



2025 Reshoring Index: The great reality check

Executive summary

After enjoying two consecutive years of continued momentum, Kearney's Reshoring Index faced its first significant drop in 2024, raising fundamental questions about the sustainability of the upward trajectory of US manufacturing we've witnessed in recent years.¹ Despite substantial investment in domestic production capacity, manufacturing gross output (MGO) has been virtually flat since early 2023 after most of the latent capacity was absorbed.²

Mexico, previously the major post-COVID beneficiary of the shift from faraway manufacturing locations to nearby alternatives, remains a reliable partner in categories such as automotive and electrical equipment where it holds established manufacturing expertise. But beyond these core sectors, Mexico faces infrastructure issues and other challenges to its ability to accommodate more overseas manufacturing, which are slowing its momentum as a go-to friendly destination.

As a result, in 2024, with both US and Mexico unable to turn on enough new manufacturing capacity for a variety of reasons we'll discuss in this report, manufacturers reverted to sourcing from the more distant Asian low-cost countries and regions (LCCRs) they historically relied on.

Looking forward, our latest executive survey from March 2025 still found a notable increase in corporate intent to build and expand US-based operations with industry leaders continuing to prioritize strategic automation investments, AI-driven productivity enhancements, and innovative workforce programs to address persistent labor shortages and evolving skill requirements.

So was 2024 just a temporary setback for the Reshoring Index? Can companies that have already invested in building a more sustainable and competitive manufacturing base that stands toe-to-toe with global production hubs still expect to reap the benefits of their efforts? Or will the idea of manufactured goods "Made in America" ultimately end up being a day late and a dollar short as new global trade patterns emerge?

As we navigate this pivotal period together—one that will undoubtedly shape the future of US manufacturing and global trade—we invite you to explore the 12th edition of our annual Reshoring Index report and all the detailed insights it includes.

¹ The Kearney Reshoring Index is the year-over-year change in the US manufacturing import ratio (MIR) (basis points, 2013–2024). MIR is the total manufactured goods imported from 14 Asian LCCRs as % of domestic output. To calculate the Kearney Reshoring Index, we look at the import of manufactured goods from the 14 Asian LCCRs (Mainland China, Taiwan, Malaysia, India, Vietnam, Thailand, Indonesia, Singapore, Philippines, Bangladesh, Pakistan, Hong Kong, Sri Lanka, and Cambodia) and the US domestic gross output of manufactured goods. To calculate the MIR, we divide the import of manufactured goods from the 14 LCCRs by US domestic gross output. The US Kearney Reshoring Index reflects the year-over-year change in the MIR, with a positive number indicating net reshoring and a negative number indicating net offshoring. The precise calculation is 2023 MIR 12.14 percent – 2024 MIR 13.29 percent = -1.15 percent x 100 = -115.

² Manufacturing gross output (MGO) is the total market value of goods produced by the manufacturing sector.

Reshoring Index flip: not entirely unexpected

In 2024, after two years of sharp increases between 2021 and 2023, the Kearney Reshoring Index abruptly reversed course, causing some observers to question whether we have reached an inflection point, an existential economic fork in the road, or just a pause that's long enough to readjust our visor in anticipation of an uncertain journey ahead. Answering that question requires blocking out the noise, looking past the confusion of the moment, and objectively assessing where we have come from, where we are, and where we might be going.

Between 2021 and 2023, driven by sustained domestic manufacturing output and a decline in demand for imported goods from the 14 traditional Asian LCCRs, the Reshoring Index rose steadily and even ended up at its highest level since its inception.³ But in 2024, the manufacturing import ratio (MIR) reversed course, increasing by 9 percent, and the Reshoring Index recorded its first notable setback since the pandemic recovery began (see figure 1 on page 3).⁴

As we assess the 2024 data and draw comparisons with the previous few years, a clear picture emerges. The post-COVID urge to shorten supply chains drove back-to-back years of significant manufacturing gross output (MGO) growth but once most of the latent US manufacturing capacity was absorbed, the revamped US manufacturing ecosystems struggled to scale quickly enough to keep up with the growth of domestic demand because, even though investments continued to climb at a decent clip, it takes time to convert that capital into capacity and so the MGO slowdown was to be expected.

In addition, whereas Mexico was able to come to the rescue in 2022 and 2023 by offering companies a nearby alternative to Asian LCCRs, Mexican manufacturing output growth in 2024 also started to show a slowdown, forcing companies to, at least temporarily, turn back to Asian LCCR sources. And with an almost flat MGO and a return to growth for imports from Asian LCCR, the Reshoring Index flipped.

It's important to note that most of the dynamics that drove this Reshoring Index reversal in 2024 were in motion well before the outcome of the November 2024 US election was known. This suggests that this year's reversal is rooted more in structural lags and market-driven realities than in the politics and policy changes—both anticipated and real—associated with the change of administration. And despite the more recent trade policy upheavals, it's those same market realities and structural dynamics that are driven by the basic laws of supply and demand and are most likely to determine the direction reshoring will take, at least in the short term.

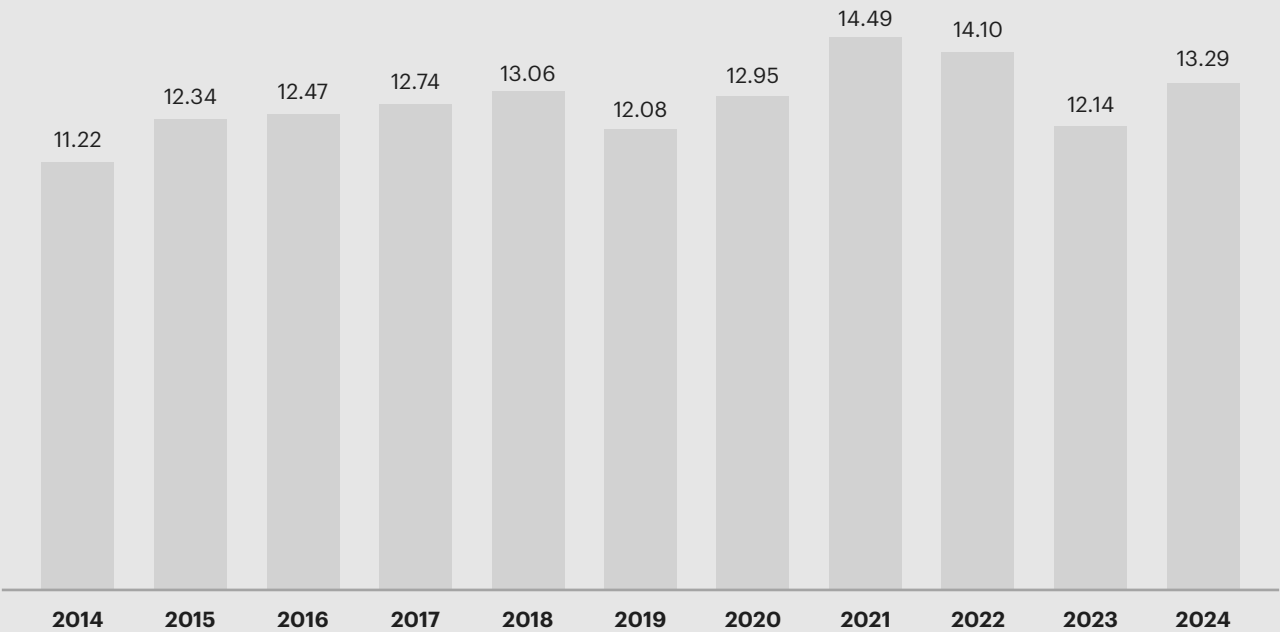
After two years of sharp increases between 2021 and 2023, the Kearney Reshoring Index abruptly reversed course.

