



## GR Japan Political Landscape Update

# The State of DEI in the U.S. and Implications for Japan <Updated with hyperlinks>

February 2025

President Trump has adjusted his stance on tariffs, taking a more gradual approach in response to backlash from affected countries. However, his administration's Diversity, Equity and Inclusion (DEI) policies are unlikely to encounter enough resistance from corporate America or the public to prompt any change in direction.

In fact, President [Trump is now taking a new approach based on "Merit, Excellence, and Intelligence \(MEI\),"](#) which emphasizes selecting candidates solely based on their qualifications, abilities, and intelligence.

Going forward, the debate between MEI and DEI will likely polarize U.S. corporations, with some doubling down on DEI while others embrace MEI. Considering Trump's actions to date on this subject, one can surmise that corporations will probably be pressured to reward MEI, emphasizing individual accomplishments instead of filling out quotas.

While investors are unlikely to make drastic shifts in their market indicators simply because Trump downplays DEI, market sentiment could change depending on the outcome of corporate strategies. If a major corporation that deprioritizes DEI achieves significant growth, or if Chinese companies gain a competitive advantage in the global market, investors might react accordingly. This uncertainty warrants close attention moving forward.

In Japan, where approach to DEI is driven by demographic and economic factors, no significant shift has yet occurred, though industries and companies with strong ties to the U.S. may face external pressure to conform.



## Context to DEI Policies in the U.S.

- In the wake of George Floyd's murder in May 2020, corporate America rushed in to join the ensuing reckoning on racism. In total, the country's largest companies pledged approximately \$50 billion toward addressing racial inequality in 2021, [according to The Washington Post's estimate](#).
- Just as quickly, but in the opposite direction, many [U.S. corporations backed away from their diversity pledges, even before the inauguration of President Donald Trump on 20 January 2025](#). One reason behind this shift [was the U.S. Supreme Court's decision in July 2023 to outlaw affirmative action in college admissions](#), which has emboldened conservative activists to challenge corporate DEI policies, arguing they are racist and "woke."
- In 2024, [many Republican-controlled state legislatures took action against DEI, with Alabama, Iowa and Utah banning DEI at public colleges and universities](#).

## Trump Administration's Noteworthy DEI-related Actions

- On 20 January 2025, The White House released an executive order titled "[Ending Radical and Wasteful Government DEI Programs and Preferencing](#)." The order stated that "the Biden Administration forced illegal and immoral discrimination programs, going by the name 'diversity, equity, and inclusion' (DEI), into virtually all aspects of the Federal Government, in areas ranging from airline safety to the military." Effective immediately, these programs would be terminated, as they were deemed to have resulted in "immense public waste and shameful discrimination."
- From early 2025, [dozens of U.S. Education Department employees were put on paid administrative leave in response to the executive order](#). Separately, [the administration has threatened to punish some private entities that implement DEI programs](#).
- On 23 January 2025, [Trump addressed the World Economic Forum](#) in Davos, saying that his administration is moving to abolish DEI



policies both in the government and the private sector, and that the U.S. would become a “merit-based country.”

- On 29 January 2025, [a military helicopter and American Airlines passenger plane collided in Washington D.C., killing 67 people](#). The following day President Trump speculated that the lowered standards of DEI-based hiring practices for air traffic controllers in the Federal Aviation Administration during the previous Democratic administrations could have contributed to the disaster. Then [he signed a memorandum to end diversity efforts in the aviation sector and to review all hiring decisions made under the Biden administration](#).

### U.S. Corporations’ Reactions and Actions in Relation to the Trump Administration’s DEI Policies

- A survey of 1,000 companies conducted by [Resume.org](#) shows that 1 in 8 companies are eliminating or reducing DEI programs in 2025. The main reason given for this is the shift in the political climate.
- On 6 January 2025, prior to the announcement of the Trump administration’s recent DEI policies, [McDonald’s announced](#) that it would abandon specific diversity targets, as well as rename its diversity team to “Global Inclusion Team.” The reason given was the Supreme Court’s decision to end affirmative action at universities and similar moves by other corporations to scale back DEI initiatives.
- On 10 January 2025, [Amazon commented](#) that it would halt some of its DEI programs, as it is in the process of “winding down outdated programs and materials” as part of its review of many of its initiatives.
- Additionally on 10 January 2025, [Meta announced](#) it is terminating DEI programs, effective immediately. The company cited the changing “legal and policy landscape surrounding DEI inclusion efforts in the U.S.”
- On 5 February 2025, [Google, a subsidiary of Alphabet, also announced](#) in an internal document that it would withdraw its goal of increasing hiring from minority groups and revise parts of its DEI initiatives. The company stated that, as a federal contractor, it would



consider changes in accordance with the executive order. However, Google will maintain employee groups such as "Transgender at Google," "Black Googler Network," and "Disability Alliance," ensuring that their perspectives continue to be reflected in product and corporate policy decisions.

