

Looking Ahead to 2019

Insights and Analysis from APCO's Global Team



The Year Ahead: What Trends Will Dominate 2019?

Brad Staples, CEO of APCO Worldwide

2018 was a long year. The theatre of U.S. politics enthralled and appalled in equal measure; visionary corporate leaders went from putting cars in space to losing their jobs; Brazil promised to accelerate deforestation in the Amazon; and worldwide traditional media faced an onslaught against their credibility and trust.

It's no surprise in a market place increasingly defined by rapid evolution, social disruption and ever-changing world events that the need to respond quickly on emerging issues will be paramount in 2019. Agility and resilience will be the key traits for corporates to adopt next year if they are to keep ahead of competitors in this new landscape. Many global businesses are ill prepared for an increasingly challenging global regulatory environment, to respond to complex social issues and especially to geopolitical threats and political uncertainty. But those that are better prepared, will be better insulated from unforeseen global shocks. So, what could be on the horizon for 2019?

Populism the persistent disruptor

Next year the world faces a series of challenging political and social events, many of which have the potential to cause severe disruption in significant economies like India, Nigeria, the UK and Indonesia. Brexit will create instability and uncertainty in the global market place; the US political system will remain distorted by Trumpism; Narendra Modi faces flagging popular support in some regions ahead of India's general election despite the country moving into the world's top 5 economies; and an ailing Nigerian President will seek re-election over Africa's biggest economy. Meanwhile several European states, as well as the European Parliament elections, will feel the impact of the new face of social discontent and intolerance fueled populism. Whether it's the far-right or gilet jaunes, there's sustained velocity to this discontent expressed in the form of nationalism, anti-globalisation sentiments and a deep frustration with the current political class across Europe.

Recession?

U.S. economists and market analysts are warning of another recession in the United States with nearly half of America's CFO's thinking this will take hold by the end of 2019, with 8 in 10 predicting it will happen by 2020. Stock markets are ending 2018 with a high level of volatility and weak prospects for 2019. The risk of a U.S.-China trade war, the large amount of U.S. corporate debt fed by low interest rates and widening inequality poses serious questions for the American economy. All eyes will be on the U.S. Treasury in early 2019 with the risk of knock-on effects in Europe facing a turbulent Brexit and several economies only just recovering from the financial crisis a decade ago, a debt laden China in Asia and global multilateral trade agreements under fire.

Weaponisation of social media

A sad reflection of the pervasive impact of online media is the ease with which negative, false and damaging narratives are conceived and disseminated at lightning speed. This year saw some extreme examples of individuals and high-profile leaders being demonised for their daily work. In an already toxic media environment, it has become all too easy to weaponise social media platforms and provoke shocking offline behaviour, further blurring the line between off and online lives. The spate of bombing attempts against former U.S. political figures, the politically motivated anti-Semitic vitriol against philanthropist George Soros, and the attacks on U.S. journalists in their offices should be warning signs to media platforms that there are real world consequences to the proliferation of online conspiracy theories and hate speech. 2019 will see mounting pressure on big tech firms to engage and take steps to halt this spiraling pattern or risk an angry public forcing government regulators to take action.

Revival of liberal grassroots

The blue wave of Democratic victories in the U.S. Congressional elections has energised grassroots activism and next year will see the beginnings of the long-awaited Presidential campaign of 2020. A potential rebirth of liberalism is on the cards uniting behind younger and charismatic political figures who are media savvy and digitally adept. In Europe, calls for a second Brexit referendum have been led by more liberal parties and younger generations while in Germany, the surge of support for the Green Party has outstripped the rise of the far right. In India, a coalition of centrist and liberal groups poses a real challenge for incumbent Prime Minister Modi and President Duterte is facing pressure for his crackdowns beyond street criminals.

