



# Reshoring Initiative® 1H 2023 Report

## Geopolitical Risk and Industrial Policy Drive Reshoring and FDI Announcements



*EV battery and semiconductor investments account for the largest share of job announcements.*

## Introduction

This Report contains data<sup>1</sup> and analysis on trends in U.S. reshoring announcements by U.S. headquartered companies and foreign direct investment (FDI) by foreign companies that are shifting production or sourcing from offshore to the U.S. The report is based on 1H 2023 data, as well as some cumulative 2010 to projected annual 2023 data where noted. Preliminary Q3 data is also included where available.

## Table of Contents

1. Manufacturing Job Announcements
2. What's New Since the Last Data Report
3. Top Industries, and the Products and Policies Driving Them
4. Influencing Factors
5. Tech Level
6. Country From
7. International Region From
8. State
9. U.S. Region
10. Nearshoring
11. Trends and Projections

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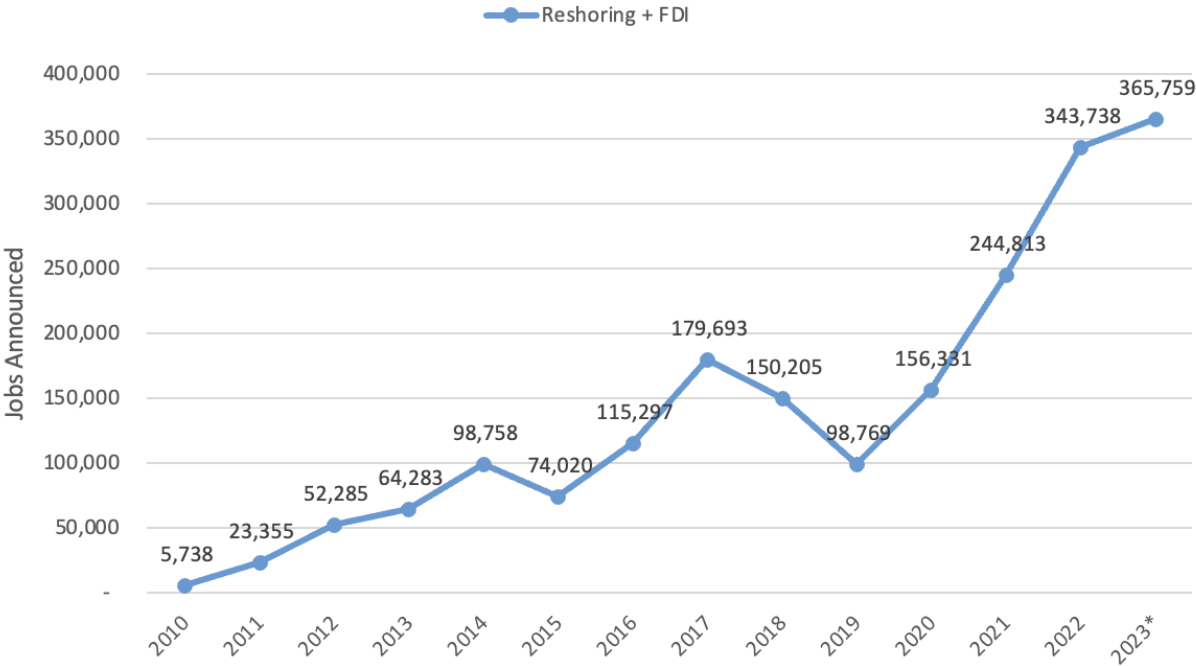
<sup>1</sup> Unless otherwise noted, the data for all charts comes from the Reshoring Initiative's Reshoring Library of over 9,000 published articles, privately submitted Reshoring Case Studies, and some other privately documented cases. Reshoring and FDI are both motivated by the same logic: the financial 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 newly outsourced to the domestic supply chain. The supply chain often receives more jobs than the assembly plant. Job and company numbers are first tabulated and then adjusted for under-reporting, especially in the domestic 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.



# 1. 1H2023 Manufacturing Job Announcements

1H2023 data shows 807 cases of reshoring and foreign direct investment (FDI) with 182,000 jobs announced. If that rate continues, the projection for full-year 2023 is 365,000 jobs and 1,614 cases.

