Black Book Insights

# THE RESHORING INCENTIVE WALL

## How Trump-Era Incentives Could Slow the Next Phase of American Manufacturing Resurgence

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*A Black Book Insights white paper*

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

## BOTTOM LINE

The most controversial question in reshoring is no longer whether Washington wants more factories in the United States. It is whether the Trump administration's incentive structure can produce durable manufacturing resurgence without undermining itself.

The administration has built a more aggressive federal preference system around trade, procurement, domestic content, semiconductor protection, and investment acceleration. But the same policy mix is also raising costs, increasing uncertainty, tightening qualification rules before domestic supplier depth is ready, and reopening terms on long-cycle capital programs.

The next test is not whether America can announce factory projects. It is whether those projects remain financeable, buildable, and competitive once the contradictions inside the policy stack begin to bite.

## AT A GLANCE

This white paper examines a controversial but underreported issue inside the reshoring debate: whether Trump-era reshoring incentives are strengthening American manufacturing or pushing it into a new incentive wall.

The administration has linked tariffs, procurement reform, domestic-content escalation, import controls, and regulatory acceleration into a more forceful federal industrial posture. That can accelerate selected projects and sectors. It can also make the next phase of reshoring more brittle if investment cases depend on unstable tariff assumptions, renegotiable subsidies, and domestic-content rules that outpace domestic capacity.

Black Book Insights takes a vendor-agnostic position. Federal incentives can matter, especially in semiconductors, strategic electronics, defense-adjacent manufacturing, and infrastructure-linked supply chains. But incentives are not the same as operating competitiveness.

The right question is not, “Are Trump policies pro-manufacturing?” It is, “Do these policies create durable domestic capacity, or do they create a reshoring cycle that becomes more expensive, more selective, and more unstable as soon as the policy mix collides with real-world execution?”

## SELECTED INDICATORS SHAPING THE RESPONSE

### $1 BILLION-PLUS

The United States Investment Accelerator was created to facilitate and accelerate investments above $1 billion and was assigned responsibility for the CHIPS Program Office.

### 55 PERCENT TO 100 PERCENT

The administration proposed raising domestic-content requirements for federally funded EV chargers from 55 percent to up to 100 percent.

### 25 PERCENT WITH CARVEOUTS

The semiconductor import action called for an immediate 25 percent tariff on certain advanced chips while exempting imports tied to U.S. data centers, research and development, startups, public-sector uses, and other uses deemed to strengthen the domestic technology supply chain.

### $1 BILLION-PL52.4 PMI, BUT ONLY THE THIRD EXPANSION IN 40 MONTHS

Manufacturing returned to expansion in early 2026, but the recovery remained narrow, with employment still soft and prices rising.

### REALITY CHECK

The reshoring narrative is colliding with harder operating economics, longer timelines, and more selective capital discipline.

## EXECUTIVE SUMMARY

The reshoring debate often begins with politics and ends with arithmetic. Under the Trump administration, the politics have become part of the arithmetic. The White House has argued that large goods trade deficits hollowed out U.S. manufacturing, created supply-chain dependence, and weakened advanced domestic industry. In response, the administration has used tariffs, procurement reform, domestic-content tightening, and investment acceleration to redraw the incentive environment around U.S. production.

That has made federal politics a first-order variable in site selection, capital allocation, and supplier strategy.

This paper uses three lenses. First, it examines how Trump-era incentives can accelerate selected domestic manufacturing projects. Second, it explains why those same incentives can create friction when tariffs raise input costs, when content rules move faster than supplier ecosystems, and when previously awarded semiconductor subsidies are reopened for renegotiation. Third, it translates the issue into decision governance: how leaders should judge whether the current reshoring movement is building durable capacity or merely shifting the economics of investment from operating performance to policy preference.

Our conclusion is straightforward. The movement is not dead, but it is hitting a wall. That wall is not a lack of interest in American manufacturing. It is the collision between incentive-led reshoring and contradictory policy signals: protection versus predictability, domestic-content ambition versus supplier readiness, subsidy discipline versus capital certainty, and project announcements versus broad-based industrial follow-through.

The winners will be the firms and communities that can separate temporary policy tailwind from durable manufacturing advantage.

# KEY FINDINGS

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| **1** | Trump administration policies have made reshoring more federally directed by tying trade, procurement, national security, and investment support together. |
| **2** | The same policy stack can increase domestic project friction by raising input costs, intensifying tariff uncertainty, and tightening domestic-content thresholds before local supply chains are deep enough. |
| **3** | Selective sectors may still expand under federal preference, especially semiconductors and federally linked infrastructure categories, but broader manufacturing resurgence remains harder to prove. |
| **4** | The most underreported risk is policy-duration mismatch: factories are financed over years, while tariffs, waivers, and subsidy terms can change much faster. |
| **5** | The movement is more likely to continue as a narrower, politically favored industrial build-out than as a smooth, broad-based manufacturing renaissance unless operating competitiveness catches up to policy ambition. |

## 01 WHY TRUMP-ERA RESHORING INCENTIVES MATTER MORE THAN MANY MODELS ADMIT

For years, many reshoring models treated Washington as background context: important for taxes, grants, and trade headlines, but secondary to labor, logistics, and energy. That assumption is increasingly obsolete.