China filling a void

Despite a slowing economy, facing growth of a still enviable 6.5% and the growing rift with the United States, China is poised to fill an American sized void in global economics, geopolitical issues in the South China Sea, investment in Africa and influence in multilateral institutions. The continued withdrawal of the United States from the international arena has provided President Xi with a perfect opportunity to extend China's influence into new markets and buttress Chinese power abroad. Internal challenges like anti-corruption drives and long promised aggressive tax cuts will shore up support for any domestic changes and will be keenly watched as a bellwether for the health of Asia more broadly.

Corporate Leadership driving change

This year we saw a surge in corporate leadership and bold social initiatives as firms responded not only to the needs of consumers but became highly attuned to the concerns of their own

staff. Nike's stance on socially sensitive campaigns involving Colin Kaepernick and Serena Williams gained huge support from the public, while Google's Dragonfly work in China caused significant unease internally causing leadership to pull the project. Next year, firms big and small will be expected to be particularly sensitive to the audiences they interact with both externally and internally. Risky or chaotic leadership styles may well no longer be tolerated by internal stakeholders nor by shareholders.

Global Leaders See Trend of Economic Nationalism and Protectionism Impacting Business in 2019

As the beginning of 2019 nears, companies, organizations and global leaders are preparing to face the many disruptions that await them in the new year. To better understand the current and future landscapes, we surveyed a select group of 28 members of [APCO's International Advisory Council \(IAC\)](#), and asked them what they see as the most prevalent and mission-critical trends moving forward.

When asked to identify what they think will make the biggest impact on global businesses in 2019, a vast majority of surveyed IAC members (75%) listed economic nationalism and protectionism in their top two trends.

Other commonly identified global trends included:

- Automatization of industrial jobs (28%)
- Economic inequality (25%)
- Backlash to immigration in the United States and Europe (18%)
- Climate change (18%)

Those surveyed were split on who they feel is best positioned to cope with and influence global trends in 2019. Fifty percent of the IAC members identified government leaders as best positioned heading into 2019. Perhaps more surprisingly, nearly half of the respondents (43%) viewed corporate leaders as those best positioned to influence global trends in the new year.

However, despite many respondents' belief that corporate leaders *will* face these trends in 2019, doubts over their readiness to do so were pervasive.

When asked how confident they are that today's CEOs and CCOs are prepared to handle key global trends in 2019, no surveyed IAC member responded saying that he or she was very confident. The vast majority were somewhat to a little confident, and 7% were not at all confident that corporate leaders are prepared.

It's clear that corporate leaders need to do everything they can to ready themselves to face the disruption that awaits in 2019, as companies—as well as governments—will be on the front lines in the new year.

In Their Own Words

For further insights on what to anticipate in 2019, we asked our surveyed IAC members to, in their own words, identify what global trends will most impact businesses in 2019. The following is a selection of their responses:

“For me, the biggest trend and challenge facing companies in 2019 will be confronting and resolving the accelerating pace involved in dealing with the complexity of ‘change’ in all its forms. Whether it’s change generated from global affairs, change emanating from extreme weather, change coming from increasing populism, or change generated from digital trends; change creates uncertainty and tension. Dealing with the multi-dimensional levels of “change” requires agility, problem-solving skills and collaboration.”

– [Tim Roemer](#), former U.S. Ambassador to India and U.S. Congressman

“The age of multilateralism after the Cold War is being replaced by bipolarism, due to the rise of countries that do not engage in multilateral ideals. China’s rise is an indicator of this change. The hesitation of world leaders standing for multipolar or bipolar global order is accompanied with another shift of poles from West to East called Easternification. This is the trend that underpins all others.”

– [Edit Herczog](#), former Member of the European Parliament

“The automation of jobs and its impact on the respective workforce is a major trend. As you see an increase in robotics and artificial intelligence, there will be significant disruption in the workforce. While this will undoubtedly lead to opportunity, there could also be significant reduction in workforces throughout the world. It will be critical for leading companies to find a balance between new technologies and traditional employees to ensure that they are successful.”

