Black Book Insights

RESHORING OR RHETORIC?

Managing the new U.S. Manufacturing Surge through Policy, Semiconductors, and Execution Constraints

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A Black Book Insights white paper

Vendor agnostic analysis for operations, supply chain, manufacturing, investment, and policy leaders

BOTTOM LINE

Reshoring is real, but the political story often outruns the operating reality. The next test is not simply whether America can attract factories; it is whether those factories can be staffed, powered, supplied, and sustained at competitive cost.

AT A GLANCE

This white paper argues that the U.S. manufacturing surge should be read through three connected realities: political pressure to reshore is intensifying, semiconductors show that industrial policy can change production geography, and the success of the next wave will be decided by execution constraints rather than by rhetoric alone.

Executives should resist binary thinking. The most resilient footprints are likely to mix domestic production, nearshoring, dual sourcing, and selective import dependence. The right answer is a designed portfolio, not a slogan.

SELECTED INDICATORS SHAPING THE RESPONSE

52.6%	963,400	$65B+
Jan. 2026 ISM Manufacturing PMI	**Average annual openings in prod**	**Planned TSMC Arizona investor**
Sector returned to expansion, but employment still contracted.	BLS projects openings will remain high despite overall occupational decline.	Final CHIPS award supports three leading-edge fabs and more than 20,000 jobs.

Political reality	Tariffs and industrial subsidies will remain central to the U.S. manufacturing debate, but neither is sufficient by itself.
Strategic proof point	Semiconductors and CHIPS awards show that targeted policy can move high-value production decisions.
Operating reality	Labor, power, permitting, and supplier depth now shape whether announced projects become usable capacity.
Leadership imperative	Treat reshoring as a portfolio and ecosystem design problem, with hard gates on site readiness and risk-adjusted economics.

EXECUTIVE SUMMARY

The United States is in the middle of a consequential manufacturing reinvestment cycle. Semiconductor fabs, battery plants, electronics facilities, defense-linked production, and selected consumer-goods lines are drawing capital back to U.S. soil. Yet the public discussion of reshoring has become increasingly distorted. In politics, reshoring is often presented as a simple equation: impose tariffs, subsidize domestic production, and industrial strength returns automatically. The evidence is more complex.

Black Book Insights takes a vendor-agnostic position. Reshoring is strategically justified in selected sectors and supply chains, especially where continuity, national security, customer responsiveness, or regulatory exposure matter. But reshoring is not a universal answer, and it is not best measured by ribbon cuttings or campaign rhetoric. The durable questions are whether the United States is building competitive productive capacity, whether supplier ecosystems are deepening, and whether labor and infrastructure can support the new load.

This white paper combines three lenses. First, it tests the claim that tariffs alone can restore U.S. manufacturing strength. Second, it examines semiconductors and the CHIPS Act as the flagship case of industrial policy-backed reshoring. Third, it focuses on the hidden bottlenecks that now define the next phase of the manufacturing surge: workforce depth, electric power, permitting, and supplier readiness.

Our conclusion is straightforward: the manufacturing surge is real, but it is also more capital-intensive, automation-heavy, policy-sensitive, and regionally constrained than the public narrative suggests. The companies and jurisdictions that succeed will be the ones that treat reshoring as a portfolio design problem rather than an ideology.

KEY FINDINGS

1	Reshoring momentum is credible, but concentrated in strategic sectors rather than across all manufacturing.
2	Tariffs may change sourcing incentives, but they do not independently create labor pools, power capacity, or supplier ecosystems.
3	Semiconductors are the clearest proof that industrial policy can change manufacturing geography at scale.
4	The biggest risks now are operational: skilled labor scarcity, grid readiness, construction bottlenecks, and supplier shallowness.
5	Leadership teams should judge reshoring by risk-adjusted economics and ecosystem feasibility, not symbolic purity.

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Selected indicators compiled from ISM, BLS, NIST/Commerce, and related federal sources.

01 RESHORING OR RHETORIC? THE TARIFF DEBATE VERSUS REAL CAPACITY FORMATION

Tariffs remain the most politically visible reshoring tool because they promise immediate action. They can change the landed-cost equation, trigger sourcing reviews, and create pressure to diversify away from exposed import channels. But tariffs do not create the underlying conditions required for industrial competitiveness. They do not train controls technicians, expand substation capacity, accelerate site permitting, or build domestic supplier density.

Recent manufacturing data reinforces the distinction between political pressure and operating performance. ISM reported that manufacturing contracted in December 2025 for the tenth consecutive month after only a brief two-month expansion, describing the period as one shaped by sluggish demand, trade and tariff anxieties, and economic uncertainty. The January 2026 ISM report did show a rebound, with the Manufacturing PMI rising to 52.6 and new orders strengthening; but even in that rebound, employment continued contracting and prices kept increasing. That is the operating profile of a sector adjusting under pressure, not a sector transformed by slogans.