The Trump administration has framed trade policy as part of economic and national security. It has linked trade deficits directly to manufacturing erosion and supply-chain dependence. In parallel, it created the Investment Accelerator inside the Commerce Department, tied it to investments above $1 billion, and placed the CHIPS Program Office under it.

That is not passive policy climate. It is active industrial positioning.

The same federalization is visible in procurement. The government is not only taxing foreign dependence. It is also trying to shorten the path by which preferred domestic investments get approved, negotiated, and bought.

That matters because reshoring incentives are no longer just about subsidies or patriotic messaging. They are now being built through a stacked system of tariff pressure, domestic-demand preference, and project acceleration. That can be powerful. It can also become contradictory when one part of the system lowers friction while another raises it.

### WHAT THE INCENTIVE-LED RESHORING NARRATIVE GETS RIGHT

It recognizes that some industrial capacity will not return on cost arbitrage alone. In strategically exposed categories, federal demand, national-security trade action, and regulatory acceleration can materially change investment behavior.

It also recognizes that some manufacturing categories are not ordinary markets. Semiconductors, advanced electronics, defense-adjacent inputs, and infrastructure-linked supply chains can justify stronger federal support when dependency risks are high and substitution cycles are long.

### WHAT IT CAN GET WRONG

It can confuse political support with durable competitiveness.

A project can become more bankable because imports are taxed, because procurement channels are easier to access, or because domestic-content rules create a more captive market. But that does not automatically mean the plant is globally competitive, locally supplied, or resilient once the policy environment becomes less favorable or more inconsistent.

That is where underreported risk begins.

## 02 THE CONTRADICTION INSIDE TRUMP'S RESHORING POLICY STACK

The first contradiction is straightforward: tariffs are meant to protect domestic manufacturing, but many American manufacturers still import machinery, components, specialty materials, and upstream inputs they cannot yet source competitively at home.

The same policy meant to encourage reshoring can therefore raise the cost base of the firms expected to do the reshoring.

The second contradiction is subsidy certainty versus subsidy discipline. The Investment Accelerator is designed to help large projects move faster, and the administration has marketed that as a pro-investment tool. But it has also signaled that previously structured incentive packages may be renegotiated if they are viewed as too generous.

For taxpayers, that can be framed as discipline. For capital-intensive manufacturers, it also signals that federal terms may not be fully settled even after projects have been announced and structured. In reshoring, that kind of uncertainty is not a side issue. Semiconductor fabs, advanced packaging facilities, and their supply chains are financed on long-cycle assumptions.

The third contradiction is domestic-content escalation versus domestic supplier readiness. Moving domestic-content thresholds higher is a clear attempt to deepen U.S. manufacturing capture. But it also illustrates a recurring reshoring problem: federal content ambition can rise faster than the domestic supply base required to satisfy it economically and at scale.

When that happens, projects do not always fail outright. They slow, they seek waivers, they reprice, or they narrow to the firms best positioned to navigate compliance complexity.

The semiconductor import regime makes the contradiction even clearer. The administration has imposed targeted protection while also creating carveouts and offset mechanisms for certain strategic uses and domestic investors. That is not incoherence. It is an acknowledgment that America still needs imported technology while trying to rebuild domestic capacity.

But it also proves the central point: the reshoring push is being built through incentives that are internally conditional because domestic industrial depth is still incomplete.

## 03 IS THE MOVEMENT HITTING A WALL?

Yes, but not in the simplistic sense that reshoring has failed.

The wall is more specific. It is the point at which policy-led momentum stops translating cleanly into broader manufacturing resurgence because the economic and operating system underneath it is not yet aligned.

The evidence is mixed but telling. Manufacturing has shown signs of improvement, but the recovery remains narrow. Employment has not kept pace with headline optimism. Industrial construction and private nonresidential activity have been uneven. Reshoring enthusiasm has encountered a harder operating reality than many early narratives suggested.

Those signals do not prove collapse. They do show that factory revival is not moving in a straight line from policy announcement to broad operating takeoff.

The underreported issue is that contradictory policies can create exactly this kind of wall. Tariffs may attract some projects while simultaneously raising the costs of equipment and inputs. Domestic-content rules may create new incentive to localize while also slowing deployment. Procurement simplification may reduce friction on one side while trade uncertainty expands it on another. Incentive acceleration may promise faster outcomes while renegotiation risk makes boards wonder how stable federal commitments really are.

The result is not necessarily fewer headlines. It is more hesitation inside the capital budget.

