

Bloomberg

January 29, 2017

CEOs' Embrace of Trump Tested by Ban on Many Muslim Migrants

By Matthew Campbell

IdeaWorksCompany contributed information to this article - - see end of article.

U.S. President Donald Trump's order forbidding entry to the U.S. by citizens of seven Muslim-majority countries is the first major test of the corporate world's cautious embrace of his unconventional administration.

Global employers from Google to Bayerische Motoren Werke AG swiftly criticized Trump's dictate on Friday shutting the door to nationals of Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen — including refugees, visiting scholars and permanent American residents who happened to be abroad for work or holidays. The decision, termed a "Muslim ban" by critics, fulfills a campaign promise that even Trump allies had suggested shouldn't be taken literally.

"We would never think this would become any kind of an issue," Ludwig Willisch, the chief executive officer of BMW's North American operations, said at an automotive conference on Saturday. "This country is a melting pot, freedom of speech, everybody gets together and creates this great country. So, we were not prepared for this kind of thing."

Such criticism, which was matched by statements from the leaders of Germany, France, and Canada, stood in stark contrast to the warm words toward Trump just a week ago. Executives at the World Economic Forum annual meeting in Switzerland, including AT&T Inc.'s Randall Stephenson and JPMorgan Chase & Co.'s Jamie Dimon, praised him as a pragmatist who could end gridlock in Washington. Optimists suggested he would quietly drop pledges to tear up trade deals and reconsider defense commitments to allies.

The about-face was epitomized by Tesla Motors Inc. founder Elon Musk; earlier this week he praised Trump's nominee for secretary of state, former Exxon Mobil Corp. CEO Rex Tillerson, as a potentially "excellent" pick. On Saturday, he tweeted that "many people affected by this policy are strong supporters of the U.S." who "don't deserve to be rejected."

Immigrant Leaders

General Electric Co. CEO Jeff Immelt's response underscored the balance business will have to strike -- maintaining bridges to the administration while supporting their own staff. The company has "many employees from the named countries" who are "critical to our success and they are our friends and partners," he wrote in an internal email. GE, he said, would "continue to make our voice heard with the new administration."

By contrast, U.S. auto companies, whose home state of Michigan has a large Arab community, have been largely silent.

Reaction to the ban was sharpest from the technology industry, with Twitter awash in reminders that Apple Inc. co-founder Steve Jobs was the son of a Syrian immigrant. Among the first to speak out was Google CEO Sundar Pichai, himself an immigrant from India, who called the policy "painful."

Another India-born CEO, Microsoft Corp.'s Satya Nadella, took to LinkedIn to highlight "the positive impact that immigration has on our company, for the country, for the world." Brian O'Kelley, co-founder of advertising-technology provider AppNexus Ltd., called Trump's decision "ethically offensive" and a betrayal of "the fair-minded and generous values that most Americans share."

Companies including Amazon.com Inc. warned some employees not to risk leaving the U.S. lest they be prevented from returning.

Trump should expect sustained challenges from the tech industry in particular, said Ian Bremmer, the CEO of political consultancy Eurasia Group, because it differs significantly with him on issues from net neutrality to immigration. "While most every CEO wants to just 'get back to business' after Trump's election, that's going to prove much harder" for technology leaders, he said. "There's going to be a fight."

Implementation Hassles

Compounding business leaders' unease was the order's implementation, which included unclear directives on how border agents should treat the holders of so-called Green Cards, and contradictory statements about how it would affect those who hold passports from several countries -- for example, a dual citizen of Iran and the U.K.

For now, lawyers are advising such individuals not to travel to the U.S., or to stay put if they already live there. The new rules came into force with no transition period, leaving carriers like Emirates Airline and American Airlines Group Inc. unsure what to do with passengers booked to fly to U.S. airports, or already in the air.

"We are committed to protecting our people and will provide whatever support is necessary to protect them and their families," Michael Roth, CEO of advertising firm Interpublic Group of Cos., wrote in an e-mail. "Diversity and inclusion is part of our DNA and we will encourage efforts to support the free flow of talent across our global business units."

The move's implications extended far beyond the business world. On Sunday the British long-distance runner Mo Farah, a four-time Olympic gold medalist who was born in Somalia, said he may not be able to return to Oregon, where he trains and lives with his children. The Academy of Motion Picture Arts and Sciences said Oscar-winning Iranian director Asghar Faradi may be unable to attend this year's awards, for which his film *The Salesman* has been nominated.

Trump's order has "significant commercial implications," said Allyson Stewart-Allen, CEO of International Marketing Partners in London, who advises European companies on doing business in the U.S. "What do you do with an employee on an executive salary who's sitting in an airport lounge kind of like Tom Hanks in 'The Terminal'?"

Far beyond the specific ramifications of the policy, some business leaders are worried about long-term damage to the reputation of the U.S. as a beacon of stability – and a welcoming venue for immigrants from around the world.

"It seems to be intentional cruelty to send a message" that Trump is acting to halt terrorism, said Jay Sorensen, a former airline executive who's now president of consultancy IdeaWorks Co. "It seems like this was cobbled together and it's horribly disruptive. It gives us a big black eye."