– [Eric Kraus](#), former Chief Communications Officer at Clean Harbors, Bacardi and Covidien

“I see green consumption, the discrepancies between trust and data privacy, and the continued rise of alternative and renewable energy as the trends to watch in 2019.”

– [Claudia Fritsche](#), former Ambassador of Liechtenstein to the United States

“I think national and global trade issues will have the most impact on U.S. economic performance and global business generally, especially the U.S.-China trade relationships.”

– [Dan Glickman](#), former U.S. Secretary of Agriculture and U.S. Congressman

Views from APCO's Team of Global Experts

As the global business and political communities prepare to turn the page to 2019, APCO's team of experts took a closer look at trends in areas key to businesses and our clients.

A Look at Digital – [Rachael Siefert](#), New York

As we head into a new year, one thing is clear: Integration is my theme of 2019. Continuing to integrate a digital way of thinking into all communications efforts and a further integration of digital technology and experiences into our everyday lives as consumers. Specifically, I'm thinking about a couple trends as we head into the new year:

1. This year we saw a move past personalization to customization of everything from content to experiences. It's not enough to be able to know who a person is – we need to know what they care about and how they think and behave. In 2019 we will continue to evolve how we leverage and combine data to create better audience personas that understand interests and behaviors.
2. 2018 was not business as usual on social media platforms. Next year we will see more brands continue to experiment with leveraging influencers, using story and live content, and refining ad strategies to combat the decline of organic reach and engagement. The platforms will continue to evolve, and brands will need to remain agile to adapt and break through.
3. The explosion of voice technology over the past few years provides a really exciting opportunity for brands to engage with people in their homes as they go about their everyday lives. While voice and speech recognition technology has been around for a while, the improvements in the technology and rapid adoption among consumers recently has brought us to a tipping point. From search to purchasing, the opportunities are limitless for brands.

A Look at Health – [James Tyrrell](#), London, & [Alex Lazorchak](#), New York

As patients increasingly become active consumers, engaging them and meeting their demands for convenience, transparency and rapid access has never been more important.

This growing dynamic opens the door for unconventional health companies to continue to enter the space. These companies have a significant advantage, benefitting from their knowledge of customer service experience that has already disrupted their core markets and seen the emergence of unlikely, yet exciting new partnerships like that announced by Amazon, JPMorgan Chase and Berkshire Hathaway.

Unexpected health players aren't the only issue health and life science companies will need to be prepared for. The dynamics of increasingly complex treatment solutions will require a new focus on fit-for-purpose regulation supported by advances in big data, real world evidence, AI and machine learning.

Yet, this will sit against a backdrop of continuing government unpredictability, growing cyber-attack threats, and an expectation for companies to take action on social issues. This requires agility, and a strong understanding of companies own corporate values.

Above all, we can expect an acceleration of innovative communications practices and channels which will likely lead to new and unexpected partnerships being developed.

A Look at Technology – [Travis Bullard](#), Raleigh

As we prepare to ring in 2019, we continue to see a few fundamental technology trends and complex business issues dominating business and political dialogue. It's now been repeated enough to the point of being cliché, but with every passing year it seems to become even more true that every company is now a tech company.

We've entered a period of upheaval, driven by connectivity, artificial intelligence and automation, where technology impacts every aspect of our daily lives in ways large and small, directly and indirectly. Innovation in these areas impacts decisions we make in our own lives and influences decision makers in every area, from government, to business, to education.

Of paramount importance in this new year will be strengthened stakeholder relationships with enhanced external and internal communication strategies, education and influence in legislative and regulatory spheres, and closer partnerships with emerging technology innovators.

Many businesses and governments are moving at speed and scale to shape rather than follow legislation for future innovation. Smart businesses know they must engage with external audiences differently, and they must attract and retain talent differently, all while keeping governments and the public comfortable with the pace of innovation.