³ The 14 Asian LCCRs—low-cost countries and regions—are Mainland China, Vietnam, Philippines, Malaysia, Indonesia, Pakistan, Sri Lanka, Taiwan (China), Thailand, Bangladesh, India, Singapore, Hong Kong, Cambodia.

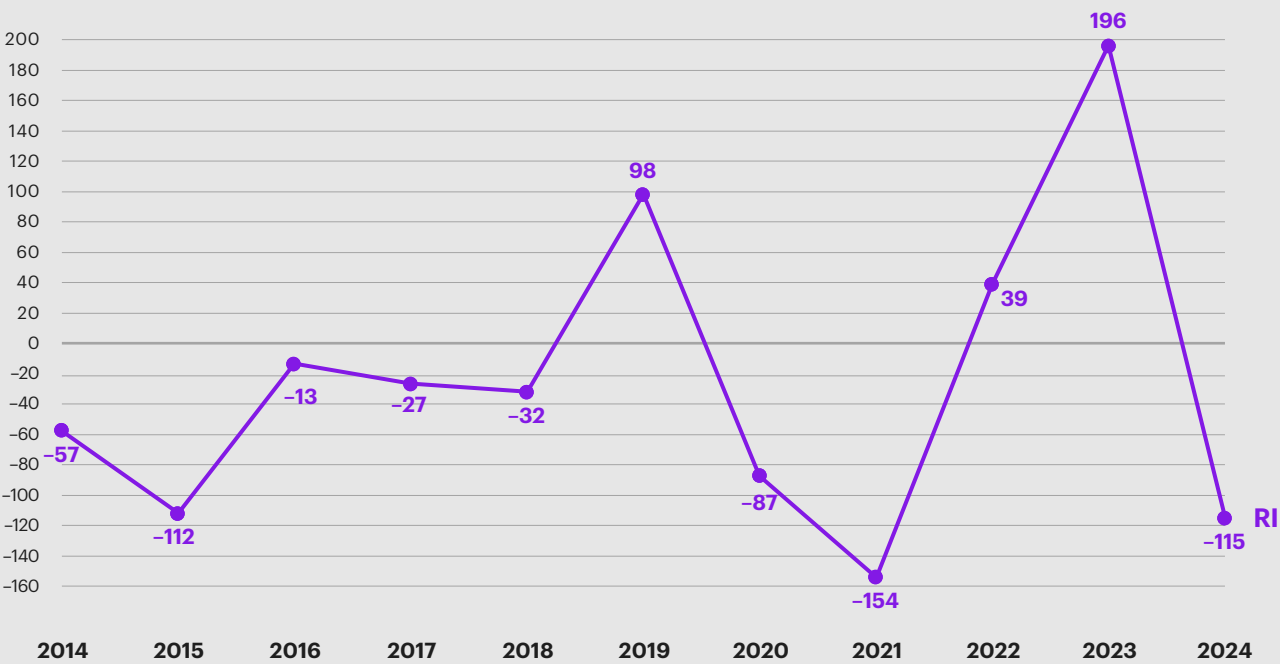
⁴ MIR is the total manufactured goods import from 14 Asian LCCRs as a percent of domestic output.

Figure 1
The decrease of 311 basis points in the Reshoring Index reflects a 9% change in the MIR

US manufacturing import ratio (MIR) (2014–2024¹)



Year-over-year change in the US manufacturing import ratio (MIR)
(Basis points, 2014–2024)



Notes: MIR is the total manufactured goods import from 14 Asian LCCRs as % of domestic output. LCCR is low-cost countries and regions.
Sources: United States International Trade Commission, United States Department of Commerce Bureau of Economic Analysis; Kearney analysis

Manufacturing gross output growing but at a slow pace

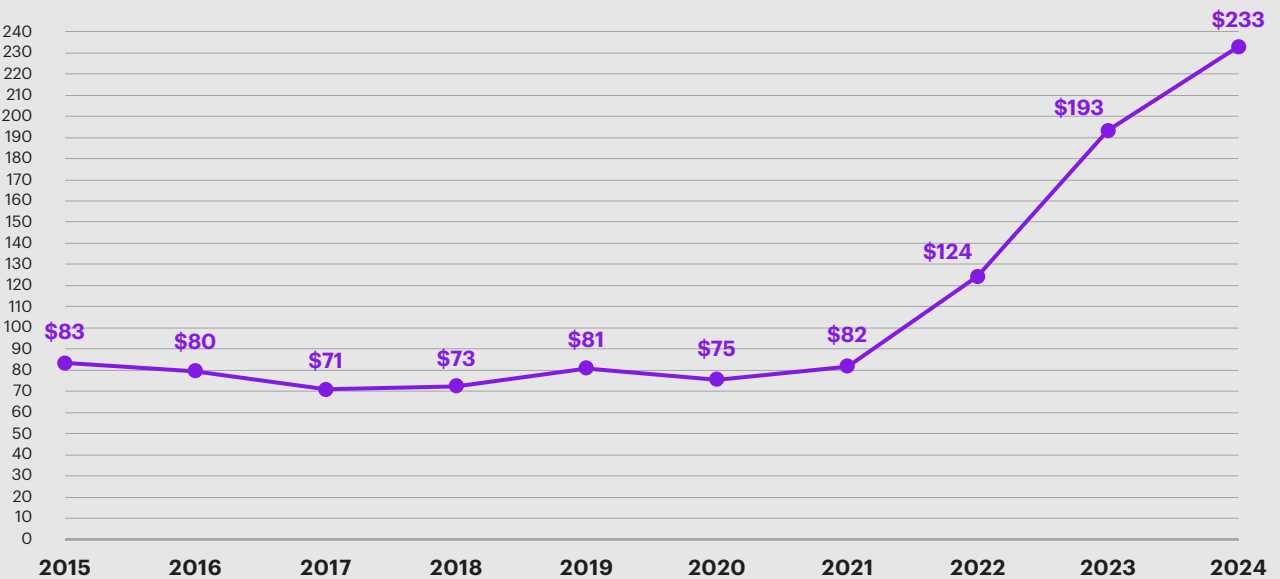
Enthusiasm for “Made in the USA” remains evident in the continued rise of manufacturing-related construction spending. In 2024, total annual capital construction outlays reached \$233 billion, up \$40 billion from 2023 (see figure 2). While this level of investment “only” represents 20 percent growth—down from the 55 percent annual increases seen in 2022 and 2023—it shows that many companies still view reshoring as strategically important for the long term. However, this ongoing upward trend of investments has yet to translate into an equally rapid expansion of domestic manufacturing output.

Over the past two years, MGO growth slowed to around 1 percent YoY, a significant drop from the roughly 30 percent gain between 2020 and 2022 when latent capacity could be activated relatively quickly. Meanwhile, on the demand side, the US personal goods consumption expenditure initially grew at a slower pace than MGO coming out of COVID (about 25 percent between 2020 and 2022) and has now also significantly slowed down after several years of surging inflation but is still growing at 2 percent, or twice the MGO growth rate.

