

18 December 2025

AP Insights Christmas Message 2025



Dr Peter Collecott CMG was the British Ambassador to Brazil from 2004 to 2008, and prior to that the Head of the FCO's Administration. He had earlier postings in Germany, Indonesia, Australia and Sudan, and in London worked on Middle Eastern and EU affairs. Since leaving the FCO he has advised multinationals, governments and NGOs on business, political and sustainable development issues. He is a founding partner and Co-Chairman of the Ambassador Partnership LLP.



Richard Schiffer is an international lawyer qualified and licensed in the UK and the USA (Illinois). He is a founding partner, Co-Chairman and General Counsel of the Ambassador Partnership LLP. Richard was a pioneer in bringing to the UK the use of mediation for the resolution of commercial disputes, founding and Chairing the ADR Group from 1989 to 2016.

It is becoming a commonplace in these Christmas Messages to set out how tumultuous geopolitics have proved over the previous year, and to hope that the coming year will bring more stability and sanity. Once again, we are in that position. We live in unstable and hence uncertain times and are having to live from year to year – as individuals, businesses and countries.

2025 has been dominated by the return of Donald Trump to the White House, in a Presidency which has proved both even more erratic and even more determined to follow its “America First” agenda than the first Trump Presidency. Gone are the “adults in the room” – the senior military and experienced civilians willing to throw in their lot with Trump to contain his wilder whims and bring some coherence. Instead, Trump has surrounded himself with crony businessmen, commentators and ideologists, and a few politicians inexperienced in government or diplomacy.

The outcome is well known. Trump started his Presidency pardoning the 1,600 people who had been convicted for the 6 January 2021 attack on Congress and then moved on to implement his aggressive tariff policy, starting with allies and neighbours like Canada and then moving on to his “Liberation Day” “reciprocal tariffs” on the rest of the world. The rationales given for the imposition of these and subsequent tariffs range from the US having a trade deficit with a particular country, to a country “not being fair” to US big-tech firms or a country's justice system supposedly dealing harshly with a Trump ally. Equally, the purpose of such tariffs has not been clear – to reduce imports and stimulate US manufacturing, to punish countries for various misdemeanours, or to act as bargaining chips in future negotiations.

Access. Engagement. Resolution.

The result has been a massive increase in uncertainty across countries and economies; and a reduction in global trade flows and growth. However, because of the moderated reactions of other countries, the Trump policies have not led to a devastating trade war or a global recession. Most trading partners, including the EU, have not retaliated, but have confined themselves to negotiating less onerous tariffs in return for some concession to the US. To a degree, Trump's bully-boy tactics have worked. The exception is China who, step by step, have matched Trump's tariff impositions and forced him to largely back off.

The impact on the US economy is slower to manifest itself. Growth has continued, helped by Trump's huge deficit spending and the AI investment boom, and inflation remains moderate, although the labour market has softened. However, commentators expect growth and productivity to slow, and inflation to pick up, as the effects of a sudden jump in effective tariff rates work their way through the economy. Some are still predicting a US recession, which would drag the global economy down with it.

More worrying still are the effects, on the US and the world, of others of Trump's policies. The Administration is stretching to the limit, and probably beyond, the bounds of Executive power, cowering the Republican controlled Congress and relying on the Supreme Court's slowness of action and ultra-conservative majority. This is evident not just in Trump's usurping Congress' role in trade policy, but in his use of the Justice Department to retaliate against political enemies, the deployment of the National Guard in Democratic controlled major cities, and his boosting of ICE (Immigration and Customs Enforcement) personnel to round up possible illegal immigrants. These, and the concerted attacks on the major universities – accused of being bastions of antisemitism and left-wing ideologies – and on science and health policy, are seen by commentators not just as destroying the checks and balances inherent in the US Constitution but as typical actions of a proto-authoritarian regime.

The same trends – of erraticism and of destroying the established order – are evident in the Trump foreign policy. The re-withdrawals from the Paris Agreement on climate change and the WHO were expected. Less expected was the dismantling of US Aid, on which numerous major programmes in Africa rely; and Trump's neo-colonial attitude to Latin America, intervening in their domestic politics, and using military force in the Caribbean to intimidate the Maduro regime in Venezuela. Allies knew that under Trump the US would be a less reliable ally, but the transactional nature of the US's dealings with even very close allies, whether in Europe or East Asia, shocked many.