Exhibit 1a | Reshoring + FDI Job Announcements by Year, 2010 - 2023 Projected



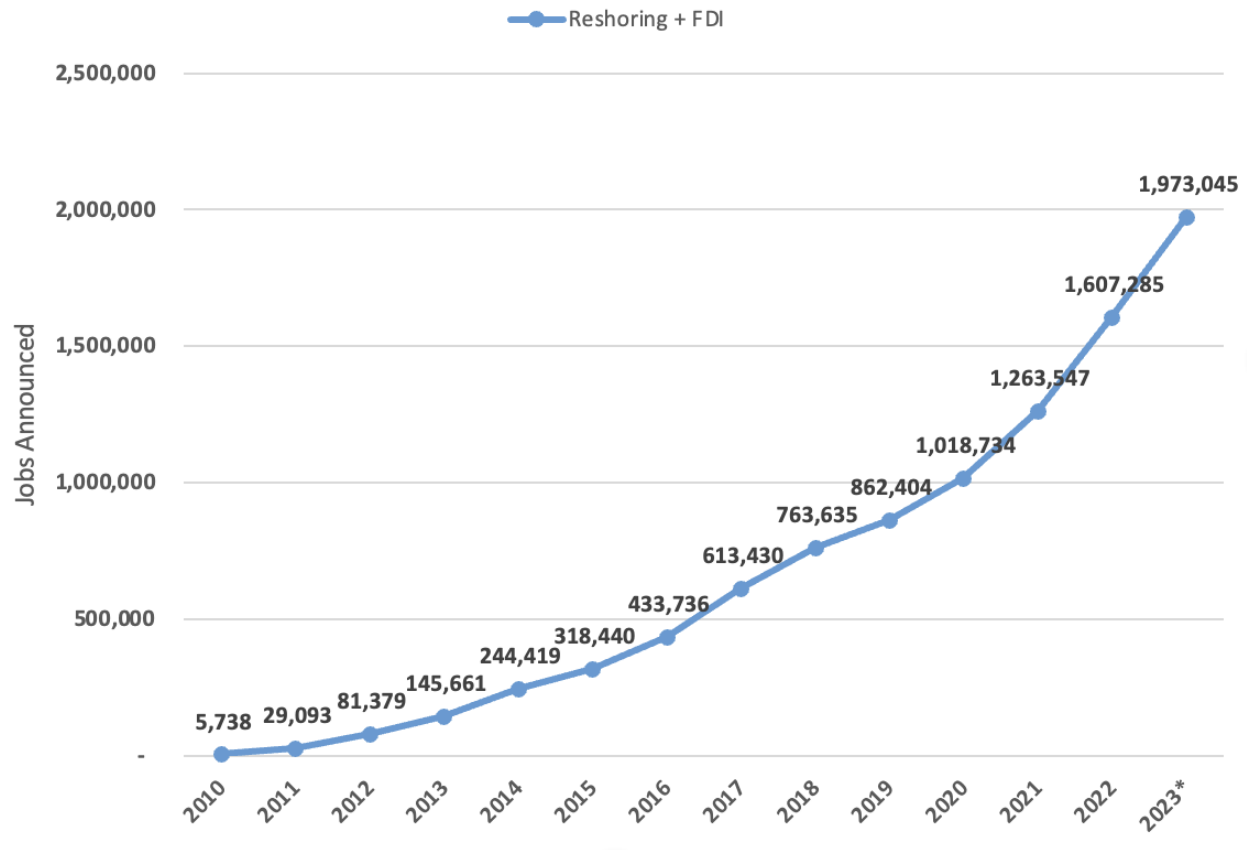
\*Indicates full-year projection from 1H data

The cumulative number of jobs brought back since the manufacturing low in 2010 is anticipated to be near two million by the end of the year - about 40% of what we lost to offshoring (Exhibit 1b).

To put recent announcement rates into perspective, it took 11 years to return the first million jobs and only 3 years to return the second million.



Exhibit 1b | **Cumulative Jobs Announced, Reshoring + FDI, 2010-2023 Projected**



\*Indicates full year projection from 1H data

Reshoring continues to outpace FDI, 59% to 41%, indicating that the country and domestic companies are finally recognizing the value of local production that FDI recognized a long time ago.