The inflationary environment has also caused interest rates to go up, which forces companies to operate with lower inventories and more tightly correlate their output to demand growth. So even though investment dollars are flowing into new facilities, just at the moment that this newly created capacity has to be turned on, the stalling demand growth has caused manufacturers to pause before they staff up more aggressively, especially in a tight labor market where manufacturing skills command a premium.

Figure 2
US construction spending in manufacturing maintains an upward trend

Construction spending in manufacturing
(2015–2024, \$ billions)



Sources: Federal Reserve of St. Louis; Kearney analysis

Filling the gap: imports step in

Although the 1 percent MGO growth rate is a slight improvement over 2023 (from \$7.235 trillion to \$7.283 trillion, or up by \$47 billion), demand is growing faster and that opens the door further for imports, especially in product categories such as high tech, where the US has not yet scaled up manufacturing enough to fulfill domestic demand. Key investments in advanced manufacturing have faced delays as manufacturers grapple with regulatory requirements, skilled labor shortages, and uncertainties around demand. Several major semiconductor players, for instance, have postponed production startup for new US facilities, citing complex approvals and higher-than-expected operational costs. Others have slowed or paused equipment orders following a drop in chip sales and a buildup of excess inventory.

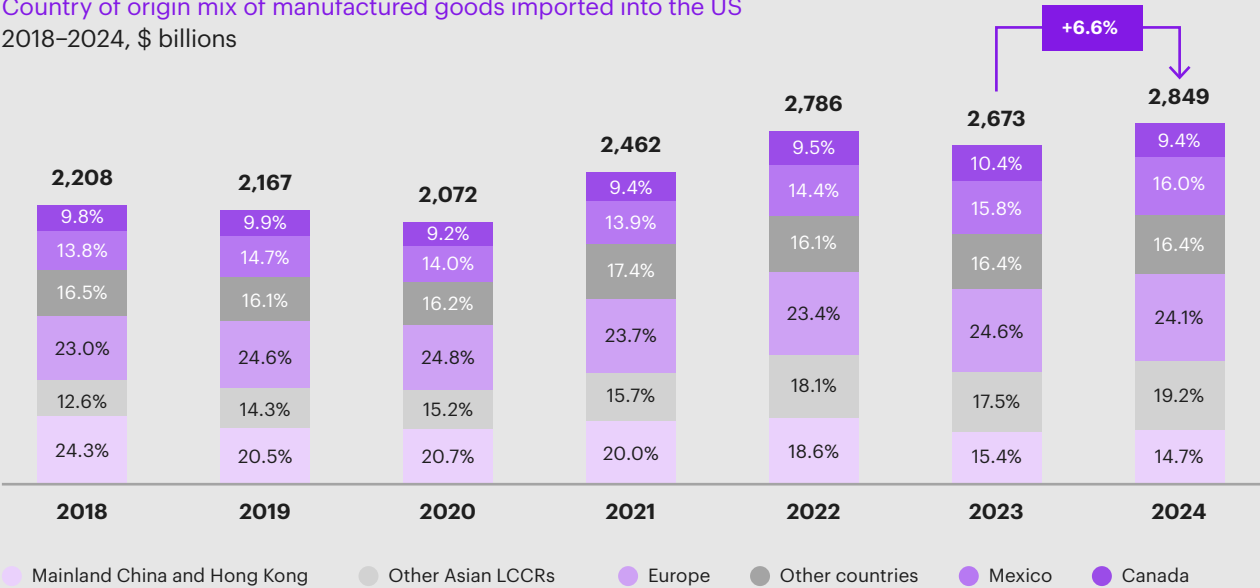
No surprise, then, that Asian LCCRs, including mainland China, saw their 2024 imports into the US climbing from \$0.878 trillion to \$0.968 trillion—a \$90 billion increase—with around 65 percent of that import uptick coming from three sectors: computer and electronics (+\$31 billion), electrical equipment (+\$18 billion), and chemicals (+\$10 billion) (see figures 3 and 4 on page 6). The climb in computer and electronics imports underscores that, despite active investments in these industries, the US market continues to source vital components from Asian LCCRs, where production capacities are already in place.

Mainland China’s exports of manufactured goods to the US also showed signs of a cautious recovery after a \$105 billion decline in 2023, rebounding by \$6.7 billion in 2024. Growth in electrical equipment (+\$3.9 billion), chemicals (+\$2.4 billion), and fabricated metal products (+\$2 billion) contributed to this modest net increase.

Although the 1 percent MGO growth rate is a slight improvement over 2023, demand is growing faster and that opens the door further for imports.

Figure 3
Overall, US imports increased by \$176 billion, with mainland China’s imports increasing by \$6.7 billion and total Asian LCCRs by \$90 billion

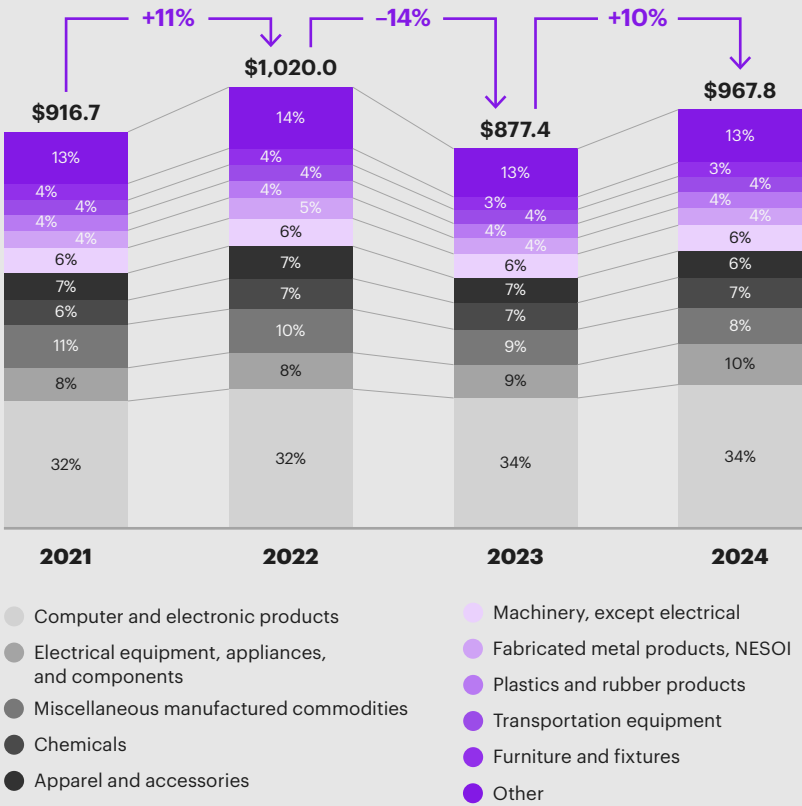
Country of origin mix of manufactured goods imported into the US
 2018–2024, \$ billions



Notes: LCCR is low-cost countries and regions. Other countries includes 165 countries.
 Sources: United States International Trade Commission; Kearney analysis

Figure 4
Computer and electronic products remains the highest imported category from Asian LCCRs

US manufacturing imports from LCCR by product category
 (2021–2024, % of total LCCR imports, \$ billions)