A credible reshoring thesis therefore requires a higher standard of proof. The better question is not whether tariffs sound pro-manufacturing. The better question is whether policy is leading to durable domestic capacity, better cycle times, lower disruption exposure, and acceptable economics after the incentives and headlines fade. In some cases, particularly in strategic industries, the answer is yes. In many others, the evidence is still mixed.

WHAT THE STANDARD RESHORING NARRATIVE GETS RIGHT

- It recognizes that pure lowest-cost global sourcing left many firms overexposed to geopolitical and logistics shocks.
- It creates urgency inside boardrooms that had treated resilience as a secondary objective.
- It can support near-term demand for domestic steel, equipment, and selected upstream inputs.

WHAT IT CAN GET WRONG

- It assumes price pressure is enough to rebuild ecosystems that took decades to offshore.
- It overstates the link between tariffs and broad manufacturing employment gains.
- It underestimates the inflation, retaliation, and planning uncertainty that can accompany abrupt trade moves.

02 THE CHIPS ACT: THE STRONGEST PROOF POINT AND THE STRONGEST STRESS TEST

If tariffs are the most visible political symbol of reshoring, semiconductors are the clearest test of whether an industrial strategy can actually move capacity. Chips matter because they sit underneath defense systems, automotive electronics, industrial automation, cloud infrastructure, and artificial intelligence. They are not merely another product category; they are a strategic platform technology.

That is why the CHIPS Act matters beyond partisanship. In November 2024, the Commerce Department announced a final award of up to $6.6 billion in direct funding for TSMC Arizona, supporting a planned investment of more than $65 billion across three leading-edge fabs in Phoenix and associated job creation. The award was explicitly framed around U.S. leadership in advanced semiconductor manufacturing. In plain terms, this is one of the few areas where the federal government has demonstrably altered the geography of high-value production.

At the same time, the semiconductor program is politically fragile. In March 2025, President Trump publicly called the CHIPS Act a "horrible, horrible thing" and urged Congress to get rid of it. Whether or not full repeal is feasible, that rhetoric matters because long-cycle capital responds not only to statutory authority but to credibility. Suppliers, utilities, construction partners, and talent pipelines all move more cautiously when the rules may be re-litigated after each election.

HOW TO READ SEMICONDUCTOR RESHORING STRATEGICALLY

	Why it matters	What can go wrong
Fabs	Creates domestic leading-edge capacity and signals long-term commitment.	A fab without packaging, materials, talent, and utilities is resilience only in part.
Incentives	Improves project economics where upfront capex is enormous.	If incentives are treated as politics instead of policy infrastructure, investment confidence drops.

Black Book's position is that semiconductors should not be judged as a classic subsidy story. They should be judged as a strategic-capacity story. The U.S. does not need to manufacture every chip input domestically, but it does need to reduce strategic fragility in the portions of the value chain that matter most. That requires fabs, yes, but also advanced packaging, inputs, specialty services, and cross-border coordination with trusted allies.

The larger lesson is that industrial policy works best when it is steady enough to build ecosystems, not merely announce projects. The CHIPS program is therefore both a breakthrough and a battlefield: proof that policy can catalyze investment, and proof that those gains can be weakened if policy continuity is treated as optional.

03 THE NEXT BOTTLENECK IS EXECUTION, NOT INTENT

The reshoring debate is now moving into a more demanding phase. The initial question was whether companies would recommit capital to domestic manufacturing. In a growing number of sectors, that answer is yes. The harder question is whether the United States can absorb and operationalize that new capacity. This is where many reshoring narratives become analytically weak: they treat announced factories as if they are already productive, fully staffed, fully supplied, and fully powered.

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THE FOUR BREAKDOWNS LEADERS SHOULD TRACK MOST CLOSELY

1. **Workforce depth —** BLS projects overall employment in production occupations to decline over 2024–34, yet still expects about 963,400 openings per year because replacement demand remains high. NAM and the Manufacturing Institute have separately warned that the sector faces a potential shortfall of 1.9 million employees by 2033. The practical message is that plants may be able to automate some headcount away, but they cannot automate away the need for scarce technical capability.
2. **Power and utilities —** EIA now forecasts the strongest four-year growth in U.S. electricity demand since 2000, with industrial load and large computing centers driving the increase. Electricity use rose in 2024, is expected to rise again in 2025 and 2026, and EIA expects another increase in 2027. For site selectors, power is no longer a background assumption; it is a strategic input.
3. **Supplier ecosystem maturity —** A domestic assembly or fabrication line does not automatically create a resilient domestic supply chain. Tooling, specialty chemicals, substrates, packaging, maintenance services, and logistics partners all matter. If those layers remain offshore or overly concentrated, resilience improves only partially.
4. **Policy and permitting discipline —** Long-horizon manufacturing projects do not respond well to sudden changes in incentives, tariffs, or program governance. Nor do they respond well to slow local approvals. The reshoring cycle will be won less by dramatic announcements than by jurisdictions that can move land, utility, and permitting processes with predictability.

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The next industrial challenge is not simply attracting factories. It is making them work. That means staffing them, powering them, qualifying suppliers around them, and keeping policy stable long enough for ecosystems to form.

