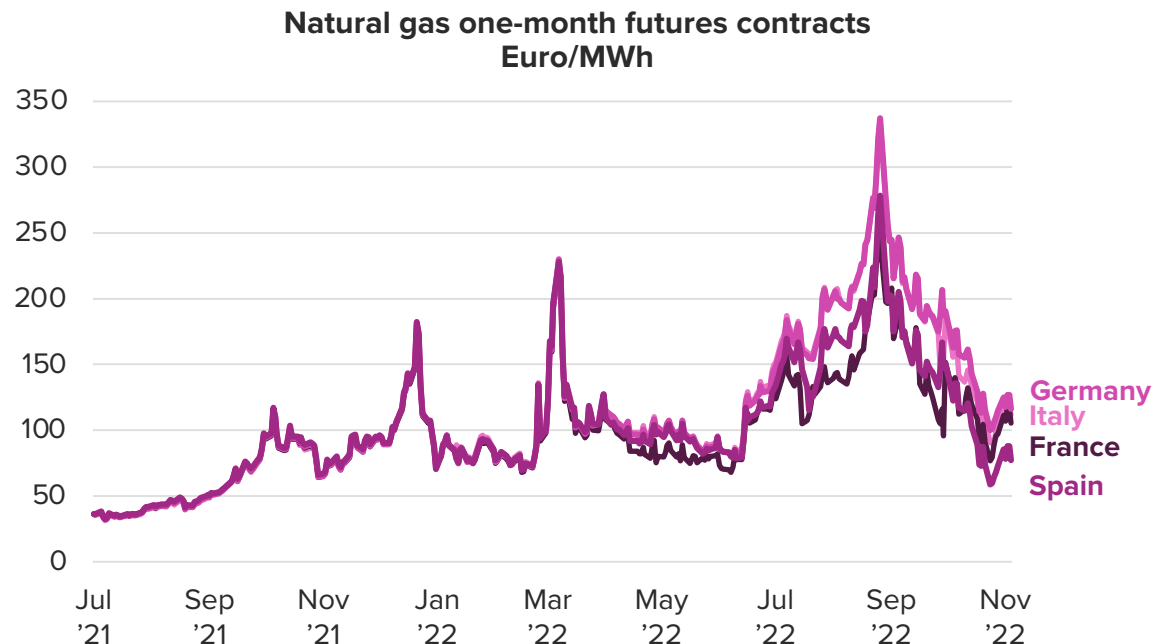
Surveys conducted May 6-9, Aug. 31-Sept 1, and November 16-21, 2022, among representative samples of 1,000 Germans, with unweighted margins of error of +/-3 percentage points. Figures may not add up to 100% due to rounding.