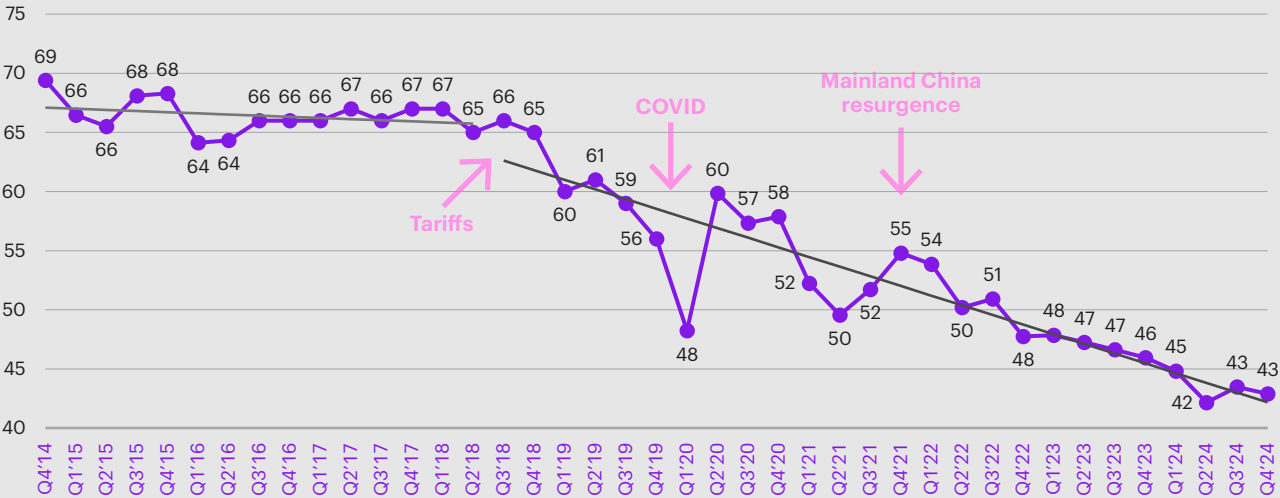
Notes: Includes imports from mainland China and Hong Kong. Other includes leather and allied products, nonmetallic mineral products, food and kindred products, paper, primary metal manufacturing, printed matter and related products NESOI, wood products, textiles and fabrics, petroleum and coal products, and beverage and tobacco products. LCCR is low-cost countries and regions.
 Sources: United States International Trade Commission; Kearney analysis

While this reversal might seem to imply mainland China maintains capabilities for certain products the US cannot yet produce domestically, the broader dataset shows that US imports from mainland China have continued to decrease relative to other Asian LCCRs since the pandemic began (see figure 5). Even though mainland China remains a source of specific manufactured goods other countries’ suppliers (including the US) cannot currently match in either cost-efficiency or product performance, relatively speaking, the trend of continuing reduced reliance on Chinese imports is evident across most categories.

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Figure 5
Mainland China’s share of 14 Asian LCCRs’ imports has continued to decline over the past decade

Kearney CDI: seasonally adjusted share of US LCCR import value from mainland China¹
(% 2014 Q4 – 2024 Q4)



¹ Includes US imports from Hong Kong.
Notes: CDI is China Diversification Index. LCCR is low-cost countries and regions.
Sources: United States International Trade Commission; Kearney analysis

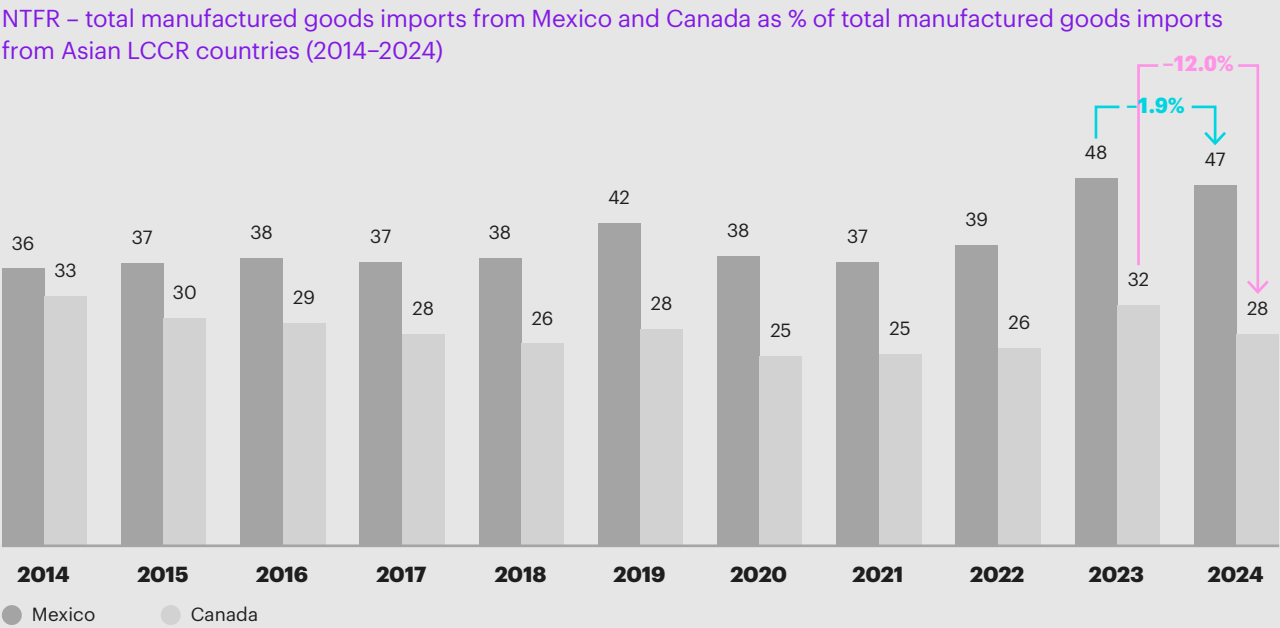
North is colder, South not as warm

Both Canada and Mexico benefited previously from the move to closer-by manufacturing locations, but in 2024 both countries’ fortunes, at least as far as US imports are concerned, started to diverge.

After a scorching surge in 2022, Mexico remained the United States’ top trade partner for manufactured goods in 2024, accounting for 16 percent of total imports, or \$457 billion, but because its 8 percent increase from 2023 was still slower than the rise in imports from the Asian LCCRs, Mexico’s near-to-far ratio dropped slightly after growing in the previous two years (see figure 6).

Most of Mexico’s export gains came from three key sectors: computer and electronic products, transportation equipment, and electrical equipment, appliances, and components, which represent about 85 percent of Mexico’s total US exports growth, up from about 60 percent in 2022. Notably, transportation equipment, which led growth in previous years, contributed only about 19 percent of Mexico’s increase in 2024, while computer and electronic products surged to about 62 percent, reflecting changing US demand and Mexico’s continued strength in core manufacturing categories. But while Mexico remains a crucial hub for the automotive and electronics sectors, its ability to absorb further demand may be reaching its limit.

Figure 6
NTFR saw a decrease in 2024 after spiking in 2023



Notes: NTFR is near-to-far trade ratio. LCCR is low-cost countries and regions.
Sources: United States International Trade Commission; Kearney analysis

This becomes obvious as you consider how the Mexican manufacturing ecosystem has continued to evolve. Mexico's infrastructure—particularly roads, energy, and water—remains a persistent challenge. In 2024, key manufacturing states such as Jalisco, Querétaro, and Guanajuato struggled at times to provide enough electricity, relying on power from neighboring systems to meet demand.⁵ These limitations make expansion increasingly difficult and add pressure to already stressed local systems.

