

JETRO

**How Japanese companies view the  
U.S. Presidential and Congressional  
election results**

(Results of a Quick Business Survey from 630  
Japanese Companies based in the United States)

Japan External Trade Organization (JETRO)

New York Chicago  
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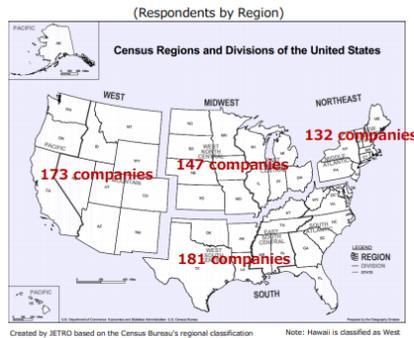
## **How Japanese Companies View the 2020 U.S. Presidential and Congressional Election Results**

About two months into the new administration, President Biden tackled many domestic issues, mainly policies related to the COVID-19 pandemic and the \$1.9 trillion relief package, the "American Rescue Plan," signed on March 11, 2021. President Biden appeared on national television for his first prime-time White House address and articulated that all adults will be vaccinated by May 1, which aimed to boost the U.S. economy rapidly and put forth a "massive effort" to open public schools safely. The President is also aggressively focused on rebuilding the U.S. infrastructure with these bold statements.

Before the U.S. Presidential Inauguration in January, JETRO conducted its widely popular Quick Business Survey, obtaining responses from 630 Japanese businesses in the United States. In 2020, JETRO primarily focused its previous surveys on the reaction and impact of COVID-19 by Japanese companies, which received high praise from many readers. This time, the survey is on Japanese companies' view towards the U.S. election results and some of the pros and cons they foresee with the new administration. The 630 companies that responded to this survey consisted of 343 manufacturing businesses and 290 non-manufacturing businesses. Most companies that responded had an employee range of 11-100, but responses showed a relatively good balance by the category of companies measured by employees.

## Survey Overview

Survey Period: January 7 – 8, 2021  
Valid Responses: 633 companies



❖ Respondents by Industries  
Manufacturing: 343  
Non-Manufacturing: 290

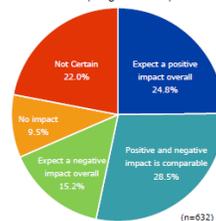
❖ Respondents by Number of Employees  
1~10: 183  
11~100: 226  
101~500: 144  
More than 501: 80

At the time of this survey, most of the companies stated either a positive impact (28.5%) or having positive and negative effects being comparable to each other (24.8%). In total, 53.3% stated the new administration would bring a positive impact to their business. On the other hand, 22% of the respondents were not confident about how the new administration would handle their business issues. By looking at these results from a regional perspective, Japanese businesses in the Northeast provided the most responses expecting a positive impact (37.4%) of the new Biden Administration. In comparison, the Midwest region saw an overall negative impact (20.4%). One can assess that the Midwest region has many manufacturing-related businesses that see a much more significant impact in their transportation logistics and global supply chain network.

## 1 | Impact of the Presidential and Congressional election results on businesses

- A majority of the surveyed companies (28.5%) stated the Presidential and Congressional election results have both a positive and negative impact that are comparable, while 24.8% expect a positive impact overall.
- The total for the responses above adds up to 53.3%, with more than half of the companies expecting the election results will have some kind of a positive impact on their business. On the other hand, 22.0% stated they are not certain, as these companies cannot measure the impact of the election results at this time.

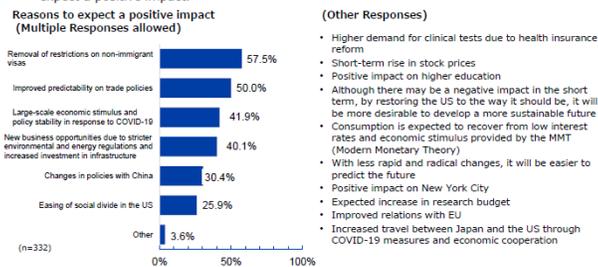
Impact of the Presidential and Congressional elections on businesses (Single-answer)



To dive a little deeper into the survey, JETRO provided multiple response questions about the previous slide statistics. For those businesses that expect a positive impact, removing the restriction on non-immigrant visas and improved predictability on trade policies saw most responses. Following the top two, 41.9% of the respondents stated the large-scale U.S. economic stimulus and policy stability in response to COVID-19 were positive indicators to their business. In terms of further direct investment potential in the U.S., 40.1% of respondents also stated that stricter environmental and energy policies and increased infrastructure investment would be beneficial to them.

## 2 | Reasons to expect a positive impact

- More than half of the respondents stated the leading reasons for expecting a positive impact is the removal of restrictions on non-immigrant visas and improved predictability on trade policies, indicating high hopes to reverse some of the policies implemented by the Trump administration.
- Additionally, the Biden administration's response to COVID-19 as well as environmental and energy policies both accounted for about 40% of respondents stating reasons to expect a positive impact.

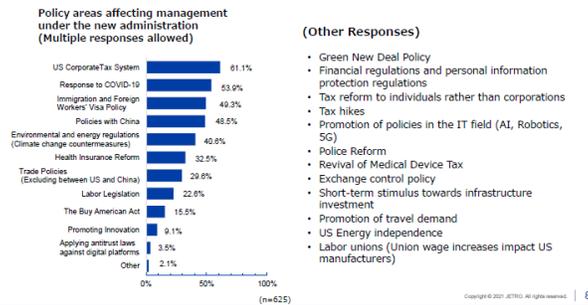


There is some cause for concern, as 79.7% of the respondents foresee a negative impact on business due to tax hikes, including the corporate tax. 50.9% of respondents are worried about the increased burden of healthcare costs, 39.9% believe the price due to the strengthening of environmental and energy regulations will also be a burden, and 37.6% were concerned about the cost of strengthening labor legislation.

As for policy changes, 61.1% stated that the U.S. corporate tax system's changes would affect management, which was in line with the results from the negative impact due to the tax hike in the previous slide. The other high response rates were related to COVID-19, immigration and foreign workers' visa policy, and US-China policies.

#### 4 | Policy areas affecting management under the new administration

- The leading policy areas affecting management under the new administration were the US corporate tax system (61.1%), followed by response to COVID-19, immigration and foreign workers' visa policy, policies with China, and environmental and energy regulations (climate change countermeasures). Many companies are awaiting further details on what kinds of policies the Biden administration will implement.



Still, many companies are waiting for further details on the policies implemented during the new Biden Administration's term. Based on individual feedback and additional comments, most company representatives stated that they closely watch all the new guidelines that could come forth, specifically the corporate tax and environmental and energy policy. Keywords such as "closely monitoring" and "wait and see" were often mentioned during the survey responses.

JETRO continues to closely interact with Japanese companies' activities in the U.S., strengthening the bilateral economic relationship. You can view and download our survey [here](#).

If you have any questions or comments, please reach out to your nearest JETRO office.

JETRO New York