

US Elections, Six Likely Policy Shifts, and Implications for Business

For the past two weeks, I have been traveling extensively around Europe, talking with hundreds of leaders eager to understand the implications of the US elections and the coming trifecta of Republican control—the Presidency, House, and Senate—along with a conservative-leaning Supreme Court. In these conversations, I’ve had the benefit of drawing on extensive work by [BCG’s Global Advantage practice](#), which has been reviewing a broad range of potential policy shifts.

The short answer is that we can expect a mix of bold moves and heightened uncertainty, resulting in a new playing field for many companies. Republican control means the coming administration will likely be able to advance many of its priorities swiftly. Businesses must stay ahead by preparing themselves to adapt.

Six Big Changes from a Second Trump Presidency

1. **America-First Trade Policies.** Protectionist measures, including tariffs and trade agreements, will be at the forefront, potentially reshaping global trade dynamics. For example, a 60% tariff on China, which President-elect Trump frequently highlighted on the campaign trail, could reduce trade flows between China and the US by around one-quarter, even before accounting for possible retaliatory tariffs. And, of course, yesterday’s announcement about tariffs on Canada and Mexico highlight the uncertainty we will likely face in the months ahead.
2. **Deregulation and Industrial Reshoring.** Policies will certainly include a big deregulation agenda and maybe accelerated expensing of investments, disincentives for

offshoring, and other measures to encourage domestic US manufacturing. These changes are intended to make the US more competitive. Alongside potential tariffs, they will compound Europe's existing competitiveness challenge.

3. **Expansionary Fiscal Policies.** On the campaign trail, Trump proposed a broad range of tax cuts for businesses and individuals that were projected to more than offset tariff income. Big questions remain about which of these will survive upcoming negotiations, as well as how much they can be offset by cost cutting with its heightened risk for increases in the already large US federal deficit. If the 15% corporate tax rate Trump proposes is enacted, US business taxes will shift from the middle to the lowest of the G7.
4. **Immigration Restrictions.** Tighter border controls and deportations were a major—and generally popular—campaign promise. In his first term, President Trump also pushed hard to tighten the legal process of immigration. Stricter immigration policies, particularly if coupled with large-scale deportation beyond recent arrivals, could add to wage pressures and challenge industries reliant on global talent pipelines. And with bold moves on tariffs, taxes, and industrial reshoring, inflation pressures may return as a real risk.
5. **Deprioritized Climate Agenda.** Rollbacks in environmental regulations, reduced clean energy incentives, and withdrawal from international climate commitments are all on the table. These shifts could alter competitive dynamics for companies in sectors such as energy, transportation, and manufacturing. And, of course, it will make it even harder to reduce global emissions.
6. **Transactional Foreign and National Security Policy.** “America First” applies here as well, influencing diplomatic and military commitments. Key areas to watch include US relations with NATO, China, and Russia, along with approaches to ongoing crises in Ukraine and the Middle East. In my conversations across Europe last week, this topic, along with tariffs, raised the most business-related concerns.

Implications for Business

Governments set the context within which businesses operate, and the US will soon alter this landscape substantially, likely leading other countries to respond. Leaders must therefore move fast along three dimensions to adapt and build advantage.

- **Strategic Planning.** Review your investment priorities, cross-border operations, and supply chains, particularly in sectors tied to manufacturing, energy, and technology. With potential tariffs or reshoring incentives on the horizon, understanding vulnerabilities, opportunities, and timing is key.
- **Risk Management.** Adopt scenario-based planning to better navigate uncertainties and act on no-regret moves, such as supply chain diversification and production relocation. An administration characterized by rapid decision-making means robust contingency planning is more important than ever.
- **Geopolitical Readiness.** Deepen investment in capabilities to anticipate, monitor, and manage geopolitical risks, including embedding risk-sensing into core processes. Building advocacy plans or alliances with others with similar interests will be essential, especially in areas related to trade and regulation.

What's Next?

For global businesses, the stakes are high. Many leaders see opportunities ahead, but there are also concerns. BCG just surveyed 300 C-suite executives globally to better understand their post-election views. Inflation and rising interest rates cropped up as dominant worries, with more than 40% saying these concerns had grown since the elections. At the same time, uncertainties about the economy have decreased.

The business community should expect things to move very quickly—cabinet approvals, many executive orders, aggressive deregulation, strong border actions, bold international steps in the world's hot spots, and a huge push on legislation. This may be one of the most active first 100 days for a government leader ever. That means businesses should be gearing up now for how they want to influence, engage, and adapt to the many changes ahead.

Until next time,

A handwritten signature in black ink that reads "Rich". The signature is written in a cursive, slightly slanted style.

Rich Lesser
Global Chair

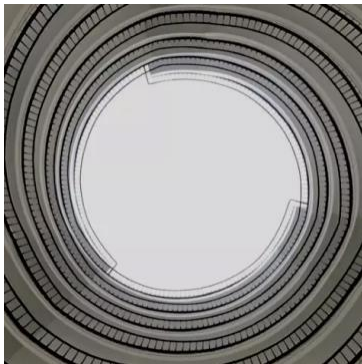
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