Reshoring Initiative®

Bringing Manufacturing Back Home

Reshoring Initiative

2018 Data Report

A Record 1389 Companies Announce the return of 145,000 Jobs

Reshoring and FDI Trends, Cumulative 2010-2018 Totals

EXECUTIVE SUMMARY

In 2018 the combined reshoring and related foreign direct investment (FDI) announcements remained strong, adding more than 145,000 jobs, with an additional 36,000 in revisions to the years 2010 through 2017. This brings the total number of announced manufacturing jobs brought to the U.S. from offshore to over 757,000 since the manufacturing employment low of 2010.

Although the 2018 number of jobs announced was down 15% compared to 2017's pre-revision rate, it is the second highest annual rate on record. Additionally, the number of companies reporting new reshoring and FDI was at the highest level in history, up 38% from 2017 to 1389 companies.[1] The continued strength in jobs and number of companies demonstrates a tangible shift in corporate decision-making that is likely to propagate the trend of reshoring and greater localization into the future.

This report contains data on trends in U.S. reshoring announcements by U.S. headquartered companies and FDI by foreign companies that have shifted production or sourcing from offshore to the U.S. The data is cumulative 2010 through 2018 and is for the U.S. only, unless otherwise noted.

DATA INDEX

Reshoring and FDI Trends, Cumulative 2010-2018 Totals [2]

[1] Sixty % of the decrease in the number of jobs is due to a reduction in the number of large automotive facilities announced. The increase in the number of companies was strong across both reshoring and FDI, especially reshoring.

[2] The data for all reports comes from: the Reshoring Initiative's Reshoring Library of over 5,800 published articles; privately submitted Reshoring Case Studies; and some other privately documented cases. Reshoring and FDI (foreign direct investment) are both motivated by the same logic: the financial advantages the company achieves by producing near the customer.

Cases must refer to a specific company, product and location to be included. Job numbers are assigned to the year in which the numbers are first announced and can include current hiring, recent prior years' hiring and future hiring. We estimate that actual hiring lags, on average, 12 to 24 months behind the announcements, i.e. occurs one to two calendar years later.

We include work brought to an OEM's assembly plant and work outsourced to the domestic supply chain. The supply chain often has more jobs than the assembly plant.

Job and company numbers are first tabulated and then adjusted for under-reporting, especially in the domestic

1. Cumulative Manufacturing Jobs
2. Manufacturing Job Announcements by Year
3. Factors Cited
4. Industry
5. Tech Level
6. Countries From
7. International Regions From
8. State
9. U.S. Region
10. Nearshoring
11. 2019 Trends and Projections

All data is for reshoring plus FDI, 2010 to 2018, unless otherwise noted in the text.

1. CUMULATIVE MANUFACTURING JOBS

In 2018 job announcements due to reshoring and FDI reached the second highest annual rate in history. The cumulative announcement of more than three quarters of a million jobs since 2010 has driven 31% of the total increase in U.S. manufacturing jobs during that period and 3.3% of total 12/31/18 manufacturing employment of 12.8 million. [3]

We believe the continued increases are largely based on greater U.S. competitiveness due to corporate tax and regulatory cuts and increased recognition of the total cost of offshoring.

supply chain. More information on our calculation process is available on request. Total job and company count varies from chart to chart since we do not have data for all chart topics from all cases.

[3] More than 757,000 reshoring and FDI manufacturing jobs have been announced since 2010. Allowing for a generous two-year lag until hiring, call it 425,000 hired, equaling 31% of the 1.36 million increase in U.S. manufacturing jobs since the manufacturing employment low of 11.45 million in February 2010.