Exhibit 1c | **Jobs Announced, Reshoring vs. FDI, 2010 - 2023 Projected**

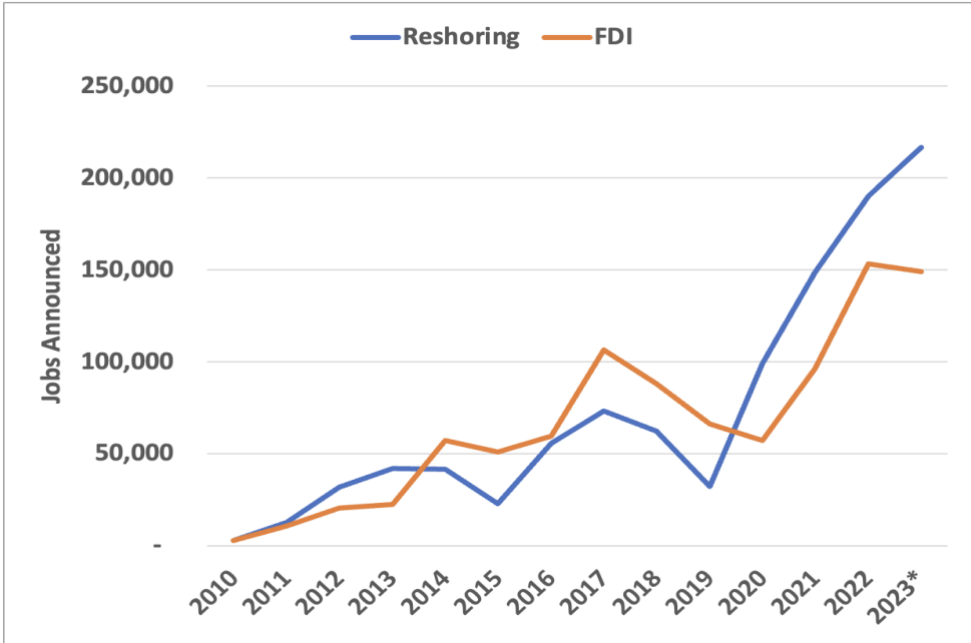


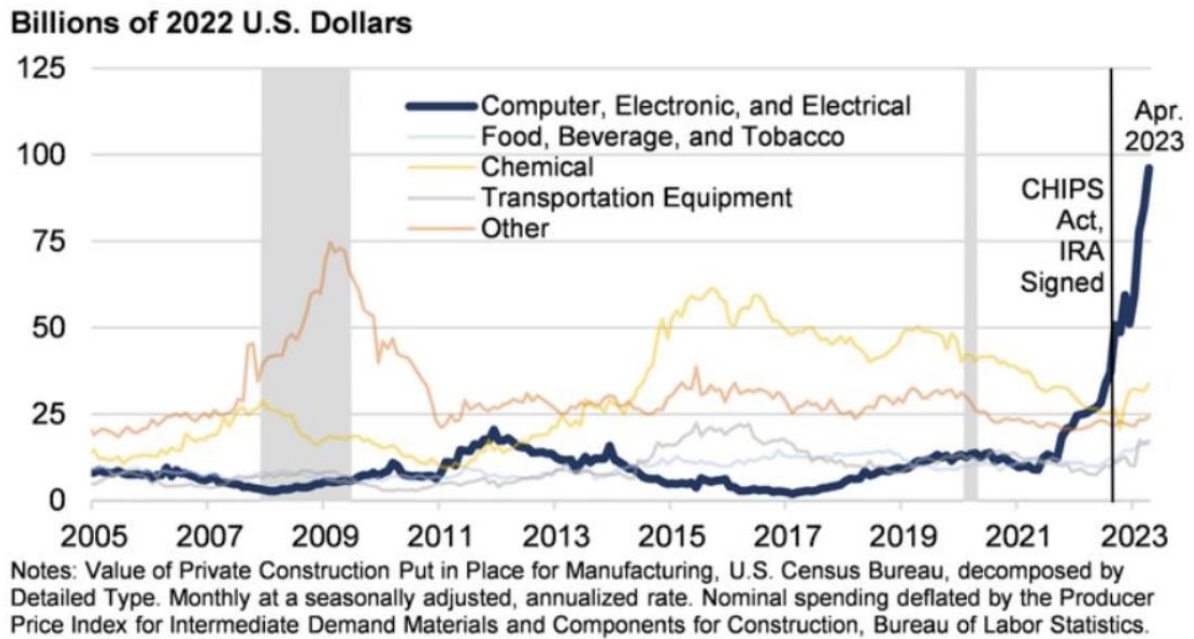
Exhibit 1d   1H2023 Jobs Announced, Reshoring vs. FDI		
Category	Jobs	% of Total Jobs
Reshoring	108,351	59%
FDI	74,529	41%
Total:	182,880	100%

## 2. What’s New Since the Last Report

### Supporting Evidence

Several factors have come to light that substantiate the strength of U.S. reshoring and FDI trends. In the first quarter of this year, average spending on U.S. factory construction was more than double the average from the past 17 years.

Exhibit 2a | **Real Construction Manufacturing Spending by Type**



Source: Treasury Department

Reshoring Initiative data parallels the magnitude and focus of the construction investments.

Independently conducted surveys on companies’ reshoring actions (Exhibit 2b) also correlate very closely with Reshoring Initiative data on jobs announced over the past 12 years (Exhibit 2c), further confirming the reality and strength of the trend.

