

HOW THE TRUMP ADMINISTRATION IS QUIETLY REDRAWING U.S. RESHORING THROUGH TARIFFS, PROCUREMENT, AND POLITICAL LEVERAGE

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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 underreported issue in reshoring is not whether factories are returning to the United States. It is that Washington is increasingly deciding which factories become bankable. Under the Trump administration, reciprocal tariffs, Section 232 actions, stricter domestic-content rules, procurement overhaul, and a new Investment Accelerator overseeing the CHIPS Program Office have made federal politics a first-order site-selection variable.

That can accelerate domestic capacity in targeted sectors. It can also create a reshoring market in which project economics depend not only on labor, logistics, and automation, but on the durability of political preference itself.

AT A GLANCE

This white paper examines a controversial but underreported segment of the reshoring debate: the growing divide between market-competitive reshoring and federally advantaged reshoring. The Trump administration has explicitly tied trade, investment, procurement, and national security together. The result is not a single reshoring policy, but a policy architecture that can favor selected industries through tariff protection, procurement demand, domestic-content escalation, accelerated regulatory support, and strategic import restrictions.

Black Book Insights takes a vendor-agnostic position. Political support can accelerate capacity formation, especially in sectors linked to semiconductors, defense, infrastructure, and strategic technologies. But political preference is not the same as durable competitiveness. The right question is not simply, "Can federal policy bring production home?" It is, "Which categories remain economically credible when tariffs change, waivers tighten, administrations shift, and preferential treatment is no longer the whole business case?"

SELECTED INDICATORS SHAPING THE RESPONSE

<p>\$1B+</p>	<p>55% TO 100%</p>	<p>1 LARGEST BUYER</p>
<p>The new United States Investment Accelerator is designed to facilitate and accelerate investments above \$1 billion and was assigned responsibility for the CHIPS Program Office within Commerce.</p>	<p>The administration proposed raising domestic-content requirements for federally funded EV chargers from 55 percent to 100 percent under a revised Buy America waiver.</p>	<p>The federal government remains the largest buyer of goods and services in the world, making procurement policy a direct industrial-policy lever.</p>
<p>SECTION 232 REACHES CHIPS</p>	<p>TRADE DEFICITS FRAMED AS SECURITY RISK</p>	
<p>The administration moved to treat semiconductors, semiconductor manufacturing equipment, and derivative products as national-security issues under federal trade authority.</p>	<p>The new tariff framework links persistent goods trade deficits directly to manufacturing erosion and supply-chain dependency.</p>	

EXECUTIVE SUMMARY

The reshoring debate often begins with patriotic language and ends with operating math. But one of the least examined variables in that math is federal preference. In 2025 and early 2026, the Trump administration moved across several fronts at once: trade policy, reciprocal tariffs, investment screening, procurement reform, domestic-content tightening, and semiconductor import action. Taken together, those moves suggest a more federalized reshoring environment in which Washington is not merely encouraging domestic manufacturing, but increasingly shaping where, why, and under what protections it grows.

This paper uses three lenses. First, it examines how federal politics can create a preference premium for selected domestic capacity. Second, it explains why that premium can distort standard reshoring analysis when leaders confuse policy support with permanent competitiveness. Third, it translates the issue into decision governance: how companies, investors, and communities should evaluate projects whose economics are partly built on tariffs, procurement, or agency discretion rather than on self-sustaining operating advantage.

The conclusion is straightforward: the most controversial underreported issue in reshoring is that some of the newest domestic capacity is being justified not only by market economics, but by a federal preference architecture whose durability is itself uncertain.

KEY FINDINGS

<p>1</p>	<p>The Trump administration has made trade, procurement, investment, and national security more tightly connected in ways that directly affect reshoring economics.</p>
<p>2</p>	<p>Federal preference can create real domestic demand and protection, but it does not automatically produce durable cost competitiveness once policy assumptions change.</p>
<p>3</p>	<p>The biggest beneficiaries are often sectors with federal exposure: semiconductors, strategic electronics, infrastructure-linked equipment, and categories shaped by national-security logic or domestic-content rules.</p>
<p>4</p>	<p>The hidden risk is policy-duration mismatch: factories are financed over years, while tariffs, waivers, guidance, and administrative priorities can move on a much shorter political timeline.</p>
<p>5</p>	<p>The strongest reshoring decisions will separate temporary political tailwind from durable operating advantage and govern both explicitly.</p>

01

WHY FEDERAL POLITICS NOW BELONGS INSIDE THE RESHORING MODEL

For years, many reshoring models treated Washington as background noise: relevant for tax credits, trade headlines, and occasional compliance friction, but secondary to labor, freight, and demand. That assumption is increasingly outdated.