- In November 2024, [Walmart, the world's largest retailer, announced](#) it would be rolling back its DEI policies. This was again a result of the abovementioned decision by the U.S. Supreme Court on affirmative action.
- On the other side of the spectrum, [Costco shareholders overwhelmingly voted on 23 January 2025, to reject a proposal that would have obligated the company to review the potential risks of maintaining its DEI initiatives](#), with more than 98% of shareholders voting against the proposal. The company's board said it "believes that our commitment to an enterprise rooted in respect and inclusion is appropriate and necessary." However, Costco is facing political backlash. In late January 2025, ten Republican attorneys general signed a letter demanding that Costco either commit to repealing its DEI policies or provide justification for maintaining them.
- During the World Economic Forum in Davos, [Cisco CEO, Chuck Robbins, defended his company's DEI initiatives](#), stating, "You cannot argue with the fact that a diverse workforce is better," adding that DEI is "being discussed like it's a single-issue discussion, and you either believe it or you don't." He continued, "In reality, it's made up of 150 different things, and maybe seven of them got a little out of hand. I think those six or seven things are going to get solved and then you're going to be left with common sense."

### U.S. Public Opinion on the DEI Policies of President Trump's Administration

- [An Economist/YouGov poll conducted on 19-21 January 2025](#), among 1,609 adult U.S. citizens found that 45% supported ending DEI programs in schools and government, and 40% opposed.
- [A Reuters/Ipsos poll conducted on 24-26 January 2025](#), among 1,034 adult U.S. citizens found that 44% were in favor of closing all federal DEI offices and firing federal employees working on the issue, with 51% opposed.



## Implications for Japan

Over the past decade, DEI initiatives in Japan have primarily been framed around “women’s empowerment” and “workstyle reforms.” While companies have made some progress, many still struggle to achieve targets such as increasing the percentage of female executives. Beyond gender diversity, progress in including foreign talent and individuals with disabilities remains limited.

A key factor that differentiates Japan from the U.S. in terms of DEI is demographic trends. According to United Nations projections, Japan’s population will continue to decline, while the U.S. is expected to experience growth. As Japan faces a shrinking workforce, embracing diversity is not just a strategic option but an economic necessity. This includes gender diversity, greater acceptance of foreign workers and more flexible employment practices.

Recognizing this urgency, the Japanese government has implemented various policies to promote diversity. For example, [\*the Act on Promotion of Women’s Participation and Advancement in the Workplace\*](#), originally enacted as a ten-year temporary measure starting in FY2015, is set to be extended for another ten years until FY2035<sup>1</sup>. The government has stated that “gender equality is still a work in progress.” Additionally, efforts to attract foreign talent and facilitate labor mobility are positioned as key measures to address demographic challenges. However, structural reforms to enhance diversity have been slow, leaving Japan behind other advanced economies.

At the corporate level, awareness that diversity contributes to corporate competitiveness and value creation has been growing. While some Japanese firms have reassessed their DEI-related activities in the U.S. in response to the Trump administration’s anti-DEI stance, their overall commitment to diversity remains largely unchanged. Unlike in the U.S., where political and ideological debates influence DEI policies, Japan’s labor market pressures make diversity promotion increasingly urgent. However, resistance remains in some sectors, particularly among

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<sup>1</sup> <https://www.mhlw.go.jp/content/11909500/001285696.pdf> (Japanese only)



traditional industries and smaller firms with conservative corporate cultures.

If U.S. multinational corporations increasingly move away from DEI, this shift could put indirect pressure on their Japanese branches and subsidiaries. While no significant change in Japan's DEI commitment has been observed so far, some firms may face external influence from their U.S. headquarters or business partners. Industries with strong ties to the U.S. market, such as finance, technology, and consumer goods, may be particularly affected. If U.S. companies begin urging their global partners to align with their revised policies, related firms may feel compelled to reassess their DEI strategies, especially in their U.S. operations. The extent to which these developments reshape corporate approaches in Japan remains uncertain, and careful monitoring is required.

### Japanese Companies' Reactions to the Trump Administration's DEI Policies

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Toyota Motor Corporation & Nissan Motor Co., Ltd.

Withdrew from initiatives led by the U.S.-based Human Rights Campaign (HRC), an organization advocating for LGBTQ+ rights.

However, both companies reaffirmed their commitment to diversity.

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McDonald's Japan

While McDonald's Corporation in the U.S. revised its DEI policies, McDonald's Japan stated that it has no plans to alter its commitment to fostering a diverse workforce.

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Major trading houses (Mitsui & Co., Mitsubishi Corporation, Itochu Corporation)

Reaffirmed their DEI goals, including increasing the percentage of female managers and promoting the employment of individuals with disabilities.

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Hitachi Ltd.

Maintains its goal of increasing the proportion of women in executive and senior management positions to 30% by 2030.

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## Corporate Uncertainty Amidst Trump's Unpredictable Policies

- Some Japanese companies with significant U.S. operations have avoided making explicit statements regarding their DEI stance.



SoftBank Group

Previously recognized as a leader in diversity initiatives in Japan, supporting women's empowerment and LGBTQ+ inclusion.

However, the company has remained silent on its future DEI policies.

Notably, on the day after President Trump's inauguration, SoftBank Chairman Masayoshi Son stood alongside Trump at a press conference, announcing an investment of up to ¥78 trillion in AI development in the U.S. through partnerships with OpenAI and other entities.

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