Exhibit 1a

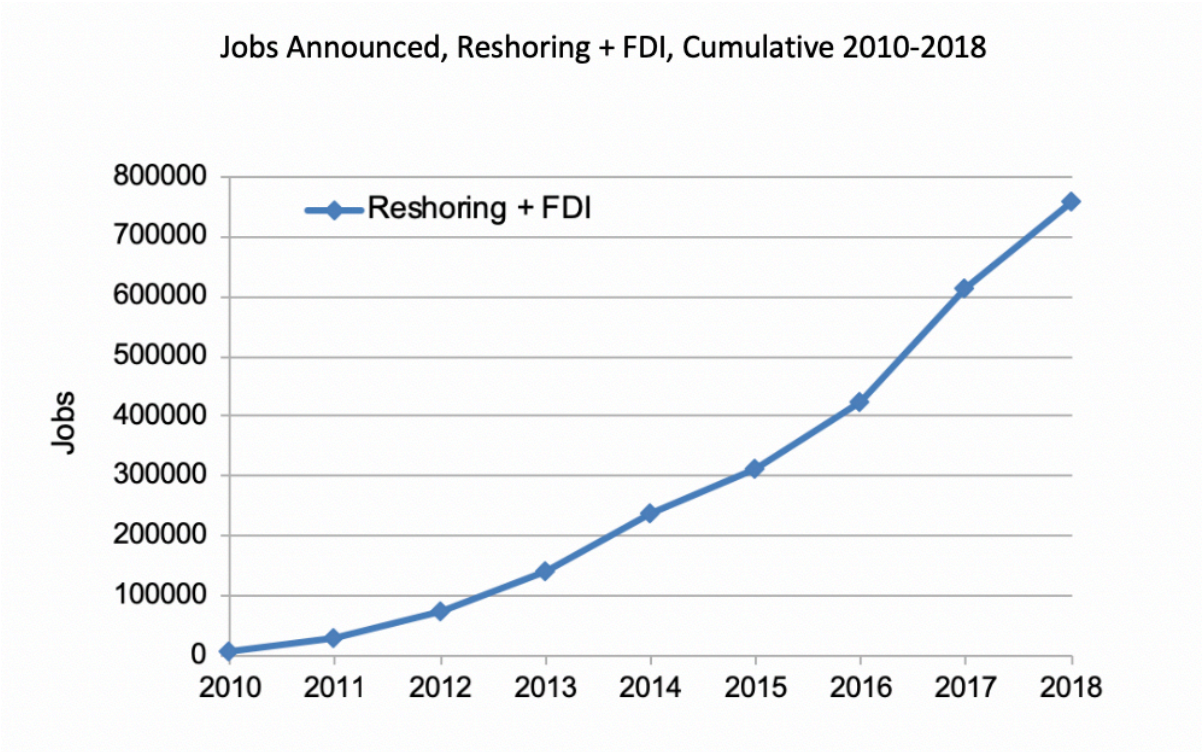
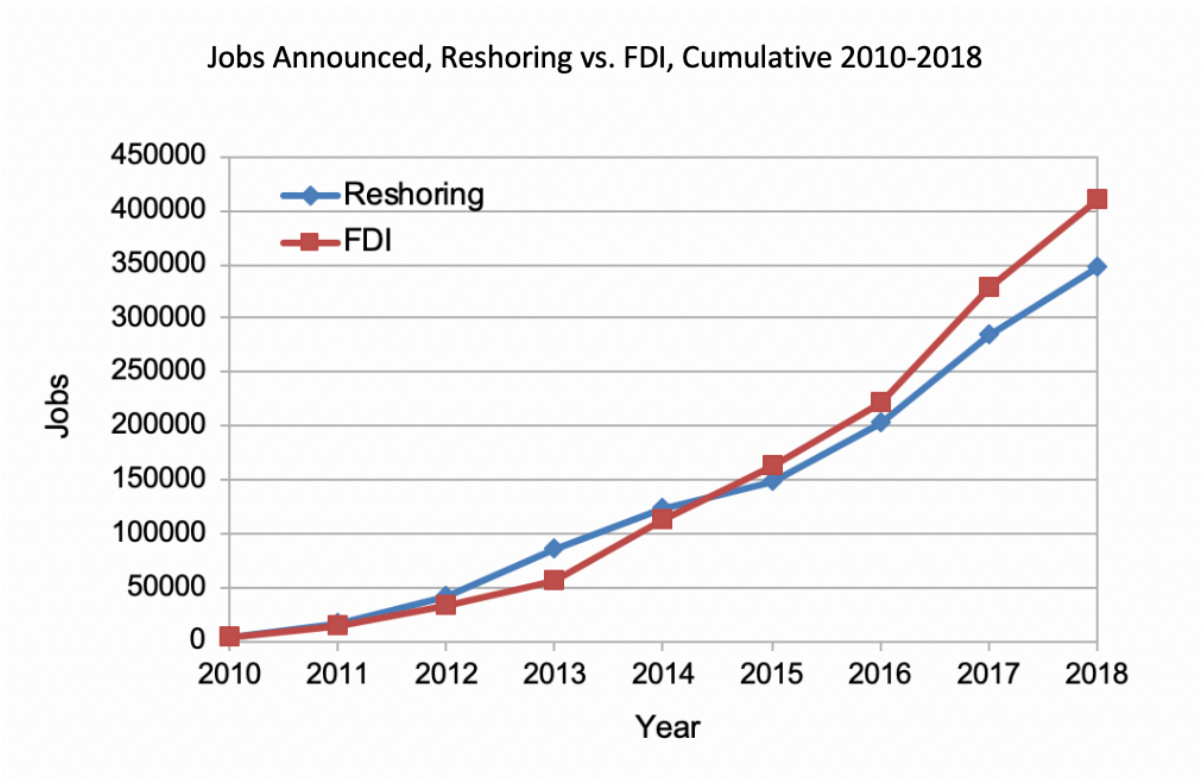


Exhibit 1b



Reshoring and imports both increased in 2018

Progress is, however, relative. While 2018 showed strong reshoring job announcements; the U.S. also saw a simultaneous large increase in non-petroleum goods imports, up $140 billion from 2016.

Reshoring was strong despite imports increasing in 2018

Reshoring was strong despite imports increasing in 2018. In 2015 we determined that parity was reached between offshoring (calculated from an increase in imports) and returning jobs, indicating that the net bleeding of manufacturing jobs to offshore had stopped. In 2016, for the first time since 1970, we reshored more jobs than we lost to offshoring. The U.S. had gone from losing net about 220,000 manufacturing jobs per year at the beginning of the last decade to adding net 30,000 jobs in 2016.

There is no measure of offshoring announcements or implementation. We did not observe a high rate of announcements of offshoring. We believe that the increase in imports was primarily due to increased imports of the same products, rather than additional U.S. production being offshored. The increase in imports may be explained by the following factors:

1. Higher volume of the same items: U.S. economy was the strongest in the developed world, drawing in more imports.

2. Higher prices for the same items: Emerging market wages continued to rise, raising the $ cost of imports.

3. Impending tariffs: Companies accelerated shipments to get ahead of the 25% tariff rate scheduled for year-end 2018 on most Chinese products.