Mexico's workforce remains competitive, but that advantage is becoming harder to sustain. Over the past two years, driven in part by policy changes, labor costs increased by 4 percent annually, totaling a 14 percent increase since 2020.⁶ While Mexico remains cost-effective compared to mainland China, its edge over other Asian LCCRs is narrowing. Though no official shortage has been declared, local manufacturing associations continue to flag rising concerns about the availability of specialized labor. With headcounts stretched thin and wage pressures building, the question now facing many manufacturers is, "How much more can Mexico deliver without accelerating automation?"

On the positive side, challenges around availability of warehousing, freight, and industrial land that were widespread in 2022 and 2023 are easing somewhat. But this is likely due to fewer new projects being initiated and delayed investment timelines. "By the end of 2023 and throughout 2024, the supply of industrial land and warehousing in Mexico met demand compared to 2022 when we didn't have availability, as very few new players entered the market in 2024 and expansion solely came from existing companies," said the CEO of a warehousing and logistics provider that serves Mexican shelters. As a result, warehouse availability reached around 8 percent in key hubs such as Monterrey and the US border region. Some industry executives see this as a healthy correction. Others suggest it reflects broader caution among investors, with some projects now delayed by a year or more. If this trend continues, warehousing availability could rise up to 15 percent—levels not seen since the pandemic.⁷

At the same time, the Secretaría de Economía (SE) reported that foreign direct investment (FDI) in Mexico reached a record \$36.9 billion, a 1.1 percent increase over 2023. However, the share of new investment fell sharply—from 50 percent in 2022 to just 9 percent in 2024, with most capital coming from reinvested margin in existing operations. This reflects a broader trend of companies slowing or stalling expansion decisions in the face of uncertainty, especially in the second half of the year. Chinese-led investment was expected to continue to expand, but much of Mexico's momentum has come from US companies reshaping their North American footprint to gain resilience and proximity to key markets and not as much from Asian manufacturers moving closer to their customer base.

Canada, on the other hand, saw its US imports significantly cooling for the first time since 2020 (\$8.4 billion, or 3 percent lower than 2023). Notably, this decline came well before there was talk about import tariffs, and the overall downturn in Canada's GDP that partly underlies it raises questions about Canada's reliability as a nearshoring partner, especially when Asian LCCRs have continued to grow, pushing Canada's near-to-far-ratio down from 32 percent to 28 percent (see figure 6 on page 8).⁸ Transportation equipment showed the most significant drop (\$4.9 billion) while electrical equipment, appliances, and components provided a partial offset, growing by \$1.5 billion.

One factor driving Canada's imports down is the similarity of the US and Canadian manufacturing ecosystems. Labor and other production costs do not differ enough to provide Canada with a decisive competitive advantage. This means US manufacturers can shift capacity back home when demand or strategic priorities change.

In the automotive sector, for example, US manufacturers such as Ford Motor and General Motors have scaled down their Canadian operations in response to dwindling demand for certain products such as electronic vehicles (EVs). Simultaneously, for these same operations, US manufacturers reached full capacity in the US. The US gross output of the manufacturing of motor vehicles rose by \$17 billion versus the \$4.9 billion contraction of Canadian transport imports, suggesting volume could have been redirected to domestic plants—or to Mexico. For that same sector, Mexico's robust automotive output serves as a cost-effective complement to US capacity, making the overall North American supply chain more flexible. Mexico posted [near-record production of nearly 3.9 million light vehicles in 2024](#)—6.8 percent above the prior year—exporting 72 percent of those units to the United States.

⁵ Centro Nacional de Control de Energía

⁶ INEGI

⁷ Source: Kearney Interviews

⁸ NTFR ratio is the total manufactured goods imports from Mexico or Canada as % of total manufactured goods import from the 14 Asian LCCR countries.

Less self-sufficient

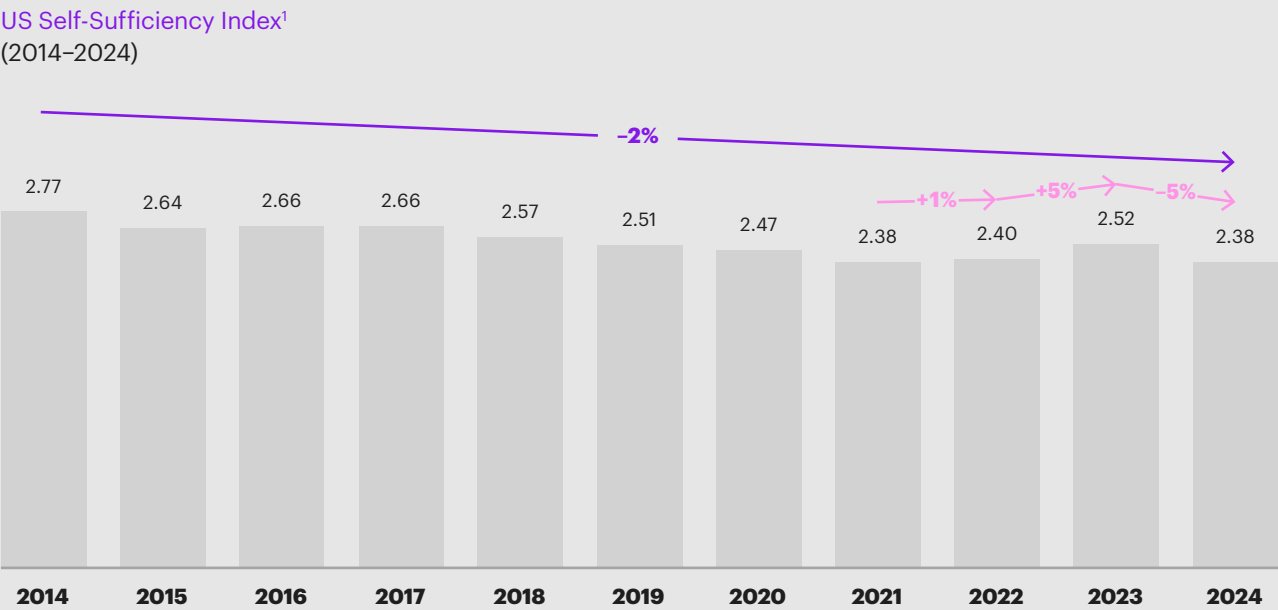
Seeing that, for the first time since we started publishing the Reshoring Index, the US started to become more self-sufficient between 2021 and 2023, we introduced the Kearney Self-Sufficiency Index (SSI) in last year’s Reshoring Index report.⁹ But in 2024 net imports rose by about \$155 billion (6 percent), while net made for market increased by only about \$26 billion (less than 1 percent).^{10,11} This imbalance eroded the Self-Sufficiency Index and reversed the upward trend seen over the preceding two years (see figure 7). Typically, the Index spikes in Q1 when inventories are depleted, tapers off in Q2 and Q3 as demand rises, and rebounds in Q4.

However, in 2024, the 7 percent surge in imports that began in Q2 didn’t decelerate, peaking during Q3 with a 6 percent quarter-over-quarter jump and remaining elevated through Q4. By year-end, West Coast ports experienced a [historic high of more than 14 percent year-over-year growth](#), primarily driven by manufacturers importing ahead of demand in anticipation of potential post-election tariffs. The Self-Sufficiency Index declined even further because US output failed to sufficiently expand to offset these imports, for reasons we’ve discussed earlier in this paper.