CONSUMER CONFIDENCE: EUROPE

Confidence in Western Europe is beginning to stabilize



Source: Morning Consult Economic Intelligence



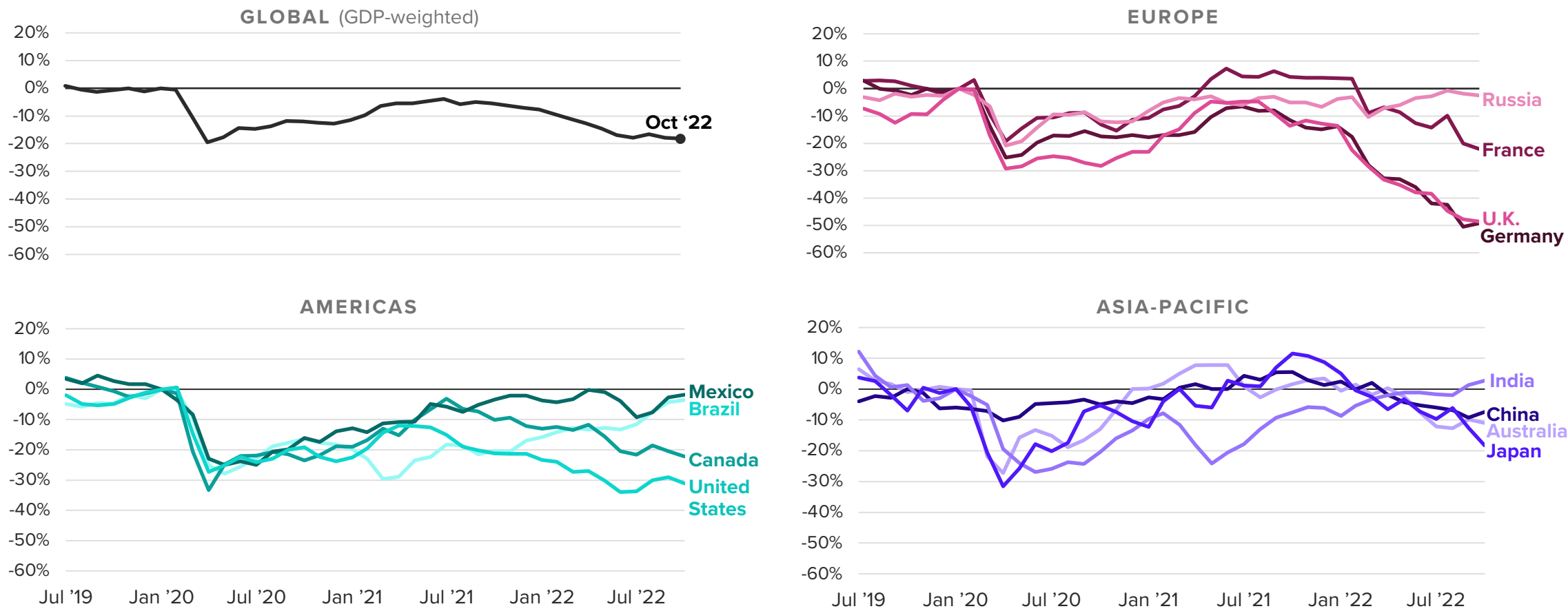
Source: Morning Consult Economic Intelligence, Bloomberg, European Energy Exchange

- Consumer sentiment across Western Europe looks to have finally stabilized in recent weeks. From Sept. 30 to Oct. 31, the 5-day moving average rose in Germany and Italy by 6.2% and 3.9%, respectively. It also ticked up in France (3.7%) and Spain (10.2%) over the last week of October.
- A decline in wholesale energy prices may have helped stabilize sentiment, with falling natural gas prices taking pressure off sky-high electricity prices. Benchmark gas prices in Europe are now 70% off summer highs.
- Despite falling wholesale prices, household electricity bills continued to tick higher in October across much of the E.U. Energy suppliers typically buy the power they need for customers well in advance, resulting in considerable lag time between wholesale prices and what people see on their bills.
- Consumers may see falling wholesale prices as an encouraging sign, and a sustained decline in utility prices could well lift, rather than just stabilize, sentiment. However, energy experts are still warning of a potential crisis this winter.

SUMMARY: GLOBAL CONSUMER CONFIDENCE

GDP-weighted measure of global confidence falls again in October

Morning Consult Index of Consumer Sentiment
(monthly averages, % change from January 2020*)