Exhibit 2b | **Percent of Companies Actively Reshoring by Survey Results**

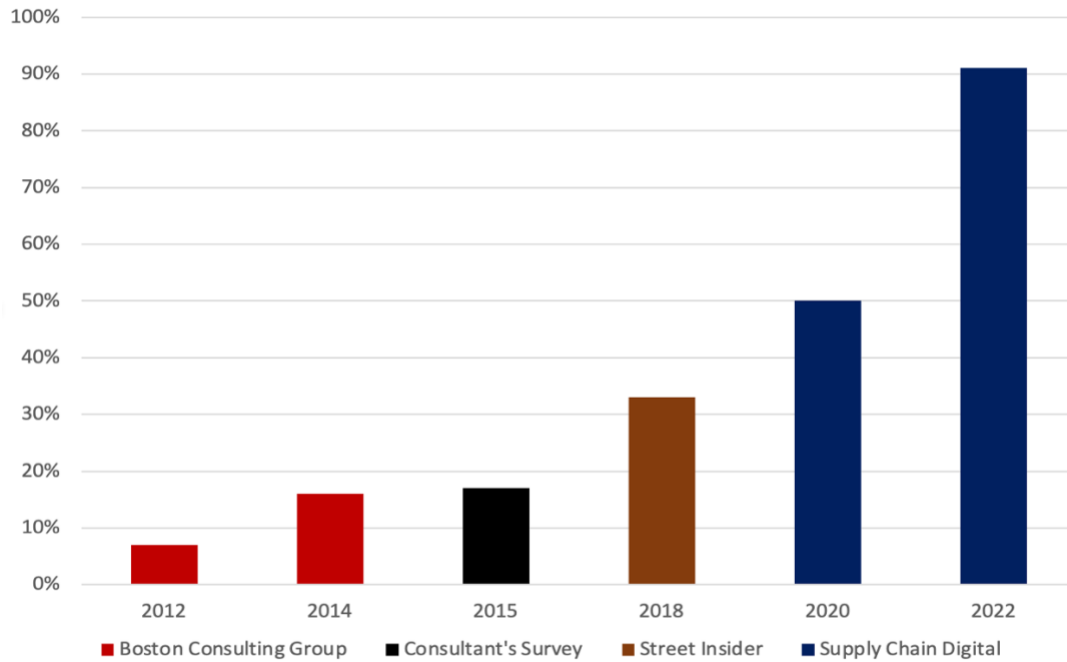
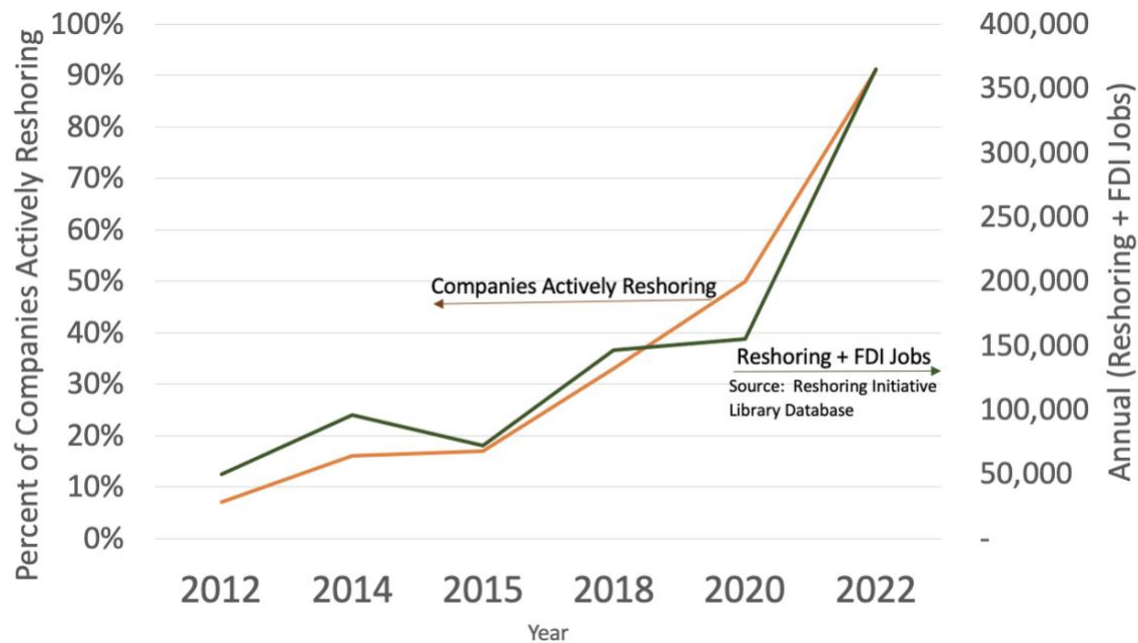


Exhibit 2c | **Percent Actively Reshoring: Survey Results vs. Reshoring and FDI Announcements in RI Data**



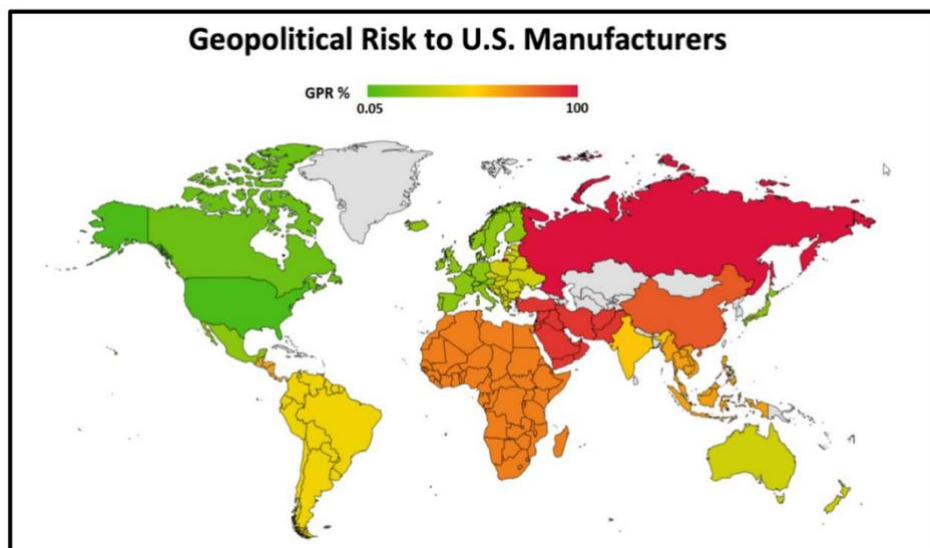
For more see: [Reshoring Revolution: A Special Report](#)