The Trump administration has framed trade policy as a component of national security. It has linked trade deficits directly to manufacturing erosion and supply-chain dependence. In parallel, it established 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 practical implication is that reshoring economics are no longer being shaped only by corporate operating choices. They are also being shaped by federal demand, federal preference, and federal leverage. Procurement policy matters because the federal government is the world's largest buyer. Import policy matters because tariffs and national-security actions can alter the comparative economics of domestic versus foreign supply. Investment policy matters because Washington is explicitly distinguishing between welcomed capital, protected industries, and adversary-linked exposure.

When those levers move together, federal politics stops being a side variable and becomes part of the plant-level business case.

WHAT THE WASHINGTON-LED RESHORING NARRATIVE GETS RIGHT

It recognizes that industrial capacity does not emerge from slogans alone. Demand certainty, regulatory coordination, and import discipline can materially change investment decisions. It also recognizes that some sectors are not ordinary markets. Semiconductors, advanced computing infrastructure, and strategic supply chains sit too close to national security to be treated as pure piece-price competitions. In such sectors, federal preference can be a rational tool for accelerating domestic capability.

WHAT IT CAN GET WRONG

It can confuse protected economics with durable economics. A plant can look viable because tariffs raise foreign cost, because domestic-content rules create a captive market, or because federal agencies compress permitting and negotiation friction. Those may all be commercially meaningful. But they do not automatically answer the harder question: whether the operation remains competitive once the political architecture changes, softens, or is reinterpreted.

That is where underreported risk begins.

02

THE HIDDEN DIVIDE BETWEEN MARKET RESHORING AND FEDERALLY ADVANTAGED RESHORING

Not all reshoring is economically alike. Some projects reshore because full total cost of ownership genuinely favors shorter supply lines, better quality control, lower working capital, and faster recovery. Other projects reshore because the federal government has changed the field around them.

The distinction matters because it affects how leaders should underwrite demand, margin durability, supplier depth, and political risk. The least reported controversy in today's reshoring cycle is that these two categories are often discussed as if they were the same. They are not.

The EV charger example makes the point clearly. When domestic-content requirements move from partial to full domestic sourcing, the rule does not merely encourage U.S. manufacturing in the abstract. It can redraw supplier qualification, sourcing geography, pricing power, and investment timing for any company selling into that channel. Likewise, when the federal government simplifies acquisition rules while emphasizing expansion of the national and defense industrial base, procurement is no longer only an administrative system; it becomes a channel through which domestic industrial demand can be reweighted.

03

THE NEXT BOTTLENECK IS POLICY DURABILITY, NOT JUST PROJECT EXECUTION

Reshoring discussions often focus on execution bottlenecks: labor, utilities, permitting, EPC capacity, and supplier qualification. Those remain real. But in a federally advantaged reshoring cycle, there is another bottleneck that receives less attention: policy durability.

Factories are financed on multi-year timelines. Equipment is ordered years ahead. Workforce pipelines take time to build. Supplier ecosystems mature gradually. Yet several of the policy tools now shaping reshoring can move faster than the plants they support. Tariff posture can change. Domestic-content thresholds can tighten or be waived. Procurement rules can be rewritten. Agency priorities can shift from grants to renegotiation, from deployment speed to domestic-content intensity, or from open qualification to more security-driven screening.

Semiconductors show the same pattern in a different form. The Investment Accelerator was given responsibility for the CHIPS Program Office and a mandate to negotiate better deals for taxpayers, while the administration also used national-security trade authority to frame semiconductor and semiconductor-equipment imports as strategic threats. That does not mean semiconductor reshoring is artificial. It means semiconductor reshoring is now inseparable from federal bargaining power, federal protection logic, and federal strategic prioritization.

Black Book's position is that this divide should be made explicit in every serious reshoring model. A project whose economics are supported primarily by federal preference should not be presented as though it were equivalent to a project that wins on full-cycle operating economics without extraordinary policy support. Both may be valid investments. But they are different risk categories, and treating them as interchangeable is analytically weak.

When a project's economics depend materially on those moving parts, execution risk includes political time risk.

This is where the controversy becomes practical. Supporters of aggressive federal reshoring tools often emphasize speed, sovereignty, and leverage. Critics emphasize distortion and uncertainty. Both can be partly correct. Policy can accelerate domestic capacity in strategically important sectors. It can also make a business case look more stable on paper than it will feel in year three of ramp, when procurement language changes, a waiver tightens, a tariff is renegotiated, or a successor administration alters enforcement priorities.