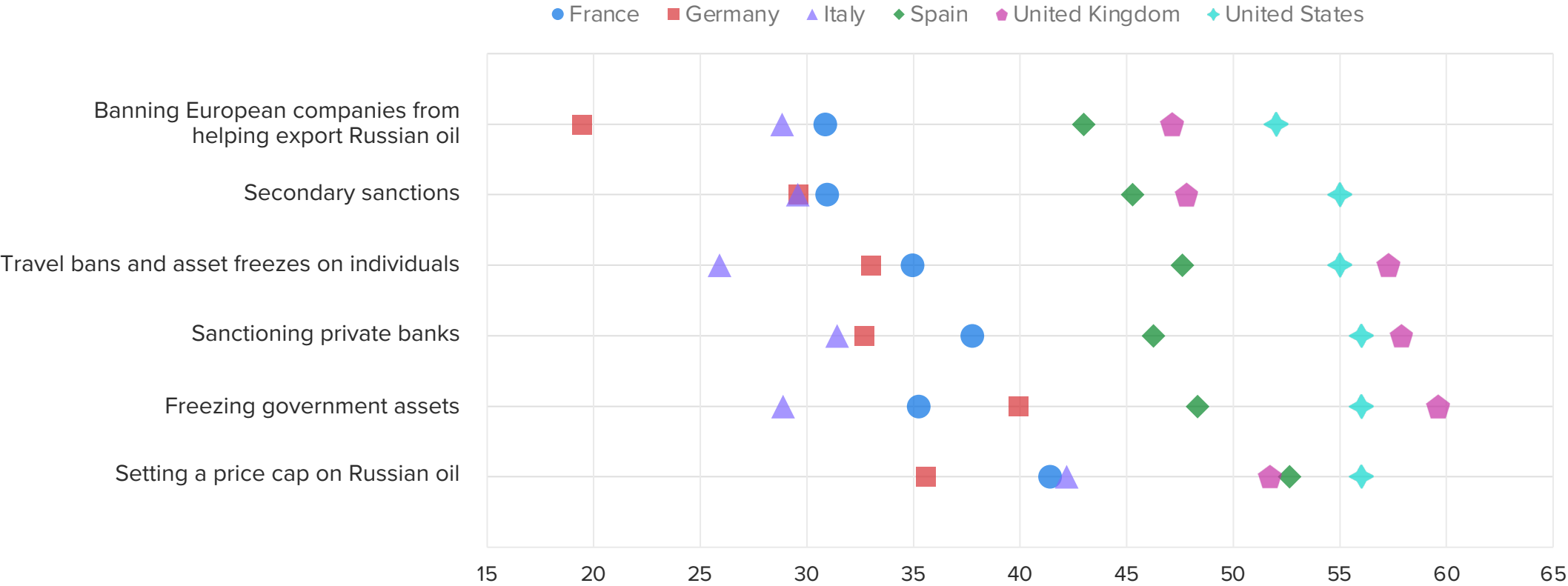


Source: Morning Consult Economic Intelligence. The index period is January 2020 for all countries except China, which is indexed to October 2019. The GDP-weighted global figure is calculated using the World Bank's 2020 USD nominal values for the 12 economies included in the index (Australia, Brazil, Canada, China, France, Germany, India, Japan, Mexico, Russia, the United Kingdom and the United States).

RUSSIA AND SANCTIONS

Secondary sanctions and restrictions on European companies are the least popular, while oil price caps are the most; continental Europeans are more reticent on sanctions across the board

Shares of adults who support each of the following types of sanctions, minus the corresponding shares who oppose them:



Surveys conducted Sept. 7-8, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points.

SECTION SUM UP

Europe's consumer confidence has been battered by energy inflation, undercutting support for energy sanctions

In the United states, support is higher in general, though somewhat lower among republicans than democrats

Support for specific types of sanctions without mentioning inflation is much higher on both sides of the Atlantic.

Expect the United states to keep sanctions in place, barring a major change in the conflict itself. Expect Europe to do the same, with some horse trading around periods of renewal