## Geopolitical Risk

Geopolitical disruptions are driving companies to reevaluate supply chain priorities. COVID shutdowns, the war in Ukraine, the Israeli/Hamas conflict and increasing tension over Taiwan show that it is past time for companies to evaluate reshoring and nearshoring as “insurance” against catastrophic disruptions. [Chief Executive magazine’s 2023 survey](#) confirmed that “Geopolitical risk exposure” is the most highly ranked of the “main drivers for reshoring operations.” Companies can use the Reshoring Initiative’s free online [TCO Estimator](#) and our new [Geopolitical Risk measure](#) (Exhibit 2d) to compare alternative sources. Geopolitical risk (GPR) is the probability in one year of a major disruption in trade resulting in the cessation of imports from that country to the U.S. as a result of an adverse geopolitical event.

[User data](#) shows that 20 or 30% of what is now imported from China can be sourced domestically at equal or greater profitability. A revised TCO version, expected to be online in early 2024, will include the Geopolitical Risk factor and should drive that % to well over 50%. The revised Estimator will use geopolitical risk to calculate the expected value of lost margin on revenue lost due to stocking out of a component or product. By including that cost in Total Cost, the user can determine whether it makes sense to “insure” its supply chain by reshoring.

### Exhibit 2d | Geopolitical Risk to U.S. Manufacturers







### 3. Top Industries, and the Products Driving Them

Electrical Equipment, driven by EV batteries, and Computer and Electronics, driven by chip and solar investments, remain the top contributors. These and other essential product industries like clean energy and pharmaceuticals are currently doing well because they are funded by Bidenomics. See Trends and Predictions for our views on the sustainability of these trends.

Exhibit 3   2023 Projected, Announcements by Industry, Reshoring + FDI					
Rank	Industry	Jobs	Cases	Avg. Jobs/case	% of Total Jobs
1	Electrical Equipment, Appliances & Components	148,948	344	433	41%
2	Computer & Electronic Products	84,484	288	294	23%
3	Chemicals	49,795	285	174	14%
4	Transportation Equipment	41,704	140	297	11%
5	Machinery	12,428	132	94	3%
6	Plastic & Rubber Products	6,405	50	129	2%
7	Primary Metal Products	4,830	69	70	1%
8	Furniture and Related Products	4,798	40	121	1%
9	Apparel & Textiles	2,838	96	29	1%
10	Medical Equipment & Supplies	2,129	64	33	1%



11	Fabricated Metal Products	2,105	35	60	1%
12	Nonmetallic Mineral Products	1,798	14	132	0%
13	Food & Beverage	1,626	27	60	0%
14	Castings/Foundries - Subset of Primary Metal Products	971	17	58	0%
15	Wood & Paper Products	900	9	100	0%

## 4. Factors Cited for Reshoring + FDI

Government Incentives, Eco-System Synergies (good local supply chain), Proximity to Customers/Market, and Skilled Workforce are the top reported factors in 1H2023. We just started to collect data on Geopolitical Risk and expect that factor to be highly ranked going forward. Prior to about 2022, Government Incentives had primarily come from local and state governments and had been enough to influence where, not whether the reshoring occurred. Now, the federal grants are often large enough to assure reshoring.

Exhibit 4a   1H2023, Top 20 Factors Cited	
Rank	Factor
1	Government Incentives
2	Eco-System Synergies (good local supply chains)
3	Proximity to Customers/Market
4	Skilled Workforce Availability/Training
5	Infrastructure
6	Supply Chain Interruption Risk



7	Manufacturing/Engineering Joint Innovation (R&D)
8	Under-Utilized Capacity
9	Lead Time/Time to Market
10	Image/Brand
11	Impact On Domestic Economy
12	Higher Productivity
13	Automation/Technology
14	Green Considerations
15	Govt. Policy and Subsidies
16	Customization/Flexibility
17	Raw Materials Cost
18	Better Control of Process/Delivery/Factory
19	Lean/Other Business Process Improvement Techniques
20	3d Printing/Additive Manufacturing

Source: Reshoring Initiative Library data

About 60% of companies have decided whether to offshore based on comparing wage rates, FOB prices or landed costs. Much of the strength of the reshoring trend has been due to more companies becoming familiar with a broad range of factors (costs and risks) they had previously ignored. This change in behavior is partially due to the recent dramatic increase in those costs and risks. 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 online [Total Cost of Ownership Estimator®](#). The [Impact of Using TCO](#) shows that shifting decisions from a price basis to TCO can be expected to drive reshoring of 20 to 30% of what is now imported. The percentage of work that is more profitably sourced domestically rather than imported from China rises from 8% to 32% when the sourcing metric shifts from FOB price to TCO (Exhibit 4b). The reshorable percentage rises to 46% if a 15% Section 301 tariff applies.