When measured by our trade deficit of about $500 billion/year, there are still three to four million U.S. manufacturing jobs offshore at current levels of U.S. productivity, representing a huge potential for U.S. economic growth.

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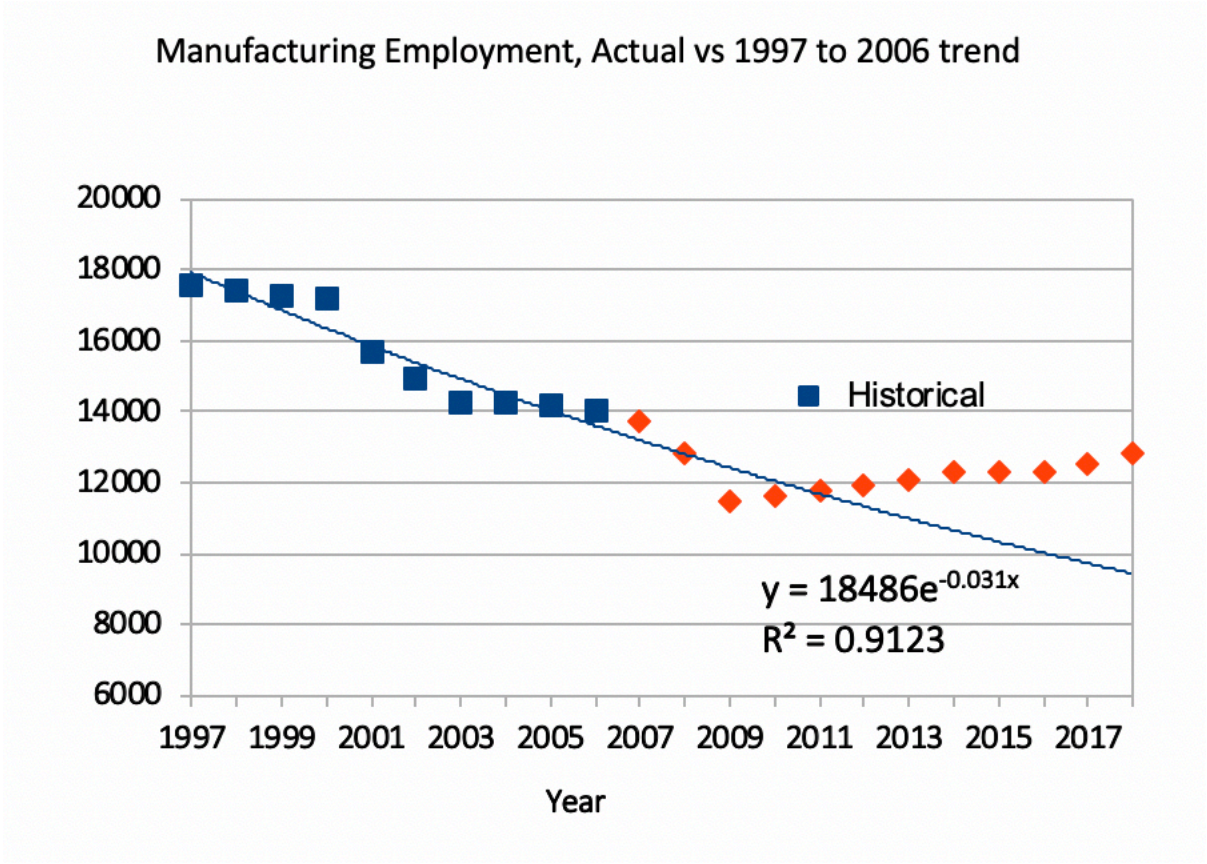
The trend in U.S. manufacturing employment, as per Exhibit 1c, is the best evidence that a combination of less offshoring and more reshoring and FDI is working. The chart shows a regression line from 1997, before China joined the WTO, to 2006, before the great recession. If the trend had continued, U.S. manufacturing employment would be three million jobs lower than the actual level today.