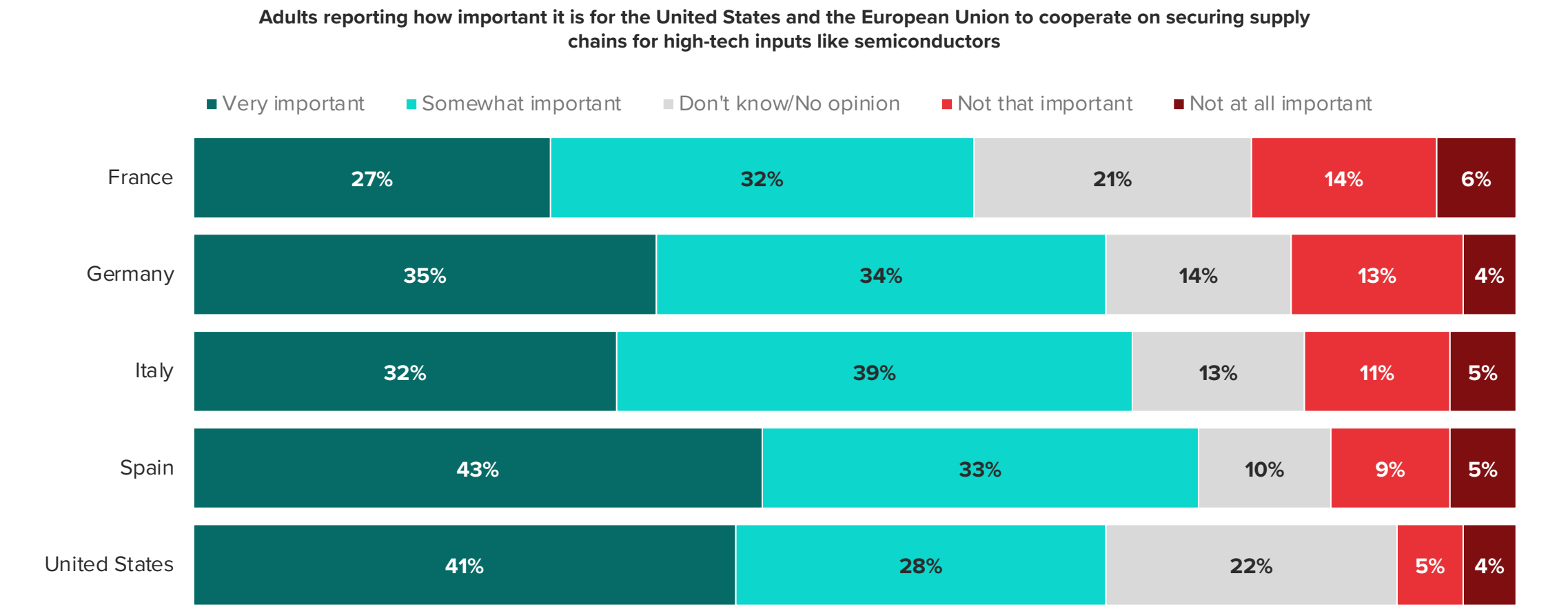


McGraw Hill



Cooperative Isolationism: Working together to live apart

U.S. and European adults strongly favor cooperation on securing critical supply chains, potentially providing ammunition to trans-Atlantic efforts to resolve reshoring subsidy battles



Surveys conducted May 9-12, 2022, among a representative sample of roughly 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and May 31-June 7, 2022, in France, Germany, Italy, Spain and the United Kingdom among representative samples of 1,000 adults per country, with unweighted margins of error of +/-3 percentage points.

Trans-Atlantic friend-shoring — securing supply chains by sourcing from allies — doesn't resonate like reshoring, as evidenced by consumers' willingness to pay more for the latter

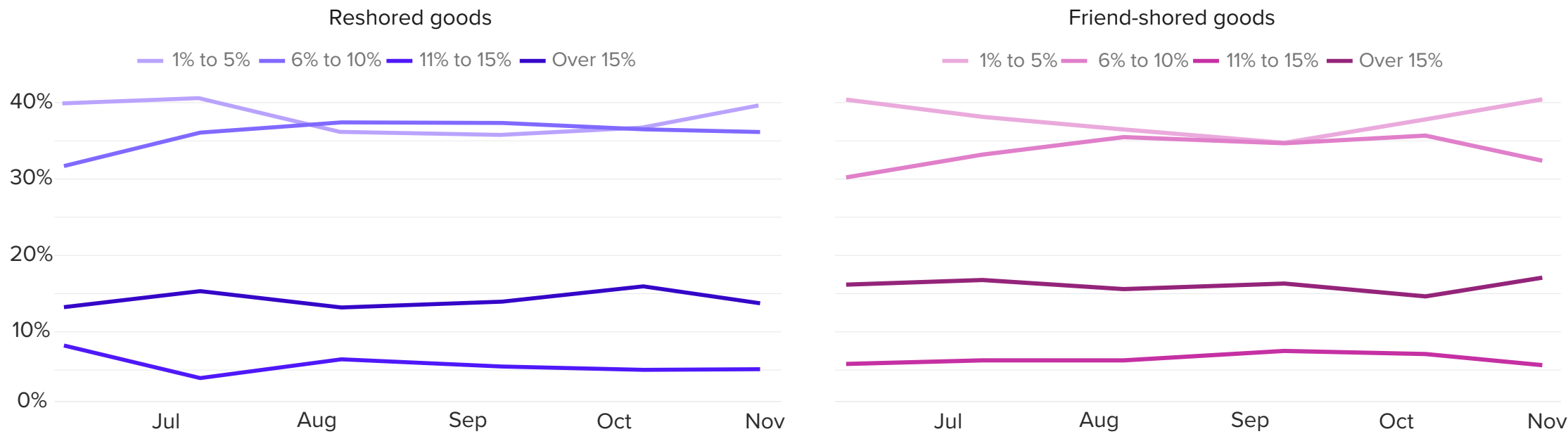
Adults were asked if they would be willing to pay more for the following:



