

U.S. Policy in the Middle East
in the Second Trump
Administration and Its Impact
on Japanese Companies



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Katulis served on the Policy Planning Staff at the US Department of State and the National Security Council in the Near East and South Asian Affairs directorate in the second administration of President Bill Clinton. Katulis' private sector experience includes his current role at North Star Global Strategies, where he provides regular briefings on economic, political, and regulatory climates to facilitate successful business transactions and joint ventures, risk management strategies, and commercial dispute resolution.



What We Do:

1. Our experts shape diplomatic, legislative, and public discourse through publications, private briefings, testimony, and media.
2. Our Center for Arts & Culture promotes a more integrated understanding of the Middle East, forging people-to-people connections and creating a destination for exploring the role of the arts in the region.
3. Our international conflict resolution dialogues bring together civil society and political leaders to achieve impact through cooperation both in and outside of the region.

Trump 2.0's Overall Foreign Policy Approach

- Some modest gains for U.S. national security:
 - Increased NATO spending pledges
 - Rwanda-Congo peace deal
 - India-Pakistan deal
 - Multiple economic deals in the Middle East
 - Mineral wealth deal
- Main shortcomings:
 - No end to Russia's war against Ukraine
 - No clear outcomes from trade wars
 - Absence of a clear strategic approach on China
- Other notable priorities on the national security front:
 - Harsh immigration policies
 - Changes in U.S. national security institutions
 - Major cuts in investments in scientific research, clean energy, and the social safety net



2: Trump 2.0 Middle East Policy

1. Transactional diplomacy
2. Selective military engagement
3. Attempts to use America's economic power to gain leverage around the world



2: Trump 2.0 Middle East Policy (Cont.)

- Iran
 - Israel's military campaign against Iran along with U.S. strikes in June damaged the Islamic Republic's nuclear program and military capabilities.
 - Absence of a clearer assessment of Iran's current capabilities, including the status of its nuclear program.
 - Iran is strategically weakened but remains tactically and operationally lethal – it is down but not out.



2: Trump 2.0 Middle East Policy (Cont.)

- Israel-Palestine
 - Came into office with a cease-fire between Israel and Hamas in place, but that collapsed in mid-March
 - Continued to reflect a pro-Israel stance
 - Worsening human security conditions in Gaza
 - Failed attempts to reach another ceasefire and hostage release
 - Status of Hamas



2: Trump 2.0 Middle East Policy (Cont.)

- Enhancing the Stability of the State System
 - Syria: a major shift in U.S. policy opens up new possibilities, but key questions remain
 - Lebanon: steps in the right direction to support the new government
 - Yemen: an inconclusive military campaign against the Houthis
 - Iraq: Questions about a possible US troop withdrawal



2: Trump 2.0 Middle East Policy (Cont.)

- Counterterrorism
 - Targeted military operations and enhanced military intelligence cooperation with partners
 - Israeli attacks degraded but did not eliminate Iran's capacity to undercut regional stability
 - Limited airstrikes, sanctions, and financial controls
 - Lack of an overarching strategy for stabilization in the region



2: Trump 2.0 Middle East Policy (Cont.)

- Managing Relations with Key Middle East Partners
 - Trump's May 2025 Gulf visit
 - U.S. support to Israel in its ongoing military campaign against Iran and its "Axis of Resistance"



Trump 2.0's Middle East Policy

Key Analytic Judgements

1. Strategic communications and public relations are not an adequate substitute for concrete results that improve security conditions.
2. Personnel is policy, and personnel keeps shifting.
3. Divide and conquer domestic politics and global diplomacy may ultimately reduce U.S. power and influence.

2: Direct Impact on Economy and Business

- The Aftermath of “Spring Bling”
- U.S. “Economic Statecraft” and Japan’s Position
- Changes in the Middle East Investment Environment
- Supply Chain implications



3: Security Landscape and Business Risks

- Middle East instability and its impact on Japan's geo-economic interests
- U.S. foreign policy's impact on regional stability
- The reality of “Transactional Politics” and how it impacts Japan's economic statecraft approach



4: Recommended Strategies for Japanese Companies

- How to respond to uncertainty:
 - Establishing information gathering
 - Risk management systems
 - Decision-making processes
- Collaboration with the Japanese Government:
 - Diplomatic and economic strategies



Thank you
for your time.