It's clear that investments in new conversations, new relationships, and new partnerships will need to be formed for organizations to understand and engage with the advancements we see in data privacy and security, AI, and the reality of Industry 4.0 and IoT/connected ecosystems, to remain agile and turn technology innovation into a source of competitive advantage.

A Look at Finance – [Jeff Zelkowitz](#), New York

APCO's financial practice will be tracking a few major themes for 2019 with the potential to impact many companies and the way they communicate.

Financial Volatility Ripples Through the Economy

We entered 2018 with a Goldilocks economy but the world is ending the year in a deep funk. After a decade of keeping interest rates near zero to help the economy recover and tamp down volatility caused by the global financial crisis, the U.S. Federal Reserve's policy of raising interest rates back to "normal" levels is having huge ripple effects. This has already hit investors in the stock market and the consumer through a wavering housing market and put stress on the financial services sector. Higher rates affect anyone with a mortgage and are especially bad for governments, financial institutions, businesses and consumers that have taken on excessive risk. That said, there does seem to be political and private sector appetite for infrastructure investment and community development projects to generate long-term economic and social benefits. Global businesses are also bracing for higher prices and supply chain disruptions from trade tariffs and tensions in the relationships between the United States, China and the European Union and within North America. Companies restructuring their finances, realigning global operations and laying off workers will need to articulate a longer-term strategic vision.

Fintech: The Good, the Bad and the Ugly

The use of technology in financial services will accelerate. Fintech has enormous potential to do good, by powering simple financial services that help people save for retirement, stick to a budget or transfer money to their families across borders. Payments become a secure swipe thanks to Fintech. These solutions can increase access to financial services and credit for under-served communities, while artificial intelligence and Blockchain technologies can give investors an edge, prevent fraud or increase financial transparency. The bumps in the regulation of Fintech will come through the data door: Innovation needs data analytics, but consumers want protection, and the difficulty will be to find the middle ground. Finally, this has been ugly year for Bitcoin. Speculation in cryptocurrencies will create more potential for bubbles, but also fuel new ideas for digital tokens to create new markets.

M&A: Bigger gets Badder

At a time of rising populism, political activism and competing economic blocks, it is inevitable that the power of corporate and tech giants is inviting more scrutiny and criticism. 2018 was a hot year for mergers but we also saw regulatory and other stakeholder resistance to consolidation in several industries. The U.S. Administration has challenged large mergers, the European Union seems to have a soft spot for national champions, and Chinese authorities sometimes take a different view from U.S. and E.U. regulators on multinational mergers. It will

be more important than ever for companies to demonstrate the innovation potential, consumer benefits, and social value of their strategies and a ground game for getting deals done in this new environment.

A Look at Corporate Activism in Geopolitical Crises – [Alison Patch](#), Washington

When c-suites started embracing corporate activism just a few years ago, no one fully grasped how significant the movement would become. At the time, issues such as LGBT rights, environmental stewardship, and diversity in the workplace were considered thought-provoking and leaders were praised for their boldness in pioneering social change.

In 2018 corporate activism is very much a part of doing business, but the world is changing. Today, a progressive stance on climate change is considered table stakes for major oil companies and tech giants are speaking up about transgender rights. The global workforce, more connected than ever before, is driven by a generation which demands political action.

Despite the new norm, the rise of populist governments and return to authoritarianism globally shines a light on a growing corporate vulnerability: how to integrate corporate activism into the world's diverse cultural landscapes.

Throughout 2019, corporate activism will take on a new evolutionary stage. As geopolitical controversies grow, companies will no longer have the luxury of choosing a platform for social responsibility, instead they will be forced out into the open on issues as big as border disputes and technical as data privacy. Authenticity of corporate social responsibility programs or corporate foundations will be placed under the microscope as the activities of unrelated business units in challenging political environments are scrutinized. What was served as an opportunity to leverage the power of an international company may be perceived as a “green washing” campaign, or worse.