Exhibit 1c



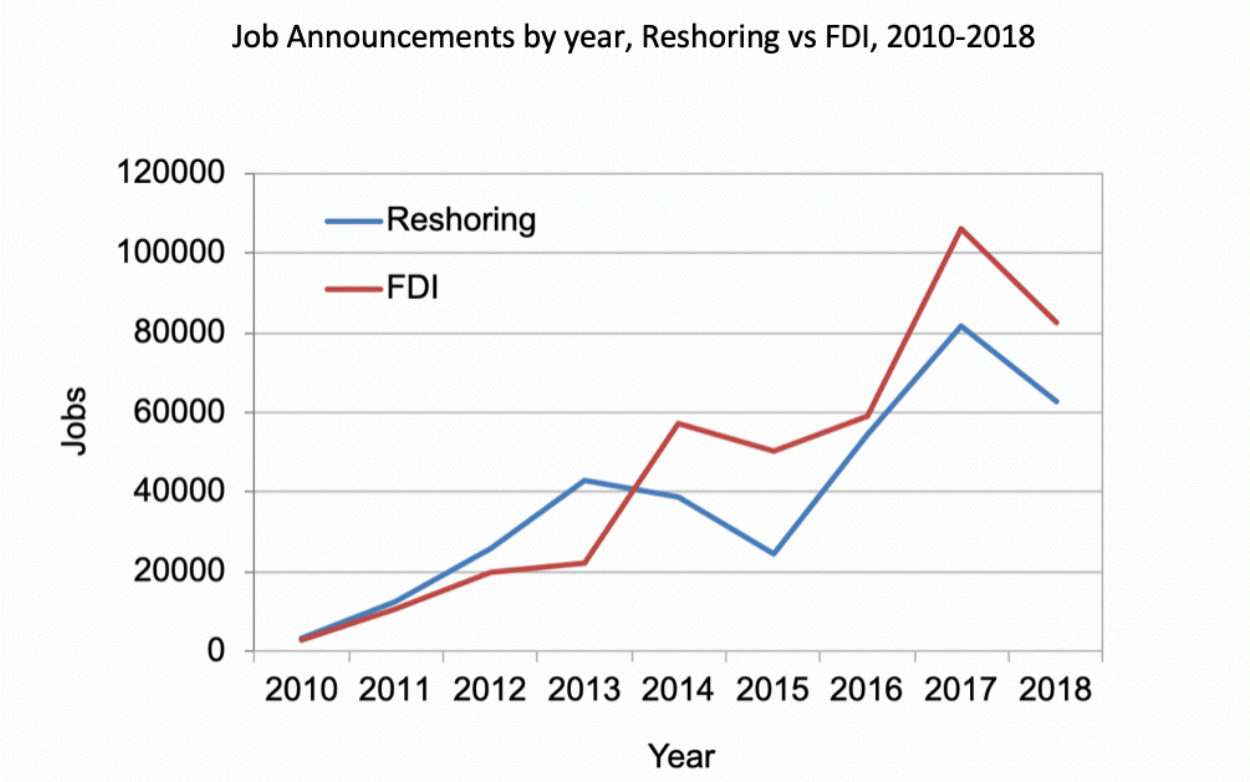
2. JOB ANNOUNCEMENTS BY YEAR, RESHORING & FDI

Similar to the previous few years, FDI continued to exceed reshoring in terms of total jobs added, but reshoring has continued to close the gap since 2015.

The fact that reshoring has been progressing at a similar rate as FDI since 2016 indicates that U.S. headquartered companies are starting to understand the same benefit to U.S. production that foreign companies have understood over the last few years.

We anticipate subsequent upward revisions of the 2018 totals. 2017 totals were increased by 11% in 2018 (171k to 189k) as new announcements from the earlier year were found or published later in the following year.

Exhibit 2



3. FACTORS CITED FOR RESHORING & FDI

About 60% of companies decided to offshore based on comparing wage rates, ex-works prices or landed costs. Much of the strength of the reshoring trend has been due to companies becoming familiar with a broad range of factors (costs and risks) they had previously ignored.

Understanding the reasons other companies have given for reshoring helps companies to determine whether those reasons apply to them also. A broad range of costs and risks can be quantified using the Total Cost of Ownership Estimator®.

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Positive Factors are the values that attracted the company to their U.S. site and that they achieved here. These factors are similar for reshoring and FDI with the following exceptions. Reshoring places a higher emphasis on Made in USA image, automation and re-design of the product. FDI places more emphasis on government incentives and skilled workforce. Since reshoring is almost all from low-wage countries, reshoring companies automate to make up for higher domestic hourly labor cost. Since most FDI is primarily from other developed countries, Made in USA is a less powerful sales argument. Shifting from Made in Germany to Made in the USA has less brand value than shifting from Made in China. Foreign companies can be recruited by all 50 states and often have larger projects; thus, they receive more government incentives.

Negative Factors are the negative issues experienced offshore. Most of the issues are related to distance: freight, delivery, inventory, etc. Others are country-specific: rising wages, IP risk, political instability, etc.

Companies have consistently reported the Positive Factors more often than the Negative, probably because the companies place more value on demonstrating the wisdom of their current reshoring decision than on what went wrong with their earlier offshoring decision.

Reporting of factors influencing reshoring and FDI has increased every year since 2010, with a year over year increase of 88% in 2018, indicating heightened public interest and industry awareness of the previously "hidden costs".

Reporting of factors influencing reshoring and FDI has increased every year since 2010, with a year over year increase of 88% in 2018, indicating heightened public interest and industry awareness of the previously "hidden costs". Impact on Domestic Economy moved up in rank from 11th to 6th. Tariffs moved from 16th to 11th (99% of Tariff citings are for 2016 and later, thus indicating a response to anticipated and actual Trump tariffs.) Trump as a factor was cited in "other reasons" 83 times, often in association with corporate tax cuts and tariffs, which generally support reshoring. Looking forward, Freight cost has always been high on the list, but we expect it and Green considerations to become more relevant as the new emission reduction initiative by the International Maritime Organization is implemented in 2019/2020. Overall, the cumulative top 10 Positive Domestic factors also showed the greatest increases year over year, highlighting the strongest drivers of the trend.