Exhibit 4b | **Chinese Price & TCO As a Percentage of U.S. Price & TCO**



## 5. Reshoring + FDI by Technology Level<sup>2</sup>

A record 90% of job announcements are in High or Medium-High product tech levels.

Exhibit 5   2023* Announcements by Technology Level						
Product Tech Level	Reshoring		FDI		Reshoring + FDI	
	Jobs	Companies	Jobs	Companies	Jobs	Companies
High	79%	45%	41%	28%	62%	39%
Medium-High	14%	27%	45%	41%	27%	32%

<sup>2</sup> Tech level ratings are based on classifications derived from: <https://www.oecd.org/sti/ind/48350231.pdf>, and [https://read.oecd-ilibrary.org/science-and-technology/revision-of-the-high-technology-sector-and-product-classification\\_134337307632#page1](https://read.oecd-ilibrary.org/science-and-technology/revision-of-the-high-technology-sector-and-product-classification_134337307632#page1)

<b>Medium-Low</b>	5%	15%	12%	23%	8%	18%
<b>Low</b>	3%	14%	1%	8%	2%	12%
<b>H+MH</b>	92%	72%	86%	69%	90%	71%
<b>ML+L</b>	8%	28%	14%	31%	10%	29%

Source: Reshoring Initiative Library data

Reshoring and FDI are continuing to add more High-Tech jobs than Low-Tech, again driven by the essential products push. This trend is important since the U.S. has a trade deficit in High-Tech products. Reshoring is stronger in High-Tech than is FDI which is stronger in Medium-High due to the high % of transportation equipment in FDI. The higher-tech companies average more employees/company than do the lower-tech companies.

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 large country to focus only on High-Tech. For example, we have a huge dependence on China for consumer goods and personal electronics. A central challenge/goal is to upskill our workforce such that they can work competitively on more highly automated production of lower-tech products.

## 6. Top 20 Countries From





Currently, most reshoring cases are cases of “automatic reshoring” - new investments and production that offset extreme rates of import dependency. In these cases, Country From is not often reported but the displaced imports of EV batteries and solar were typically coming from China. Chips were often sourced in Taiwan. For FDI and reshoring where Country From is reported, 1H2023 data shows the most jobs coming back from Korea, the UK and Germany.

Exhibit 6   2023 Reshoring + FDI, Announcements by Country From			
Rank by # of Jobs	Country	Average Jobs/Case	% of Total Jobs
1	Korea	393	17%
2	United Kingdom	1,467	15%
3	Germany	355	11%
4	China	297	9%
5	Japan	271	9%
6	Canada	255	9%
7	India	603	8%
8	Sweden	411	4%
9	Australia	296	3%
10	Finland	459	3%

Source: Reshoring Initiative Library data

## 7. Reshoring + FDI by International Regions From

Most reshoring jobs still come from Asia, followed by Western Europe.

Exhibit 7a   Reshoring from International Region (from cases reporting country from) 1H2023 Projected					
Rank	Country	Jobs	Cases	Average Jobs/Case	% of Total Jobs
1	Asia	18,106	83	219	36%
2	Western Europe	1,265	14	92	3%
3	Eastern Europe	483	5	105	1%
4	North America	368	5	80	1%
5	Middle East	0	0	0	0%
6	South/Central America	0	0	0	0%
7	Australia/Oceania	0	5	0	0%
8	Africa	0	0	0	0%

Source: Reshoring Initiative Library data

Most FDI jobs are coming from Western Europe and Asia.

Exhibit 7b   FDI International Region From 1H2023 Projected					
Rank	Country	Jobs	Cases	Average Jobs/Case	% of Total Jobs
1	Western Europe	66,351	237	280	46%
2	Asia	52,758	201	262	37%
3	North America	14,895	60	248	10%
4	Australia/Oceania	5,619	21	268	4%
5	Eastern Europe	3,120	15	208	2%
6	Middle East	600	15	40	0%
7	Africa	135	3	45	0%
8	South/Central America	0	0	0	0%

Source: Reshoring Initiative Library data



## 8. Reshoring + FDI Cases by State

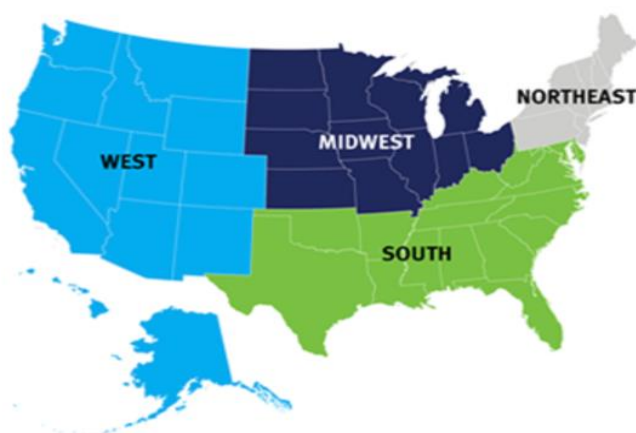
Kentucky, Georgia and South Carolina have the highest job announcements so far in 2023. Every year some top states are driven by catching large “elephants.” In this case, Kentucky scored a large EV battery deal with Ford/SK Blue Oval parentship, as well as large investments from Toyota. Georgia’s announcements covered a broad range of industries, interestingly almost all from Korea.