From China to Ukraine to the West Bank, corporations are at risk for having their platforms and products hijacked by greater political interests and they ought to prepare. Internationally, corporate activism may look more reactive than proactive in 2019.

A Look at Influencers – [Andre Smith](#), New York

“Influencer Fraud” is a term defined as the use of bots to inflate engagement rates and follower counts. [According to a Points North Group Study](#), 20% of mid-level influencers' followers are likely fraudulent. This revelation spurred one of social media's largest platforms (Instagram) to crack down and eliminating fake accounts.

This term applies to much more than just fake social media bots; Agencies claims of taking a data-centric and measured approach to influencer work, often results in surface-level analysis

and impressions-driven results can fall under the guise of influencer fraud. This type of approach does not focus on building long-term relationships with influencers that captures consumers eyes, hearts and minds.

As we enter 2019, we need to answer the question of *“how do we meaningfully engage influencers?”* and turn away from influencer “media buys”. Here at APCO, we’ve developed a methodology called Telescope, a propriety influencer science process, rooted in data and human intelligence.

By leveraging digital analytics, we can not only effectively identify influencers (including their relevance and resonance within a given space), but have a firm understanding of what they *actually care about, talk about and when to build meaningful engagements* that will positively impact a client’s needs and goals.

Agencies need to adopt a data-centric approach to truly understand how influencers can have a measured impact on their client’s business. A deeper level of rigor allows for not only effective strategies but offers an in-depth knowledge of *when and how* to engage influencers. Successful implementation of this approach will ultimately position clients as champion brands: advocating for the issues and conversations their stakeholders care about the most.

A Look at Cyber Policy – [Jay Solomon](#) & [Aftan Snyder](#), Washington

Influence operations and hacks that target politicians, voters and elections have proliferated in recent years. Russia’s interference in the 2016 U.S. presidential campaign, and its flooding of fake news and stolen data into the public realm, is the most notable example of this trend.

But these types of cyber operations are also infecting the commercial space. Companies increasingly find themselves and their brands under assault from sources, often anonymous, attempting to stealthily sway public opinion and consumer preferences against them. In other cases, companies face outright breaches from malignant actors who seek to steal data.

The digitization of the United States economy has made companies even more vulnerable to hacking operations, especially over the past five years. The “Internet of Things” is exponentially growing the number of software-driven devices embedded in everything from washing machines to pace-makers. Programs and technologies need privacy and security embedded in the design from the very start, so that criminals and hackers cannot hijack these capabilities or use the open data sets and video for their own purposes.

All this represents a new threat-landscape that both public and private organizations need to consider when weighing risk and protection.

In terms of risk, organizations will increasingly face the conundrum of how-to price insurance for cyber incursions. How do companies know if they are vulnerable, and would it be possible to buy insurance against digital vulnerabilities? Is cyber insurance something that insurance providers should expand coverage to include? None of these questions have clear answers.

In terms of protection, there are measures that companies can deploy. First, they can take a posture of 'active defense', or robustly building up digital infrastructure to close gaps and minimize vulnerabilities. Often this can be achieved by relatively simple and affordable products, services and best practices, such as ensuring employees receive regular cyber risk training, thereby protecting an organization's IT infrastructure and data from malicious disruption or theft.

Human error or human behavior contributes to about 90% of all cyber claims today. Until the government can implement new laws (or revisions to old laws) on cyber behavior and security standards, addressing the human element might prove the most immediately useful method to protect against a growing trend of online crime.