Exhibit 3

Influencing Factors, Reshoring + FDI, 2010-2018					
Rank	**Negative Offshore Factor**	**# of times cited**	**Rank**	**Positive Domestic Factor**	**# of times cited**
1	Quality/rework/warranty	301	**1**	Government Incentives	844
2	Freight cost	199	**2**	Proximity to customers/market	818
3	Total cost	155	**3**	Skilled workforce availability/training	673
4	Delivery	105	**4**	Image/brand, Made in USA	615
5	Inventory	94	**5**	Eco-system synergies/Supply chain optimization	581
6	Rising Wages	91	**6**	Impact on domestic economy	408
7	Supply chain interruption risk/Natural disaster risk/Political instability	80	**7**	Infrastructure	352
8	Green considerations	67	**8**	Lead time/Time to market	344
9	Intellectual property risk	65	**9**	Automation/technology	274
10	Communications	63	**10**	Higher productivity	230
11	Tariffs	57	**11**	Customer responsiveness improvement	208
12	Loss of control	55	**12**	Manufacturing/engineering joint innovation (R&D)	204
13	Travel cost/time	52	**13**	U.S. price of natural gas/chemicals/electricity	172
14	Currency variation	47	**14**	Under-utilized capacity	141
15	Price	41	**15**	Lean/other business process improvement techniques	134
16	Difficulty of innovation/product differentiation	30	**16**	Walmart	131
17	Product liability	18	**17**	Raw Materials Cost	128
18	Social/ethical concerns	15	**18**	Customization/Flexibility	115
19	Regulatory compliance	13	**19**	Labor concessions	33
20	Emergency air freight	10	**20**	3D Printing/Additive Manufacturing	29
21	Burden on staff	9	**21**	Lower real-estate/construction cost	26
22	Employee turnover	8			
23	Onsite audit cost	6			
23	Strained offshore relationships	6			
23	Personnel risk	6			
24	Reputation risk	4			

4. RESHORING + FDI BY INDUSTRY[4]

Only products that have been offshored/imported can be reshored. Thus, the products least suitable for offshoring never left, such as heavy, high volume minerals, high mix/low volume items or customized automation systems.

The most active reshoring is by those that left and probably should not have done so, including machinery, transportation equipment and appliances.

The most active reshoring is by those that left and probably should not have done so, including machinery, transportation equipment and appliances. As the data indicates, reshoring is focused on products whose size and weight, e.g. transportation equipment, or frequency of design change/volatility of demand, e.g. some apparel, suggest that offshoring never offered great total cost savings.

FDI is more heavily weighted towards Transportation Equipment because of the ongoing investment in automotive assembly plants and related suppliers. It also benefits the most from government incentives.

In 2018, Chemicals moved from 6th to 4th place, due to shale and the low price of natural gas.[5] Primary metal products climbed from 11th to 15th, presumably due to the steel and aluminum tariffs.

Exhibit 4

By Industry, Reshoring + FDI, 2010-2018					
Rank	**Industry**	**Jobs**	**NAICS code**	**Companies**	**Industry %**
1	Transportation Equipment	243,766	336	772	32
2	Computer & Electronic Products	87,484	334	416	12
3	Electrical Equipment, Appliances & Components	76,409	335	375	10
4	Chemicals	75,799	325	409	10
5	Plastic & Rubber Products	41,452	326	351	5
6	Apparel & Textiles	38,623	313, 314, 315, 316	560	5
7	Wood & Paper Products	38,330	321, 322	116	5
8	Machinery	27,842	333	269	4
9	Fabricated Metal Products	25,427	332	365	3
10	Medical Equipment & Supplies	22,374	33911	124	3
11	Primary Metal Products	19,365	331	113	3
12	Food & Beverage	14,897	311, 312	132	2
13	Furniture and Related Products	11,104	337	169	1
14	Nonmetallic Mineral Products	10,336	327	90	1
15	Miscellaneous	8,030	339	97	1
16	Hobbies (subset of Miscellaneous)	7,042	33992, 33993	229	1
17	Castings/Foundries - Subset of Primary Metal Products	4,359	3315	54	1
18	Energy, Petroleum & Coal Products	2,445	324	19	<1

[4] The table is sorted by industry, as defined by three-digit NAICs code. We also break out several active industries at the four and five-digit levels. To get complete data at the three-digit level, add these industries into the relevant three-digit category

5. RESHORING + FDI BY TECHNOLOGY LEVEL[6]

It is generally agreed that manufacturing High-tech products is more desirable than Low-tech: more investment, more R&D, higher pay, less risk of loss to low wage countries, etc. Currently, reshoring and FDI are adding more High-tech jobs than Low-tech. This trend is important since the U.S. has a trade deficit in High-tech products. While High and Medium-High tech are creating the lion's share of jobs, there has also been a recent uptick in Low-tech companies, due to increases in apparel, wood, and plastic and rubber industries. Reshoring is stronger in High-tech than FDI which is stronger in Medium-High due to the high % of transportation equipment in FDI.