Ultimately, the developments of 2024 highlighted lingering structural challenges in US manufacturing, emphasizing that greater alignment among investment, capacities, capabilities, and market demand is needed for reshoring to return to the momentum seen in prior years and for the US to become more self-sufficient.

⁹ US self-sufficiency index is (MGO – annual exports) / (imports – re-exports).
¹⁰ Net imports is (total imports – re-exports)
¹¹ Net made for market is (MGO – domestic exports)

Figure 7
In 2024, the US Self-Sufficiency Index reversed the upward trend seen over the previous two years



¹ US Self Sufficiency Index is (MGO - annual exports) / (imports - re-exports)
Sources: United States International Trade Commission, United States Department of Commerce Bureau of Economic Analysis; Kearney analysis

Looking forward: a rebound in reshoring interest

Despite the uncertainty around trade policy and global demand that increasingly started clouding the outlook in Q1 of this year, our annual Kearney Reshoring Index survey, conducted in March of 2025, reveals a notable spike in reshoring interest, reinforcing that the desire to build or expand operations in the US is far from fading.¹²

The percentage of CEOs planning to reshore part of their operations within the next three years rose by 15 percent compared to last year’s report (see figure 8). This increase in executive intent signals that, despite short-term capacity constraints and broader macroeconomic uncertainties, the long-term momentum behind reshoring seems to be holding steady.

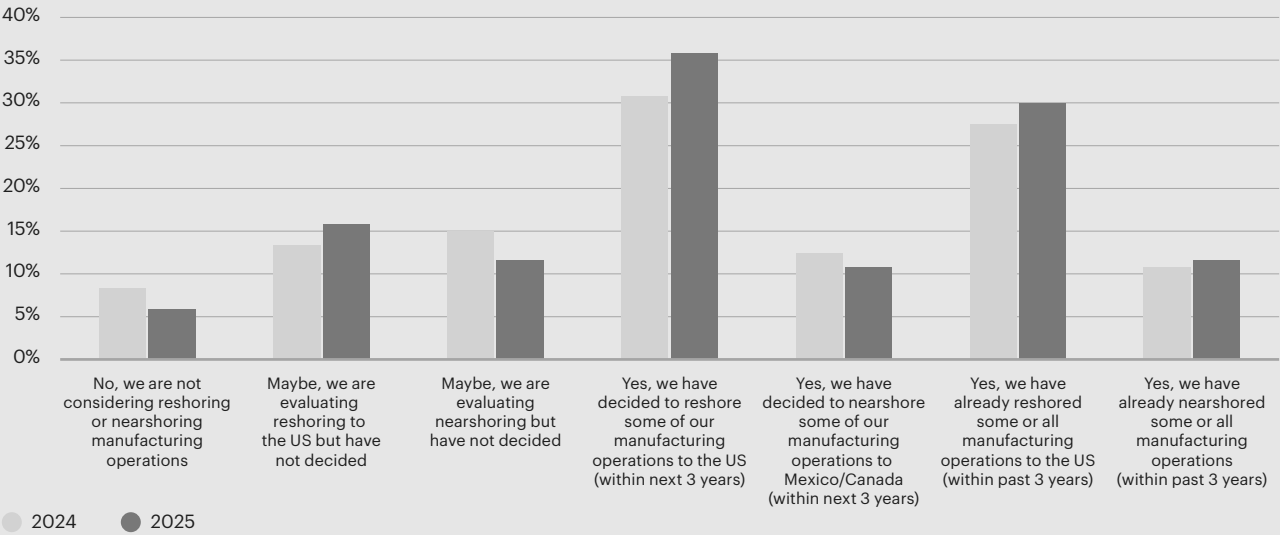
But the picture is far from uniform across sectors. While industries such as primary metals and apparel/ household goods show a strong eagerness to reshore within the next three years, others—most notably automotive—are approaching with more caution, underscoring the reality that reshoring is not a one-size-fits-all strategy but one shaped by the unique pressures and priorities of each sector.

Our annual Kearney Reshoring Index survey reveals a notable spike in reshoring interest.

Figure 8
CEOs express a desire to reshore manufacturing operations within the next three years

Reshoring and nearshoring CEO interest

Survey question: Have you considered reshoring or nearshoring manufacturing operations?



Sources: Annual KRI Survey, 2025 edition; Kearney Analysis

Persistent roadblocks remain

As global conditions evolve, so do the motivations behind bringing operations back to the US, making it a dynamic and often complex picture to navigate. This year we found a roughly 50 percent increase in CEOs citing geopolitical tensions as a motivator for reshoring, which highlights how external uncertainty is reshaping executive priorities. But despite changing motivations, cost remains the most important driver (see figure 9).

Global labor cost disparities continue to be a significant headwind. For the third year in a row, CEOs identified labor cost as the top challenge to reshoring and nearshoring, with nearly 25 percent ranking it as their primary barrier in this year’s survey. With wages in Asian LCCRs still dramatically lower than in the US, reshoring faces an uphill battle unless supported by productivity gains or structural cost reductions.

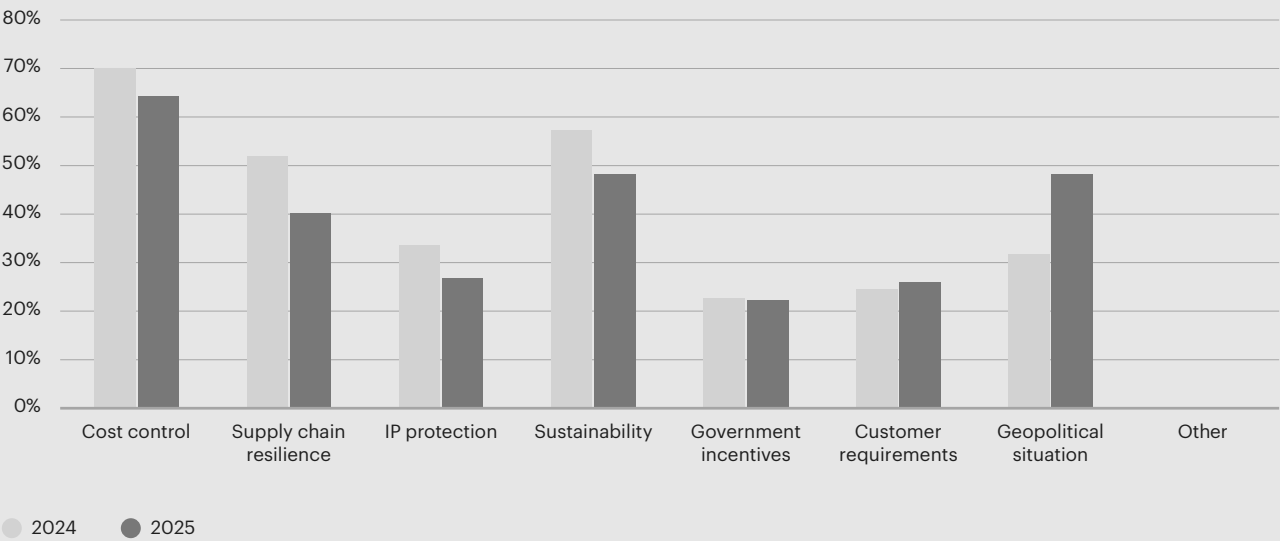
Labor shortages and skills gaps are compounding the cost issue. CEOs face a dual challenge—not only are wages higher, but finding qualified talent is increasingly difficult, especially in sectors such as primary metals where retirements outpace new entrants. Addressing this will require a coordinated push for workforce development, including customized training programs, industry–government partnerships, and a rebranding of manufacturing as a safe, clean, future-forward, high-tech sector that appeals to Gen Z’s desire for stability, flexibility, and relevance in the age of AI (see sidebar: Making American manufacturing attractive again on page 13).