Exhibit 7   1H 2023, Top 10 Reshoring + FDI, % of Jobs per State		
Rank	State	% of Total Jobs
1	KY	14%
2	GA	10%
3	SC	9%
4	NC	6%
5	OH	6%
6	NV	5%
7	KS	5%
8	IN	4%
9	IL	4%
10	MA	4%

Source: Reshoring Initiative Library data



## 9. Reshoring + FDI Cases by U.S. Region



2023 announcements by U.S. Region are consistent with the historical distribution, other than the Northeast losing 3 percentage points, 1 to each of the other regions.

Exhibit 9a   2010-2023 Projected, Announcements by U.S. Region, Reshoring + FDI					
Rank	U.S. Region	Jobs	Cases	Avg. Jobs/Case	% of Total Jobs
1	South	1,046,098	5,483	191	55%
2	Midwest	404,083	2,686	150	21%
3	West	243,175	2,085	117	13%
4	Northeast	197,207	1,980	100	10%

Source: Reshoring Initiative Library data

Exhibit 9b   1H 2023 Announcements by U.S. Region					
Rank	U.S. Region	Jobs	Cases	Avg. Jobs/ Case	% of Total Jobs
1	South	100,400	376	303	56%
2	Midwest	34,932	174	276	22%
3	West	22,922	144	241	14%
4	Northeast	12,106	104	169	7%

## 10. Nearshoring



*Nearshoring to Mexico or Canada is better for the U.S. than work staying further offshore, e.g., in Asia.*

In an effort to shorten supply chains, nearshoring has also been picking up pace in 2023. Data shows 77% of cases come from Asia (comparable to the 76% figure for reshoring.) Mexico attracted 80% of nearshoring cases and 74% of nearshoring jobs. According to the Census Bureau, Mexico overtook China as the [largest American trading partner](#). The share of companies [nearshoring production nearly tripled](#) this year, according to a survey conducted by McKinsey.

Exhibit 10   2010 - 2023 Announcements Nearshored to Mexico and Canada					
Country to	Jobs	Cases	% of Cases	% from Asia	% from Western Europe
Canada	17,631	41	20%	70%	30%
Mexico	52,191	162	80%	79%	21%
All	69,822	203	100%	77%	23%

Reshoring should always be the country's first choice if the U.S. is sufficiently competitive. For some products, the components and skills are not available here or labor costs are not able to be overcome sufficiently by automation. Near, right, friend and allied shoring are all better alternatives to work being done far away, especially by adversaries. Choice of shores should be based primarily on U.S. economic self-interest and not be a means of building other countries or advancing democracy, as was the case since WWII.

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 advantage.

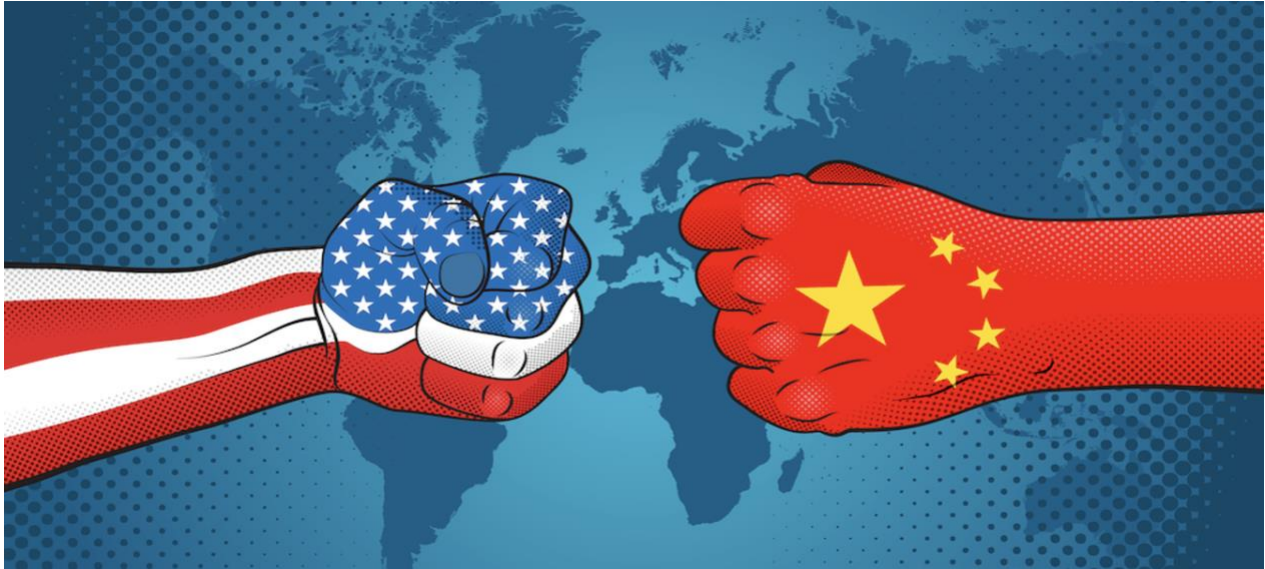
Our data on Canada and Mexico is much less comprehensive than on the U.S. since we do not cover either country's media. Probably reality is 2 to 3X as high, especially in Mexico, as is shown in Exhibit 9.