A Look at the U.S. Congress in 2019 – [Anthony DeAngelo](#), Washington

The 116th Congress will be unlike any in modern history. Here are three things to watch for as the new Congress kicks off:

A Six-month Congress

Technically, the 116th Congress will last two years. Realistically, it'll last six months. As Democratic presidential hopefuls begin to throw their hat in the ring and the national political press corps empties out of Washington, DC to Iowa and New Hampshire, the ability for members of Congress in both chambers to effectively legislate and communicate will be severely hampered. Watch for Speaker Pelosi to drive an aggressive 100-day agenda and put her members on a path to go into the August recess with some quick wins. After that? Any oxygen left for compromise will be burned up by the political firestorm that will be the 2020 presidential cycle.

A House Divided

It's a refrain we've heard from a number of incoming freshmen Democrats and members of Democratic leadership in the House: "we're here to get things done." There's no doubt they'll try. From campaign finance and government transparency legislation to infrastructure and health care, the new Democratic House will legislate on the same issues they ran campaigns on. However, a wave of investigations into the Trump Administration and the potential of a bombshell report from Robert Mueller will divide the time and focus of an ambitious House majority and impact its ability to message on any legislative accomplishments.

A Senate Absent

How does a legislative body function when a third of its members are actively seeking another office? That's a question that Senate leadership very well might have to face as Senate Democrats begin to explore their odds at becoming the party's presidential nominee. Without a supermajority, Senate Republicans will find a hard time getting an agenda through their chamber and will largely serve their traditional role of being the 'cooling saucer' to the House's 'hot tea.'

A Look at Four Crucial Elections Around the World in 2019 – [Nicholas Whyte](#), Brussels

As we move to 2019, the following four elections are most likely to impact the global political dynamic:

India: April and May

A test for the world's largest democracy: can Prime Minister Narendra Modi hold on securely for a second term? Can opposition leader Rahul Gandhi advance from the devastating results of the last two elections? Polls suggest that Modi's National Democratic Alliance will certainly come out ahead, but it's not clear that he will have a majority of seats in the Lok Sabha. Expect the influence of minor parties with purely local or sectional concerns to grow.

European Union: May

The European Parliament has symbolic power, indicating the political pulse of the continent, as well as legislative heft. Will traditional politicians, scrapping among each other for top place, end up with a sufficiently strong lead over the forces of populism and disruption to enable business to continue? How will the results translate to the EU's regular institutional renewal?

Nigeria: February

Before either of these, Africa's largest country will choose its president and legislature, with President Buhari seeking to build on his narrow victory in 2015. He faces a strong challenge from former vice-president Atiku Abubakar. In the event of a tight result (which would certainly be contested by the losers), it could happen that the Presidency and National Assembly are won by different parties, putting Nigeria's constitutional structure to the test.

Canada: October at the latest

The last big contest of the year is Justin Trudeau's chance to renew his mandate from 2015. The political landscape is very different now. The new leaders of both main opposition parties,

the Conservatives and the New Democratic Party, will both turn 40 between now and the election. The Conservatives have rallied of late, but the latest fracture in the politics of Quebec may prove to help the Liberals more than anyone.

A Look at Russian Sanctions – [Glyn Cozart Chaney](#), Washington

Policymakers in the United States, Europe and Russia face a quickly-evolving sanctions landscape going into 2019; opportunities to strengthen current sanctions through new legislation will be offset by emerging challenges in enforcing existing regimes.

While the U.S. and EU struggled to coordinate sanctions targeting Russia in 2018, crises such as the recent conflict in the Sea of Azov have strengthened transatlantic efforts to fight against Russian aggression in Ukraine. The EU is planning to maintain its Ukraine-related sanctions and is now more open to expanding sanctions in early 2019. The EU has also started discussions on a European Magnitsky Act, building from legislation passed by the U.S., Canada and others to target human rights abusers and corrupt officials around the world.

In the United States, sanctions policy will only become more complex. Congress will call on Trump's administration to improve enforcement of existing programs, while developing legislative fixes to close some of the prior loopholes. But the United States risks losing the moral high ground on sanctions policy, with some viewing sanctions targeting Russia and threats against Nord Stream 2 earlier in 2018 as part of America-first protectionist trade policies rather than about broader national security issues.