### THE FOUR BREAKDOWNS LEADERS SHOULD TRACK MOST CLOSELY

1. **Input-cost Escalation —** Protection can raise the cost of imported inputs before domestic substitutes are ready.
2. **Policy Whiplash —** Announcements, pauses, reversals, exemptions, and administrative uncertainty make long-cycle planning harder.
3. **Supplier Mismatch —** Domestic-content rules can outrun the supplier ecosystem needed to satisfy them efficiently.
4. **Announcement-output Gap —** Projects can be politically celebrated before they become operationally durable.

In reshoring, the wall is rarely a single failed policy. It is usually a cumulative mismatch between policy ambition and industrial readiness. That is the wall the current movement is starting to encounter.

## 04 WHAT A MORE CREDIBLE MANUFACTURING STRATEGY LOOKS LIKE UNDER CONTRADICTORY INCENTIVES

The most credible response is neither to dismiss Trump's reshoring program nor to assume it guarantees a manufacturing resurgence. It is to separate categories.

Some sectors can still expand under this policy mix because they are protected, federally relevant, and strategically important. Semiconductors are the clearest example. Parts of infrastructure supply, defense-adjacent production, and selected strategic electronics may also continue to benefit.

But categories that rely on globally integrated supply chains, imported capital goods, or cost-sensitive end markets may find the current policy mix harder to absorb. That is why the next phase of reshoring is likely to be narrower and more selective than the political narrative suggests.

Black Book recommends that leadership teams judge Trump-era reshoring decisions on six dimensions:

1. cost competitiveness after tariffs,
2. dependence on federal preference,
3. domestic supplier depth,
4. automation economics,
5. policy durability, and
6. ramp realism.

A project that requires tariffs to survive, waivers to function, renegotiated subsidies to close, and scarce domestic suppliers to ramp is not equivalent to a project that is genuinely winning on quality, speed, resilience, and total landed cost.

### OPERATING CHECKLIST FOR LEADERSHIP TEAMS

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| **Post-tariff Cost Case** | Does the project still work if input costs rise faster than expected? |
| **Policy Dependence** | How much of the return depends on tariffs, waivers, content rules, or agency discretion? |
| **Supplier Depth** | Can the domestic supply base support volume, quality, and ramp timing without extraordinary exception handling? |
| **Capital Certainty** | Are federal incentives and program terms durable enough for multi-year investment underwriting? |
| **Federal-demand Relevance** | Is the business case tied to procurement or infrastructure channels that may remain more protected than commercial markets? |
| **Post-preference Competitiveness** | Will the plant still be competitive if the policy regime softens or becomes less predictable? |

For policymakers, the lesson is equally practical. Durable manufacturing resurgence will not come from tariff announcements alone, nor from procurement reform alone, nor from domestic-content escalation alone. It will come only when the enabling system catches up: supplier ecosystems, workforce depth, utility readiness, equipment availability, and rules stable enough for capital to trust.

# 05 BLACK BOOK INSIGHTS POSITION

Black Book Insights supports a vendor-agnostic, evidence-based view of reshoring. We do not assume that tariffs are automatically harmful, nor that incentives are automatically distortive. Some categories justify a stronger federal hand because dependency risks are too high and market incentives alone underbuild strategic capacity.

But that does not eliminate the need for disciplined economics.

Our position is clear. The most underreported risk in reshoring today is not the absence of federal ambition. It is the possibility that Trump-era reshoring incentives will narrow, delay, or destabilize the very resurgence they are meant to accelerate if policy contradictions remain unresolved.

Protection without predictability can chill investment. Domestic-content escalation without supplier depth can bottleneck deployment. Subsidy discipline without capital clarity can slow strategic build-out.

In that sense, the movement is not ending. It is hitting the outer limit of what political preference can do without deeper industrial readiness.

## IMPLICATIONS FOR 2026 PLANNING

Expect more reshoring projects to separate into two groups: those that can survive after policy support is reduced, and those whose economics weaken once uncertainty, input inflation, or supplier bottlenecks are fully priced.

Expect sectors with federal relevance to outperform broader consumer-facing manufacturing in access to policy support and project momentum.

Expect boards to ask harder questions about whether tariff-driven or content-driven reshoring is building real competitiveness or merely temporary protected capacity.

Expect the communities and firms that win to be those that treat federal incentives as accelerants, not as substitutes for operating discipline, supplier depth, and realistic launch planning.

# CONCLUSION

The Trump administration has changed the reshoring landscape. It has made federal politics more important to factory economics, more important to procurement access, more important to content rules, and more important to the speed of major-project negotiation.

That is already shaping the future of American manufacturing.

But the next phase of manufacturing resurgence will be decided by whether those incentives can survive their own contradictions. If tariffs keep raising costs faster than supplier ecosystems can localize, if subsidy renegotiation keeps weakening capital certainty, and if domestic-content ambition keeps outrunning domestic capacity, then the movement will keep generating headlines while struggling to produce broader industrial lift.

If, instead, incentives are paired with predictability, supplier build-out, and execution realism, then selective reshoring can still become durable capacity.

For executives, investors, and policymakers, the right question is not whether Trump's incentives are strong. They are. The right question is whether they are coherent enough to carry American manufacturing past the incentive wall and into a real resurgence.