As with all things these days, AI is expected to impact the reshoring picture. More than 65 percent of manufacturing executive respondents told us they believe AI will drive improvements in quality control, efficiency, and supply chain management within the next three to five years, which could help tip the balance toward US manufacturing. A two-sided strategy pairing technology investments in AI and automation with workforce development is an essential pre-condition to success. Upskilling is crucial since AI adoption can’t succeed without a workforce trained to manage the technologies and integrate human expertise with smart systems.

Figure 9
The interest to reshore remains, but the motivation for CEOs has changed

CEO reshoring motivation

Survey question: What was the primary reason for reshoring?



Sources: Annual KRI Survey, 2025 edition; Kearney Analysis

Make American manufacturing attractive again

As US manufacturing is undergoing a resurgence, companies increasingly recognize capital investment alone isn't enough to guarantee success. Several obstacles stand between today and the full realization of domestic production's promise, including persistent labor shortages, an aging workforce, and outdated perceptions of factory work.

This has birthed a wave of new strategies aimed at making manufacturing jobs more appealing, sustainable, and accessible to a broader range of American workers: from rethinking work schedules to expanding training pipelines.

Leading US manufacturers are adapting their workforce models to ensure they can meet rising demand and are increasingly using automation not just to reduce reliance on labor but to attract talent by creating a cleaner, safer manufacturing floor that results in a more attractive working environment.

Across the US, we see examples of manufacturing companies taking different approaches toward these goals:

- Intel is helping to reshape the image of manufacturing while building a future-ready workforce. As a key beneficiary of federal investment in semiconductor capacity, the company has committed billions to building new production facilities in the US. To attract talent, Intel has expanded childcare benefits and launched apprenticeship and training programs.
- In Ohio, Advanced RV adopted a four-day workweek model that maintains productivity while significantly improving employee morale and retention.

- Facing a wave of retirements, Boeing revamped its training and mentorship programs to accelerate skill-building among new hires and mitigate the loss of institutional knowledge.
- Land O'Lakes is piloting flexible shift models, allowing workers to choose their hours. This has doubled applications and improved retention, especially among caregivers.
- At Jones Plastic & Engineering, automation enables the company to keep pace with growing reshoring-driven demand while modernizing the workplace and improving job quality.

One additional area that can help further bolster the safe, clean, modern image where US manufacturing still appears to be lagging, especially in terms of investments, is in using AI in manufacturing. In 2024, only 3 percent of American venture capital dollars went into AI manufacturing, compared to 43 percent in China, where AI is driving a surge in intelligent robots and DeepSeek is increasingly being leveraged to improve manufacturing performance.



Resilience is key

A resilient supply chain ecosystem is equally crucial to successful reshoring. The fragility of current supply chains is obvious. Only 5 percent of manufacturing executive respondents told us they were able to source all their raw materials locally. The situation is only somewhat better for semi-finished goods with 28 percent indicating local supply can meet their entire demand.

When asked specifically about what they are doing to increase resilience, 62 percent of responding manufacturing executives indicated they planned to adopt long-term strategies such as working closely with R&D to modify formulations to reduce dependence on specific suppliers. In industries where composition of raw materials highly influences final products, flexible formulas help source from a variety of sources.

More in line with post-election events, 56 percent of respondents indicated they would implement reactive strategies such as hiring a tariff engineer to mitigate supply chain disruptions.

Ultimately, reshoring success hinges on a threefold focus on cost, talent, and resilience. While geopolitical shifts may fuel reshoring intent, execution depends on reducing persistent barriers through building out local ecosystems, automation, upskilling, and smarter workforce models.

Conclusion

If 2024 taught us anything it's this: reshoring can't succeed on positive sentiment alone and is primarily driven by the basic laws of supply and demand. From that perspective, this year's slowdown is not a failure, it's a reality check!

Despite high levels of construction spending and a wave of executive interest in bringing production closer to home, actual domestic output struggled to keep pace with demand. Constrained by prolonged timelines, labor shortages, and a domestic supplier base still under development, some of the most promising investments, particularly in semiconductors and high-tech components, have yet to translate into meaningful output.

Meanwhile, countries such as Mexico continue to serve as reliable partners in key sectors, but cracks are beginning to emerge in infrastructure and talent pipelines. And sourcing for LCCRs is quietly regaining momentum in categories where readiness still outweighs proximity.

All of that said, companies aren't walking away from reshoring. They're pausing to reassess. Investments are continuing, but with greater caution. The next phase of reshoring will be defined by hard choices about what to produce, where to invest, and how to compete in a fragmented, fast-moving world, knowing that manufacturing ecosystems scale best when market signals are strong and clear, capabilities are in place, and supply chains can flex and adapt with speed and confidence.

The combination of recent developments in technology, trade policy, and social constructs clearly shows that we are at an inflection point. We know the door to the next industrial era is open. What we don't know is who will be ready to walk through it, and what they will choose to build on the other side (see sidebar: Looking beyond the looking glass on page 16).

Whatever the outcome, we will be sure to report on it in next year's annual Reshoring Index, which will then be in its 13th edition. But we probably shouldn't lose sleep over that ... as long as we don't launch that report on a Friday.

Epilogue

We live in unprecedented times. So in that spirit we wanted to end this year's Reshoring Index report with a little literary license by referencing "The Lady, or the Tiger," a short story written by Frank R. Stockton that appeared in the November 1882 edition of *The Century Magazine*.

Stockton's story contains what has become a metaphor for situational choice. Prisoners brought before a king are offered a choice between two doors. Behind one is a lady selected by the king to be the accused's wife and a life of freedom. Behind the other is a ferocious man-eating tiger ready to devour him. His choice will determine his guilt or innocence—and his fate.

With the current level of upheaval and uncertainty, the choice to double down on US manufacturing may feel somewhat analogous to picking a door. And, as any supply chain professional knows, choosing not to choose isn't an option. We encourage you to read Stockton's fascinating story, but warn you in advance that, not unlike the situation we're all in today, the choice is yours even if the outcome is uncertain. Stockton's story's final line has become the greatest literary "cliffhanger" in history: "And so I leave it with all of you: Which came out of the opened door—the lady, or the tiger?"

With the current level of upheaval and uncertainty, the choice to double down on US manufacturing may feel somewhat analogous to picking a door.

Looking beyond the looking glass

Let’s face it, the future of global manufacturing supply chains is—at best—uncertain. So this year we chose to face that uncertainty head on and create two plausible juxtaposed narratives about the future of US manufacturing, each set in the year 2050, based on what we’ve learned over the past 12 years as we studied the reshoring phenomenon.

Our first narrative imagines an isolated, protectionist America, technologically advanced but economically constrained. The other narrative envisions a globally networked industrial system where corporations transcend borders and supply chains are built for resilience and efficiency. Neither future is inevitable but both narratives are plausible and try to reveal what’s at stake if we fail or succeed in building an ecosystem that truly delivers on the promise of domestic production.