Surveys conducted June 8-10, 2022, among a representative sample of roughly 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and May 31-June 7, 2022, among representative samples of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points.

Shares of U.S. adults willing to pay at least 15% more for friend-shored goods and 6% to 10% more for reshored goods are trending up, pointing to the potential for modest cost offsetting

Shares of U.S. adults reporting how much of a premium they would pay for friend-shored and reshored goods, among those who said they were willing to pay more

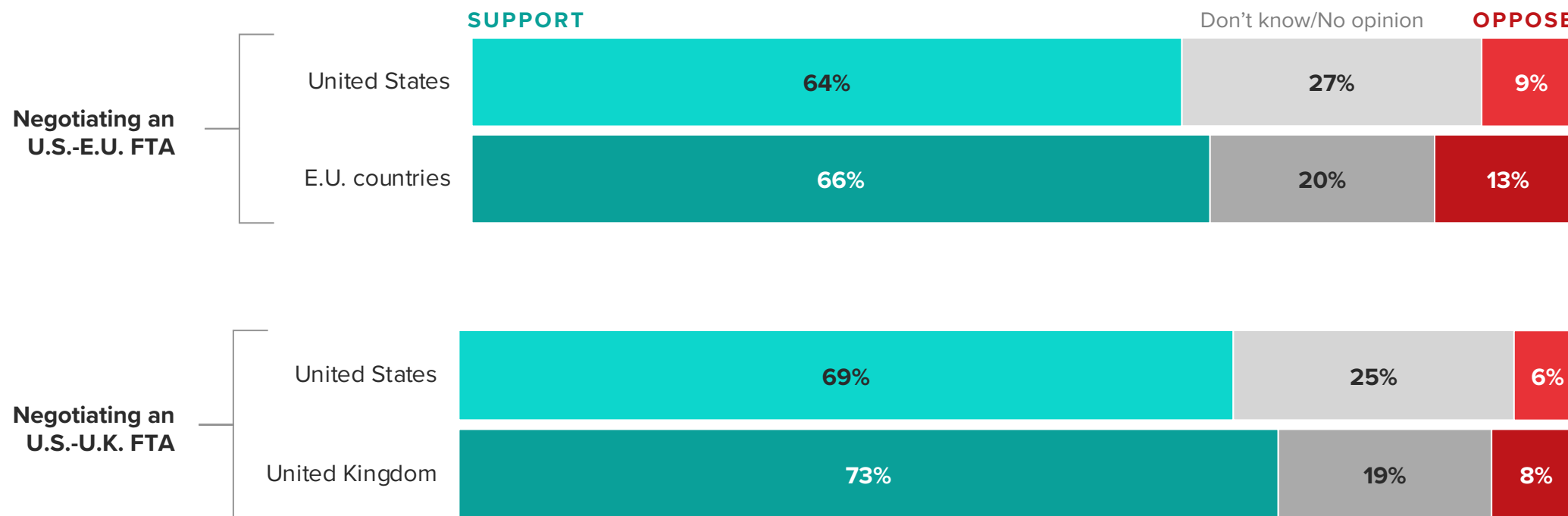


Surveys conducted June 10-Oct. 31, 2022, among representative samples of 2,210 U.S. adults each, with unweighted margins of error of +/-2 percentage points. Responses of "Don't know/No opinion" not shown.