We encourage the U.S. to become competitive on all tech levels to balance the trade deficit and employ a broader range of workers. High-tech products represent too small a percentage of our consumption to allow the U.S. or any country to focus only on High-tech. The challenge is to upskill our workforce so that more of them can work on more highly automated production of lower-tech products

Exhibit 5

Technology Levels, Reshoring + FDI, 2010-2018						
Product Technology Level	Reshoring		FDI		Reshoring + FDI	
	Jobs	Companies	Jobs	Companies	Jobs	Companies
High	32%	14%	16%	19%	21%	16%
Medium High	35%	19%	50%	43%	45%	31%
Medium Low	12%	20%	20%	24%	17%	22%
Low	21%	48%	15%	14%	17%	31%
H+MH	67%	33%	66%	62%	66%	48%
ML+L	33%	67%	34%	38%	34%	52%

[5] Substantial revisions were made in Chemicals due to adding a new source of cases on shale based chemical projects.
[6] Tech level ratings are based on classifications derived from: https://www.oecd.org/sti/ind/48350231.pdf, and http://www.cbs.gov.il/publications12/economic_activities11/pdf/intensity_e.pdf

6. TOP 20 COUNTRIES FROM: RESHORING, FDI AND COMBINED

Reshoring is 59% from China, broadly distributed across industry categories. FDI is heavily from Germany (18%) and Japan (15%), both driven by transportation equipment, and more recently China (19%) in a broad range of industries. Reshoring by Country From is underreported since some cases do not mention country or refer to "Asia" or "returned from offshore." The rate of reshoring from China dropped in 2018.

Exibit 6a

Top 20 Countries From, 2010-2018									
	Reshoring					FDI			
Rank	Country	Jobs	Companies	%	Rank	Country	Jobs	Companies	%
1	China	64,252	791	59	1	China	80,048	251	19
2	Mexico	19,651	108	18	2	Germany	76,457	312	18
3	Japan	6,615	35	6	3	Japan	64,349	282	15
4	Canada	5,900	62	5	4	Canada	23,676	167	6
5	Singapore	4,320	5	4	5	Korea	22,179	66	5
6	Switzerland	1,472	5	1	6	Mexico	16,200	27	4
7	Spain	1,215	5	1	7	Switzerland	14,615	78	3
8	United Kingdom	975	11	1	8	United Kingdom	13,806	89	3
9	Russia	813	5	1	9	India	12,501	68	3
10	Italy	559	24	1	10	Austria	12,495	35	3
11	Jordan	405	3	<1	11	Australia	10,541	21	3
12	Sri Lanka	373	5	<1	12	Italy	9,024	77	2
13	India	267	19	<1	13	France	7,241	71	2
14	United Arab Emirates	219	3	<1	14	Spain	7,020	33	2
15	Brazil	189	3	<1	15	Sweden	6,657	24	2
16	Hungary	189	3	<1	16	Netherlands	6,126	41	1
17	Sweden	162	5	<1	17	Denmark	5,451	30	1
18	Germany	122	11	<1	18	Israel	5,394	38	1
19	Korea	122	16	<1	19	Brazil	4,913	26	1
20	Belgium	105	8	<1	20	Ireland	3,864	26	1

Exibit 6b

Country from, Reshoring + FDI, 2010-2018				
Rank	Country	Jobs	Companies	% of total reporting
1	China	144,299	1042	27
2	Germany	76,578	323	14
3	Japan	70,964	317	13
4	Mexico	35,851	135	7
5	Canada	29,576	229	6
6	Korea	22,301	82	4
7	Sweden	14,777	83	3
8	United Arab Emirates	14,025	91	3
9	India	12,768	86	2
10	Austria	12,495	35	2
11	Australia	10,541	26	2
12	Italy	9,583	101	2
13	France	7,241	73	1
14	Switzerland	7,187	20	1
15	Singapore	7,050	11	1
16	Sri Lanka	7,030	29	1
17	South Africa	7,020	33	1
18	Netherlands	6,194	49	1
19	Denmark	5,451	30	1
20	Israel	5,394	38	1
21	Brazil	5,102	28	1
22	Ireland	3,864	26	1
23	Turkey	3,258	8	1
24	Belgium	2,769	31	1
25	Finland	1,530	17	<1
26	Thailand	1,395	16	<1
27	Spain	1,215	5	<1
28	United Kingdom	1,087	14	<1
29	Slovenia	1,070	9	<1
30	Norway	894	11	<1

31	Luxembourg	840	16	<1
32	Russia	813	5	<1
33	Poland	603	5	<1
34	Portugal	510	6	<1
35	Jordan	405	3	<1
36	Chile	375	6	<1
37	Colombia	293	3	<1
38	Latvia	225	2	<1
39	Hungary	189	3	<1
40	Cyprus	132	2	<1
41	Lithuania	128	2	<1
42	Malaysia	90	8	<1
43	Vietnam	43	3	<1
44	Egypt	41	6	<1
45	Pakistan	38	5	<1
46	Lebanon	27	2	<1
47	Ethiopia	22	3	<1
48	Haiti	22	3	<1
49	New Zealand	0	4	<1
50	Indonesia	0	3	<1
51	Iceland	0	2	<1
52	Oman	0	2	<1
52	Argentina	0	0	<1
53	Greece	0	0	<1
53	Honduras	0	0	<1
53	Philippines	0	0	<1

7. RESHORING + FDI BY INTERNATIONAL REGIONS FROM

Most reshoring is from Asia. FDI used to come primarily from Western Europe, but is now about equally from Asia, due mostly to the increase in Chinese investment.