Trump's policy towards Ukraine and the wider Russian threat has caused major worries in Europe. The bullying of Zelensky in the White House was followed by threats to withdraw US military and intelligence support, and then by bringing Putin back from diplomatic isolation at the Alaska summit. The US has put forward two peace plans which follow the Russian prescription, forcing Ukraine to rely on the Europeans to try to restore some balance, without stimulating Trump's ire. US intelligence support continues, but military support has become transactional – US weapons paid for by the Europeans. 2026 will show whether Europe has really taken on board the need rapidly to increase defence spending to 3.5% of GDP, as promised, and meanwhile to take the load of supporting Ukraine until Putin finally loses his current confidence that he is slowly winning.

Trump was eventually more successful in forcing Israel into a “ceasefire” in Gaza. Thankfully, the Israeli hostages and some Palestinian prisoners have been released but this only came after a year in which Trump had given unwavering support to Israel’s actions in Gaza and been manoeuvred by Netanyahu into bombing Iran’s nuclear facilities. Israeli bombing of Qatar was the step too far. In the early days of the “ceasefire”, it appeared that Trump was restraining Netanyahu from resuming the fighting, but he appears to have given that up with recent Israeli strikes in Gaza, Lebanon and Syria. It is unclear whether he has also given up wanting to expel the Palestinians and turn Gaza into a Mediterranean resort. The only good news in the Middle East was that the new regime in Syria has proved more stable than had been feared and is taking steps to end the country’s isolation and to begin rebuilding.

While Ukraine and the Middle East held all the attention, a bloody civil war was raging in Sudan, Islamic extremists were creating havoc in West Africa and Ethiopia was slipping towards another bout of civil war.

The Trump phenomenon has helped to shift the tectonic plates of global power even further, and not to the advantage of the disunited West. Trump’s bringing of Putin back in from the cold did nothing to weaken the Russia-China relationship. In addition, Trump’s tariffs on Indian exports, as punishment for buying Russian oil, has undone years of Indian-US rapprochement, and pushed India closer to Russia and its old adversary China. China is the big winner from all this – geopolitically, and from US scientific and technological protectionism. The Global South is re-insuring with China, which is moving into positions of global leadership being vacated by the US, and pursuing its objective of a new world order more amenable to them.

As a Christmas present, the Trump Administration has presented us with a new National Security Strategy which confirms that the US is no longer interested in multilateralism – or the issue of climate change – a rules-based international order, the promotion of democracy, or free trade. Instead, the emphasis is on national sovereignty and spheres of influence of the major powers. The Western Hemisphere is to be dominated under a revitalised Monroe doctrine, and Europe interfered with to reverse “civilisational erasure” and to re-establish strategic stability with Russia, implicitly at Ukraine’s expense. Apart from that Russia is barely mentioned; China is to be contained. Not surprisingly, Moscow has welcomed the new Strategy!

However, all this may change in 2026. Other national leaders are not just watching what is happening in the US. They are calibrating their own domestic and foreign policies according to how they perceive the United States, under whichever President and party, is going to behave in the next decade.

What has happened in the United States in 2025 is not new. It has happened several times in its history– a group from a certain political posture seizing power to further their own goals. This time it is the MAGA movement.

However, Trump now has very low approval ratings, and there is pressure building relating to the cost-of-living, disclosure of the Epstein Files, and the recent double-tap strike on a civilian vessel in the Caribbean. After the mid-term elections in November 2026 Trump will still be President but

his power, and the erratic exercise of it, would be severely diminished if the Democrats were to win a majority in both the House and Senate.

Against that unpropitious, but not entirely pessimistic, background it only remains for us to hope that you are able to catch your breath and regain a sense of proportion over the coming holiday season. We wish you and your families a Very Happy and Peaceful Christmas and New Year!

Access. Engagement. Resolution.

The Ambassador Partnership can help in connecting with networks around the world, with insights for business and government policy, to address global challenges

To discuss how we can help you please contact:

Tracey Stewart
Partnership Secretary
tracey.stewart@ambassadorllp.com
www.ambassadorllp.com