That does not invalidate federal policy. It means policy exposure must be priced.

THE FOUR BREAKDOWNS LEADERS SHOULD TRACK MOST CLOSELY

- 1. Preference dependence** — How much of the business case depends on tariffs, waivers, domestic-content tests, or federal contract positioning?
- 2. Duration mismatch** — Are multi-year capital commitments being justified by policies that can change on a shorter political cycle?
- 3. Negotiation concentration** — Does the project depend on a small number of agency decisions, negotiated terms, or federal interpretations?
- 4. Post-preference competitiveness** — If protection softens, does the operation still hold on quality, speed, resilience, automation, or customer proximity?

In federally shaped reshoring, the scarce resource is not only executive conviction. It is confidence that the policy environment will remain decision-useful long enough for the factory to become truly competitive on its own.

04 WHAT A MORE CREDIBLE RESHORING STRATEGY LOOKS LIKE UNDER FEDERAL PREFERENCE

The most credible response is neither ideological enthusiasm nor ideological dismissal. It is disciplined segmentation.

Some categories deserve aggressive federal backing because the market alone will underbuild them relative to their national-security value. Others deserve more caution because the appearance of reshoring strength may be driven more by preference architecture than by durable operating advantage.

Under the current policy mix, leaders should judge federally exposed reshoring decisions on six dimensions:

1. true cost competitiveness,
2. policy dependence,
3. procurement relevance,
4. tariff sensitivity,
5. supply-chain survivability after policy change, and
6. ramp realism.

OPERATING CHECKLIST FOR LEADERSHIP TEAMS

Cost Competitiveness	Does the plant still work when domestic preference is reduced, delayed, or unevenly enforced?
Federal-demand Exposure	Is demand tied to defense, infrastructure, public procurement, or grant-linked channels?
Tariff Reliance	Would the economics weaken materially if trade barriers ease, shift, or get carved out through negotiation?
Administrative Dependence	How much depends on negotiated federal terms, guidance, waiver treatment, or one-off problem solving?
Supply-chain Survivability	Can the operation sustain margins through local supplier depth, automation, quality stability, and customer proximity after policy support normalizes?
Ramp Realism	Is the launch plan credible under changing compliance, sourcing, and qualification assumptions?

For communities and policymakers, the lesson is equally practical. Winning a politically favored project is not the same as building a durable industrial ecosystem. The real test is whether local supplier networks, utilities, workforce depth, and operating know-how become strong enough that the project remains competitive after federal urgency fades.

That is where temporary preference becomes durable capacity.

05 BLACK BOOK INSIGHTS POSITION

Black Book Insights supports a vendor-agnostic, evidence-based view of reshoring. We do not assume that federal activism is automatically distortion, nor that market outcomes alone always produce strategic resilience. Some sectors will justify a higher level of federal intervention because dependency risk is too great and substitution time is too long. But intervention must still be analyzed honestly.

Our position is clear. The most controversial underreported issue in reshoring today is not labor cost, logistics, or even subsidies by themselves. It is the emergence of a federal preference economy in which Washington can shape bankability, demand access, competitive protection, and project timing across selected manufacturing categories.

Where that preference architecture creates durable ecosystems, it may strengthen U.S. capacity. Where it substitutes for real competitiveness, it may create fragile announcements and overpoliticized capital allocation.

IMPLICATIONS FOR 2026 PLANNING

Expect more boards to ask how much of a domestic project's economics come from policy structure rather than operating superiority.

Expect sectors with federal exposure to separate into two groups: those that build durable supplier ecosystems and those whose economics weaken once preference assumptions tighten or fade.

Expect procurement, domestic-content rules, and national-security trade actions to matter more in site selection than many conventional reshoring models currently assume.

Expect the best capital allocators to distinguish clearly between strategic protection, temporary preference, and self-sustaining competitive advantage.

CONCLUSION

The reshoring debate is moving into a more politically structured phase. Under the Trump administration, federal policy is not merely encouraging domestic manufacturing at the margin. It is increasingly influencing which categories receive faster support, stronger protection, tighter domestic-content expectations, and more direct strategic attention.

That makes Washington more relevant to reshoring than many operating models currently admit.

The United States has a real opportunity to turn that urgency into durable industrial capacity. But it will capture that opportunity only if leaders separate federal preference from fundamental competitiveness and govern both with discipline. The right response is not to reject politically shaped reshoring, nor to romanticize it. It is to price it correctly.

For executives, investors, and policymakers, the right question is no longer only where production should return. It is which production can survive after the politics have done their work.