TRADE & SUPPLY CHAINS

Support for trans-Atlantic free trade deals is nevertheless high on all sides, suggesting an emphasis on shared values and protecting domestic industry could drive an agreement

U.S. and European support for trans-Atlantic free trade agreements

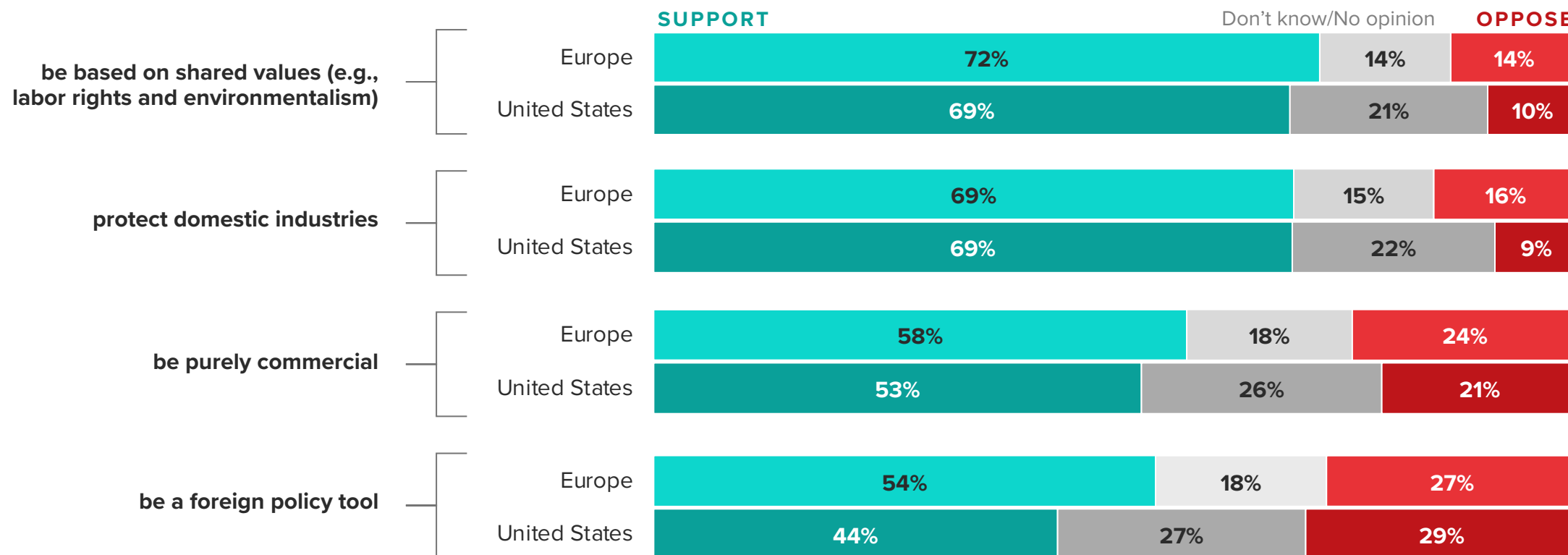


Surveys conducted July 7-8, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and July 12-16, 2022, among a representative sample of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points. Figures may not add up to 100% due to rounding. Values reported for "E.U. countries" represent simple averages of data from the four E.U. countries.

TRADE & SUPPLY CHAINS

Leveraging trade as a foreign policy tool resonates the least among U.S. and European adults, which could pose a challenge for negotiations in the coming years

Shares of adults who think trade relationships should ...



Surveys conducted May 9-12, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points. Figures may not add up to 100% due to rounding. Values reported for "Europe" represent simple averages of data from the five European countries.

SECTION SUM UP

Cooperate to isolate -- expect unorthodox policies from an economic standpoint

Friend-shoring on an upward trend, but consumers largely don't want to pay for it

A trans-Atlantic trade deal could enjoy support, but it would need to focus on domestic protection, not international politics





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