## 11. Trends and Projections



### Updates From Preliminary 2023 Q3

While 1H rates point to another year-end record, Q3 rates have slowed, suggesting the possibility of a slightly lower total for the full year. We currently have the estimated projection range at between 300-365K. Even a lower figure of 300K would be up about 22% from 2021's record and almost 100% from 2020. Overall, reshoring and FDI job numbers demonstrate exceptional progress for U.S. manufacturing after decades of offshoring, and companies can feel optimistic about a continued recovery and improvements to local supply chains.



Supply chain gaps and the need for greater self-sufficiency set the stage for recent upward trends in reshoring. The risks of a Taiwan-China conflict or China voluntarily decoupling are focusing those concerns. Russia/Ukraine and Israel/Hamas conflicts along with increasing climate challenges have also shed light on our vulnerabilities and the need to address them. The White House responded with the Inflation Reduction Act, Chips Act, and Infrastructure Bill, offering some direction and financial security to the companies and industries intent on filling the gaps. These government actions are necessary in the short run but are not sufficient since they do not improve the competitive cost structure for the U.S.

A true industrial policy is the best option to protect the U.S. from the increasing risks associated with geopolitical volatility. It should focus on leveling the cost playing field via comprehensive actions such as massive skilled workforce investments, a 20% lower USD and retention of immediate expensing of capital investments. The workforce investment should be in a program like Germany's. Over the next 10 years, the U.S. needs to have an additional 5 million manufacturing workers to replace retirees and allow for growth in GDP and reshoring. Manufacturers need to know that local, state, and federal governments are committed to developing these workers on an ongoing basis.



## Conclusion

Reshoring Initiative reporting contains data<sup>3</sup> and analysis on trends in U.S. reshoring announcements by U.S. headquartered companies and FDI by foreign companies that are shifting production or sourcing from offshore to the U.S.

This Report should motivate companies to further reevaluate their sourcing and siting decisions by considering all the cost, risk and strategic impacts flowing from those decisions.

Reshoring's success has occurred despite uncompetitive U.S. manufacturing costs. Presently, shifting forces are creating more incentives and opportunities for companies to produce at home. The Reshoring Initiative can [help](#) government policymakers project the impact of applying industrial policy to bring millions more jobs back. Acceleration of the trend depends on the government leveling the playing field, making the United States more cost competitive.

The Reshoring Initiative offers many tools and resources, which are listed below. Please [contact us](#) for help driving reshoring for your company, your region and our country.

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<sup>3</sup> Unless otherwise noted, the data for all charts comes from the Reshoring Initiative's Reshoring Library of over 9,000 published articles, privately submitted Reshoring Case Studies, and some other privately documented cases. Reshoring and FDI 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 newly outsourced to the domestic supply chain. The supply chain often receives more jobs than the assembly plant. Job and company numbers are first tabulated and then adjusted for under-reporting, especially in the domestic 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.





## RESHORING INITIATIVE RESOURCES

[Total Cost of Ownership Estimator®](#) - Free online tool helps companies account for all relevant factors — overhead, balance sheet, risks, corporate strategy, green 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. Analysis of TCO Estimator user data shows that [20 to 30% of imported products](#) can be made here more profitably. Call on the Reshoring Initiative for help using this and other tools.

[Geopolitical Risk Report](#) - This report provides a geopolitical risk probability measure and broad geopolitical risk analysis to help guide stakeholders in assessing their unique risk exposure. Geopolitical risk (GPR) is the probability in one year of a major disruption in trade resulting in the cessation of exports from that country to the U.S. as a result of an adverse geopolitical event.

[Import Substitution Program \(ISP\)](#) - Manufacturers select the products at which they excel. ISP identifies and qualifies the major relevant importers of those products. The manufacturers then use TCO to convince the importers to reshore. Offered directly to manufacturers and thru MEPS, EDOs (economic development organizations), trade associations and equipment sellers.

[Supply Chain Gap Program](#) - Identifies U.S. supply chain gaps. Helps U.S. manufacturers fill the gaps. Helps EDOs find foreign firms to fill the gaps.

[Competitiveness Toolkit](#) - Designed to quantify and select the optimal national policy changes to bring back a desired number of jobs.

[Reshoring Library](#) – You can use [Advanced Search](#) to identify companies that have reshored or done FDI in relevant industries or regions. Search for potential customers.

[Reshoring Initiative Data Report](#) – Annual reports track the drivers, impact and momentum of the trend.



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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®

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