Exhibit 7a

International Regions From, Reshoring + FDI, 2010-2018					
Rank	**Region**	**Jobs**	**Companies**	**Jobs/Company**	**% of total jobs reporting**
1	Asia	263,312	1,572	168	51
2	Western Europe	169,446	940	180	33
3	North America	47,787	330	145	9
4	Australia/Oceania	10,263	31	331	2
5	Middle East	9,378	52	181	2
6	South America	9,254	43	217	2
7	Eastern Europe	3,942	34	117	1
8	Africa	1,863	16	117	<1

Exhibit 7b

International Region From, Reshoring, 2010-2018					
Rank	**Region**	**Jobs**	**Companies**	**Jobs/Company**	**% of total jobs reporting**
1	Asia	77,976	856	91	72
2	North America	23,061	149	155	21
3	Western Europe	4,863	73	67	4
4	Eastern Europe	1,134	8	140	1
5	Middle East	624	5	116	1
6	South/Central America	513	8	63	<1
7	Africa	70	5	13	<1
8	Australia/Oceania	0	5	0	<1

Exhibit 7c

International Region From, FDI, 2010-2018					
Rank	Region	Jobs	Companies	Jobs/Company	% of total jobs reporting
1	Asia	185,336	716	265	46
2	Western Europe	164,583	867	190	40
3	North America	24,726	183	135	6
4	Australia/Oceania	10,263	26	389	3
5	Middle East	8,754	47	188	2
6	South/Central America	8,741	35	253	2
7	Eastern Europe	2,808	26	110	1

The Southeast and Texas get the most and, on average, the largest projects, presumably due to right-to-work laws and typically lower property costs, wage rates, taxes and energy costs.

8. RESHORING + FDI CASES BY STATE

The Southeast and Texas get the most and, on average, the largest projects, presumably due to right-to-work laws and typically lower property costs, wage rates, taxes and energy costs. The Midwest, led by Michigan, is second based on reshoring to its strong industrial base. NV moved from 28th to 12th (due to the Tesla/Panasonic lithium battery plant)[7], AL moved from 7th to 5th. KY moved up from 15th to 10th.

[7] New production is counted as reshoring if over 90% of the market has been supplied by imports.

Exhibit 8a

By State, Reshoring + FDI, 2010-2018				
Rank	State	Jobs	Companies	Average Jobs/ Company
1	SC	81,527	345	236
2	TN	52,696	225	234
3	MI	45,929	248	186
4	GA	42,894	212	203
5	AL	42,749	174	246
6	NC	40,192	298	135
7	TX	39,788	239	166
8	NY	31,544	299	105
9	OH	30,884	233	133
10	KY	25,024	146	172
11	IN	25,012	192	130
12	NV	21,197	17	1,240
13	VA	19,158	131	147
14	LA	18,397	78	236
15	AZ	17,981	44	413
16	MS	16,559	92	181
17	FL	14,791	111	133
18	MA	13,351	149	90
19	WI	13,026	38	347
20	CA	10,531	333	32
21	PA	10,138	185	55
22	KS	7,605	27	285
23	AR	7,206	70	103
24	CO	7,205	109	66
25	MO	6,905	78	89
26	UT	6,778	52	130
27	IA	5,566	33	167
28	IL	5,411	125	43

29	NJ	4,875	66	74
30	WV	4,133	22	186
31	OR	3,993	59	67
32	NH	3,103	21	150
33	CT	2,888	43	68
34	ME	2,591	62	42
35	WA	2,554	55	47
36	DE	2,397	23	102
37	VT	2,369	28	86
38	MN	2,279	89	26
39	RI	2,265	34	67
40	MD	2,195	65	34
41	NM	2,126	11	187
42	NE	1,740	16	112
43	OK	1,107	13	88
44	SD	885	10	89
45	PR	870	7	126
46	ID	581	15	38
47	MT	247	15	16
48	WY	98	8	12
49	ND	0	7	0
50	HI	0	0	0

Exhibit 8b

Jobs by State, Top 10, 2018 Only					
Reshoring			FDI		
Rank	State	Jobs	Rank	State	Jobs
1	KY	7,152	1	GA	7,953
2	OH	5,630	2	MI	6,480
3	IA	4,455	3	SC	6,044
4	LA	3,753	4	AL	5,982
5	WI	3,729	5	KY	5,309
6	VA	3,429	6	TN	5,168
7	MI	3,397	7	NC	4,302
8	TX	3,286	8	IN	3,219
9	GA	3,065	9	TX	3,186
10	NY	2,657	10	WI	2,543

9. RESHORING + FDI BY U.S. REGION

The South and Midwest continue to dominate. In 2018 the South gave up 2% to the Northeast, bringing the Northeast to just ahead of the West.

Exhibit 9

By U.S. Region, Reshoring + FDI, 2010-2018				
US Region	Jobs	Companies	% of Total Jobs	Average Jobs/Company
South	408,422	1831	58%	197
Midwest	146,689	866	21%	143
Northeast	72,791	615	10%	97
West	72,639	505	10%	113

10. NEARSHORING

Nearshoring to Mexico or Canada is better for the U.S. than work staying further offshore like Asia.

Nearshoring to Mexico or Canada is better for the U.S. than work staying further offshore like Asia. For example, exports from Mexico to the U.S. have 40% U.S. content whereas exports from China have only 5% U.S. content. Transportation equipment and appliances nearshore the most. More companies nearshore to Mexico than to Canada due to greater cost advantages. Our data is not as complete for nearshoring, which is less often reported in U.S. news sources.

Exhibit 10

Nearshoring, 2010 - 2018				
Country	Jobs	% of Nearshored Jobs	Companies	Average Jobs/Company
Mexico	16,434	90	52	316
Canada	1,754	10	16	172

11. 2019 TRENDS AND PROJECTIONS

As was true for 2018, there is a substantial pipeline of huge projects that have been announced but are not firm enough to be included in our database. These projects include Foxconn in Wisconsin, Apple, SoftBank and numerous shale gas refinery projects. It remains to be seen whether

the political climate that motivated some of these announcements can support follow through.