This distinction also explains why the popular phrase “manufacturing renaissance” can be misleading. Today’s factories are not a replay of the labor model many voters and policymakers remember. They are more capital-intensive, more automated, more digitally instrumented, and more dependent on technicians and engineers than on large pools of general labor. Reshoring can therefore be strategically valuable without producing the broad-based job resurgence often implied in political messaging.

That does not diminish the value of manufacturing investment. It means the evaluation criteria must change. Leaders should focus on continuity, risk reduction, speed, quality, and ecosystem durability—not nostalgia.

04 WHAT A MORE CREDIBLE RESHORING STRATEGY LOOKS LIKE

The most credible reshoring strategies are selective rather than maximalist. Not every category should be brought back. Some inputs belong in a diversified global model. Others fit a nearshoring design better than a full U.S. footprint. The goal is not symbolic domestic purity; it is portfolio resilience with acceptable economics.

Black Book recommends that enterprise leaders judge reshoring decisions on six dimensions: strategic criticality, risk concentration, total cost beyond piece price, ecosystem feasibility, automation readiness, and time-to-value. When those variables are assessed together, the outcome is often not all-or-nothing. It is a blended design that localizes the most critical or volatile layers while keeping other elements globally diversified.

For policymakers, the lesson is equally practical. Industrial strategy should put as much emphasis on workforce systems, substations, permitting, and supplier development as it does on headline incentive packages. The jurisdictions that translate factory announcements into enduring capacity will be the ones that align education, utilities, land, infrastructure, and permitting with target industries.

OPERATING CHECKLIST FOR LEADERSHIP TEAMS

Value chain criticality	Which products or inputs merit domestic or regional redundancy because the business cannot tolerate disruption?
Location readiness	Does the proposed site have power, water, labor access, and permitting predictability on the required timeline?
Supplier depth	Can enough of the adjacent ecosystem qualify locally to change resilience outcomes materially?
Automation economics	Can process design offset labor and cost disadvantages without introducing unacceptable fragility?
Policy sensitivity	How dependent is the business case on grants, tax credits, tariffs, or regulatory assumptions that may change?
Ramp realism	Is the launch schedule achievable given construction, commissioning, and workforce realities?
Fallback design	If the domestic ramp slips, what diversified sourcing strategy protects customers and cash flow?

05 BLACK BOOK INSIGHTS POSITION

Black Book Insights supports a vendor-agnostic, evidence-based view of reshoring. We do not treat domestic manufacturing as a universal answer, and we do not treat offshoring as inherently obsolete. The strategic task is to determine which parts of a value chain should be localized, which should be regionalized, and which remain best served through diversified global sourcing.

Our position is clear. Reshoring is strategically justified in critical sectors and vulnerable supply chains. The current U.S. manufacturing build cycle reflects real progress, particularly in semiconductors and other strategic categories. But the political narrative often overstates how quickly tariffs or incentives translate into competitive industrial renewal. The decisive question is no longer whether America can attract factories; it is whether America can operationalize them at scale.

That question should shape both corporate strategy and public policy. Executives should assume that risk-adjusted resilience, not ideology, will determine the winning footprint. Policymakers should assume that stable execution conditions matter as much as public commitments. In both cases, seriousness means moving beyond announcement culture and into operating discipline.

IMPLICATIONS FOR 2026 PLANNING

- Expect continued pressure to diversify exposure to China and concentrated offshore production, but not a clean one-for-one migration into the United States.
- Expect semiconductors and power-intensive manufacturing to remain tied to utility and infrastructure constraints as much as to capital availability.
- Expect workforce strategy to move closer to the center of location strategy, especially for advanced manufacturing roles.
- Expect political volatility around tariffs and industrial subsidies to remain a planning variable rather than background noise.

CONCLUSION

The reshoring debate is entering a more mature and more difficult phase. The easy phase was narrative: bring manufacturing back. The harder phase is execution: power it, staff it, supply it, and keep it economically credible. That is where the strongest analysis now belongs.

The United States has a real opportunity to rebuild strategic industrial depth in sectors that matter economically and geopolitically. But success will not come from slogans, tariffs in isolation, or project announcements alone. It will come from disciplined industrial execution, ecosystem development, and policy credibility that outlasts electoral cycles.

For executives, the right response is neither reflexive enthusiasm nor blanket skepticism. It is rigorous portfolio design. For policymakers, the right response is not to confuse punitive trade policy with a complete manufacturing strategy. It is to build the conditions under which productive capacity can endure. Reshoring is real. So are its limits. A serious strategy must account for both.

METHODOLOGY NOTE

This white paper synthesizes recent federal data, industrial policy announcements, and manufacturing condition reports available as of March 30, 2026. Black Book Insights emphasizes public, primary, or near-primary sources where possible, including the U.S. Department of Commerce, NIST, EIA, BLS, the Census Bureau, and ISM, supplemented by industry analysis for workforce and reshoring context. The paper is intentionally vendor agnostic and does not recommend specific products, service providers, or technologies.

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