On the other side, the Russian government will continue to develop policies that shield its companies from the impacts of sanctions. Efforts to avoid disclosing beneficial ownership information of Russian companies, as well as policies urging businessmen to repatriate assets to Russian soil, will make it more difficult to track illicit financial flows next year. Russian businessmen will also bring the fight directly to Washington and European capitals, increasing direct lobbying efforts to minimize the impact of sanctions.

A Look at Destination Marketing – [Liz Sen](#), Dubai

It is impossible to talk about promoting destinations without acknowledging the foundations on which destinations worth promoting are built. Megatrends, evolving consumer demand, technology, the political environment and the green economy are all changing the face of tourism.

Understanding what makes a destination attractive for people is key to boost tourism and develop local economies and infrastructure, raise export revenue, create jobs, and importantly, connect humanity across the world.

In a recent report, for example, [OECD](#) estimates that global tourism has witnessed continued growth over the past 60 years, with 2016 seeing an estimated 1.2 billion arrivals in 2016. This figure is expected to rise to 1.8 billion by 2030, with emerging markets receiving the bulk of the tourist arrivals over the next decade. Whereas, tourism accounts for 10.4% of global GDP, and employs one in ten people around the world, according to latest estimates from the [World Travel & Tourism Council](#) (WTTC).

Given the rise of a new middle class, the youth explosion, increasing consumerism and better, more affordable connectivity, there is no doubt that will keep people moving around the globe.

Getting ahead in this race, however, requires a tourism strategy that focuses on improving competitiveness, enhancing the quality of services, attracting businesses and making the industry sustainable and inclusive.

Destinations will have to identify and promote their unique assets and appeal to travelers with the promise of unforgettable experiences. They have to work closely with regional actors, utilize technology in the management of resources and constantly transform and adapt to keep visitors' interest intact and meet their needs.

When it comes to the details, however, there is no one-size-fits-all solution. This is where destination marketing becomes significantly critical, allowing countries to sell a story to attract tourists.

[Click here](#) to read more from Liz on this topic.

A Look at US-China Trade Frictions – [Kaj Malden](#), Washington & [Caroline Meinhardt](#), Beijing

At a macro-level, observers should anticipate a broadening of U.S.-China bilateral tensions which extend beyond trade in 2019. Additionally, though Washington and Beijing have bought 90 days to reach a negotiated settlement, the abbreviated timeline for trade talks suggests only a framework agreement will be possible.

Asymmetry of Expectations

China is unlikely to submit to U.S. demands for structural changes to its economic system, making only a framework agreement that nominally reduces the bilateral trade imbalance possible. Combined with the United States' likely continuation of measures against Chinese technology policies, it is very likely that trade tensions and broader U.S.-China competition will continue long into 2019.

Systemic Risks

Some risks are unforecastable, given the incompatibility of the United States and Chinese political systems and significant domestic political pressures that could encroach on Presidents Trump and Xi. This political incompatibility and the possibility of domestic political “shocks” could either accelerate compromise or inflame tensions in unforeseeable directions.

Key Sectoral Risks

With the U.S. government fixated on national security concerns and Beijing on technological “self-reliance,” it will be difficult for both sides to reach an agreement that solves deep-seated concerns in ICT. It will be easier to achieve negotiated settlements over agriculture and manufacturing, due to their non-sensitive nature when compared with ICT.

[Click here](#) to read more from Kaj and Caroline on this topic.

About APCO Worldwide

APCO Worldwide is a global communication consultancy. We help the most innovative organizations adapt and thrive in this fast-moving, interconnected and complex world, enabling them to reach their business and societal goals. We bring our clients' work to life creatively and digitally through diverse thinking and a campaign mentality that is not limited by any particular service or discipline, but embraces a variety of integrated tactics to achieve success. APCO is a majority employee- and women-owned business. Visit www.apcoworldwide.com for more information.