More companies mentioned Impact on Domestic Economy as a factor in their decision in 2018 than in 2010 thru 2017 combined. Companies are starting to appreciate that their continued success requires their home market to be strong.

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Like 2018, results in 2019 will depend largely on the stability and follow through of policy changes (taxes, regulations, trade, skilled workforce, tariffs, etc.) implemented by the administration, and corporate responses to those changes. The 2017 upswing in activity was in response to anticipation of such changes, which are expected to continue to positively impact U.S. competitiveness. Below are some factors that may impact 2019 relative to 2018.

Negative forces likely to slow reshoring and FDI:

1. The job announcements in anticipation of tax and regulatory reductions may have tapped the immediate opportunities.
2. Dysfunction in Washington, DC.
3. Shift of control of the U.S. House, resulting in reduced business optimism.
4. Concern about the 2020 elections impacting tax rates, regulations, etc.
5. Higher USD.

Positive forces likely to help reshoring and FDI:

1. How corporate cash flow from repatriation and tax cuts is utilized: investment, training and hiring are helpful. Stock buybacks are much less so.
2. World growth recovery will make other markets more attractive for offshore suppliers leaving domestic suppliers with less competition to supply the U.S.
3. Continued increases in usage of TCO (Total Cost of Ownership) instead of price in making sourcing decisions.
4. Continued reductions in regulations.
5. Continued improvement in skilled workforce programs.
6. Automation, IoT, Industry 4.0, AI shrinking the unit labor cost gap.
7. Improving environmental consciousness. Domestic supply chains are more transparent than offshore and less polluting, cutting the world's environmental impact by up to 50%, depending on the product. Sustainability practices will continue to increase as a corporate strategy and will help drive reshoring and FDI.
8. Recent increases in U.S. investment could lead to greater productivity and innovation.

Ambiguous:

1. Higher interest rates will tend to raise the value of the USD (headwind) but will surely increase the carrying cost of inventory (tailwind), which is increased by offshoring.
2. Possible actions on NAFTA/USMCA, tariffs, trade with China, etc. Likely to be favorable but could be temporarily disruptive.
3. Oil prices and environmental regulations. Higher prices increase freight costs.

There is probably an average 12-month lag time between the announcement or implementation of policy changes and a significant response in the trends. Best guess forecast: 2019 reshoring and FDI will be

flat vs. 2018. Our skilled workforce supply is not yet ready to support a much higher rate of increase.

CONCLUSION

The rate of reshoring plus FDI job announcements in 2018 was up about 2300% from 2010, representing a major macro-economic impact. This data should motivate companies to further reevaluate their sourcing and siting decisions and make better decisions that consider all of the cost, risk and strategic impacts flowing from those decisions. Policy makers can use the continued successes as proof that it is feasible to bring millions of jobs back. They can use the measured parameters to define local and national strategies to improve competitiveness to accelerate the trend.

Continuation of the trend depends on companies reevaluating their offshoring. The Reshoring Initiative offers many tools and resources, which are listed below.

RESHORING INITIATIVE RESOURCES

The Reshoring Initiative offers many tools and resources, which are listed below.

Total Cost of Ownership Estimator® - Free online tool that helps companies account for all relevant factors — overhead, balance sheet, risks, corporate strategy and other external and internal business considerations — to determine the true total cost of ownership. It can be used by companies to make smarter sourcing decisions and to sell against imports. Call on the Reshoring Initiative for help using this and other tools.

Competitiveness Toolkit - Designed to quantify and select the optimal national policy changes to bring back the desired number of jobs.

Import Substitution Program (ISP) - Helps manufacturers, trade associations, equipment sellers and economic development organizations identify and quantify the major relevant importers and convince them to reshore. Also helps to identify supply chain gaps to be filled by FDI.

Corporate Social Responsibility Estimator - Provides a model for estimating sourcing decisions' impact on pollution and on the domestic economy.

Reshoring Library – You can use Advanced Search to identify companies that have reshored or done FDI in relevant industries or regions.

Reshoring Initiative Data Report – Annual reports track the drivers, impact and momentum of the trend.

Data refinement is ongoing.

Companies, industry associations, states, EDOs and others are encouraged to send us information on reshoring and FDI cases. Send us links to articles and announcements, or go to the Reshoring Initiative's database entry form.

To see a full list of companies in the database click here.

If your company is listed, email us to request your company's data to review, edit and return. Please include your company name and detailed contact info.

Supplements to this report will be published and posted at www.reshorenow.org as they become available.

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About Us

Reshoring is gaining momentum throughout the country. Many companies have already repatriated some of their manufacturing efforts, and the Reshoring Initiative is continuing to spread the “return-manufacturing-home” message to help other manufacturers realize America is an advantageous place to produce goods.

The Reshoring Initiative, founded in early 2010, takes action by helping manufacturers realize that local production, in some cases, reduces their total cost of ownership of purchased parts and tooling. The Initiative also trains suppliers how to effectively meet the needs of their local customers, giving the suppliers the tools to sell against lower priced offshore competitors.

Reshoring Initiative®
Bringing Manufacturing Back Home

Reshoring Initiative

www.ReshoreNow.org