Narrative I: Made in the real America by real Americans for real Americans

April 15, 2050 – Albuquerque, New America

Frustrated and exhausted, Joan Garcia checked her screen. It was 11:35 a.m. Real American Time (RAT) and she was only three days away from the deadline for completing her chapter on “Why Strong Nationalism Builds Strong Nations” for “The 2050 United States Manufacturing Report: America Still on the Move” (USMR 2050). More like, “America on the Crawl,” Joan thought.

Twenty-five years ago, when she was just nine, things were very different. Between them, China (31.6 percent), the United States (15.9 percent), and Japan (6.5 percent) controlled more than half of all global manufacturing. Maybe that’s why the USMR only contained data going back twenty years—dropping from the second largest manufacturer in the world to the 15th wasn’t exactly an inspirational story.

American manufacturers still held a near domestic monopoly and even a respectable share of the international market in certain key and crucial categories—chip production, robotics, nanotechnology, “virtual production”—which, while not dependent on international sourcing, were a shrinking slice of the global manufacturing pie.

The imposition of on-and-off retaliatory trade policies enacted from 2025 to 2030, which raised the average tariff rate from 10 percent to almost 3,500 percent depending on the category of goods and the exporting nation, combined with the mass exodus of immigrants during the Deportation Decade (2025–2035), had a near paralytic effect on traditional US manufacturing.

Automobile manufacturing, for example, was now dominated by four nations—Mexico, Canada, Japan, and Korea. As early as 2030, nations anticipating major population increases such as Nigeria—whose population nearly doubled from 234 million in 2025 to 377 million this year—had encouraged the kinds of labor-intensive manufacturing that kept their populations employed and paying taxes to relocate.

Historians believed American manufacturing might have collapsed altogether if not for two factors: rapid developments in the high-technology sector that allowed US digital manufacturing to control most of the global digital manufacturing market, and the unexpected rise of a New Nativist movement encouraging the patriotic rejection of materialism in favor of a return to personal austerity.

“Tariffs may have been a useful bargaining tactic in the beginning,” Joan concluded. “But their unintended consequence—spawning a nationalism that effectively rendered the majority of US manufacturing goods uncompetitive in global markets and kept a broad assortment of low-cost consumer goods out of the hands of the majority of Americans—didn’t seem like good business in the long run.”

Narrative II: When the going gets tough, the tough take over

April 15, 2050 – Bayan Obo Mining District, Autonomous Region of Inner Mongolia

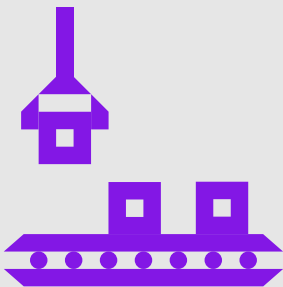
Looking back, Bat-Erdene thought to himself, the emergence of the International Alliance of Manufacturers (IAM) was all but inevitable. By the 2030s, between tariffs, regulations, trade policies, global litigation, environmental change, and things as basic as labor availability and access to natural resources and raw materials, international supply chains had become so broken that the future of any significant international trade was seriously in doubt.

In what has best been described as a “frictionless coup” the original manufacturing executive founders of IAM began making a case to their peers and supply chain partners that the best way to promote trade was to ignore individual government edicts—their own and everyone else’s.

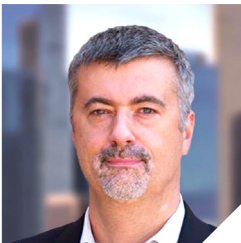
It had taken the better part of a decade to onboard companies representing 87.4 percent of major international manufacturers but eventually a form of economic détente was achieved at the United Nations on September 8, 2043. Under the terms of the agreement, nation states were free to contemplate any kind of tariffs and restrictive trade regulations they wanted—they just couldn’t enforce them.

In return IAM members paid cooperating nations a flat 17 percent tax on the value of all imported goods and services. This allowed manufacturers to set up more efficient global supply chains. Rare minerals from the mines Bat-Erdene managed were shipped to Lagos’s labor-rich market to be refined and transformed into parts that were subsequently assembled into larger components in Malaysia, and then shipped to factories in Canada, Mexico, or the United States based on a simple formula of cost and capacity. Of course, elected and nonelected leaders had initially bristled at the idea until they realized how many regulatory and enforcement dollars were no longer going out, and how many more “import dollars” were coming in instead.

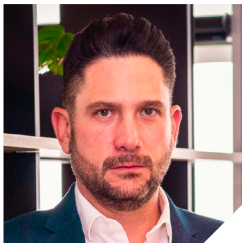
“Recent history showed the real power lay in the end with the global consumer culture—with its ever growing appetite for better and newer products—which had been building for more than 50 years,” Bat-Erdene surmised. “Sure politicians blamed all their problems on the global free market, but they admitted happy citizens were good for business.”



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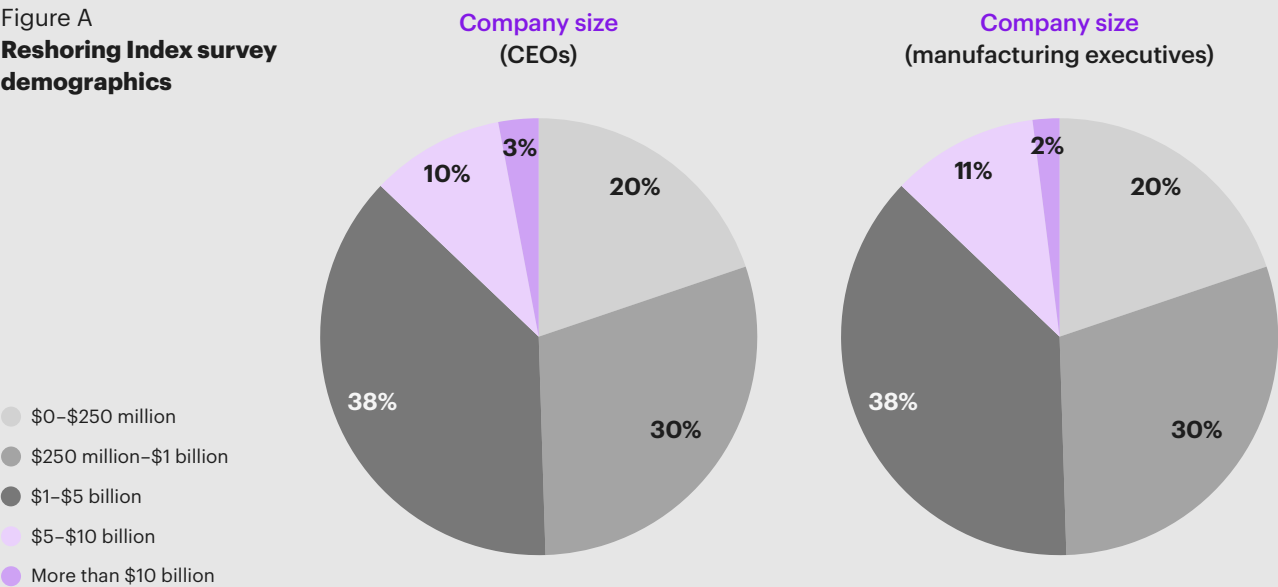


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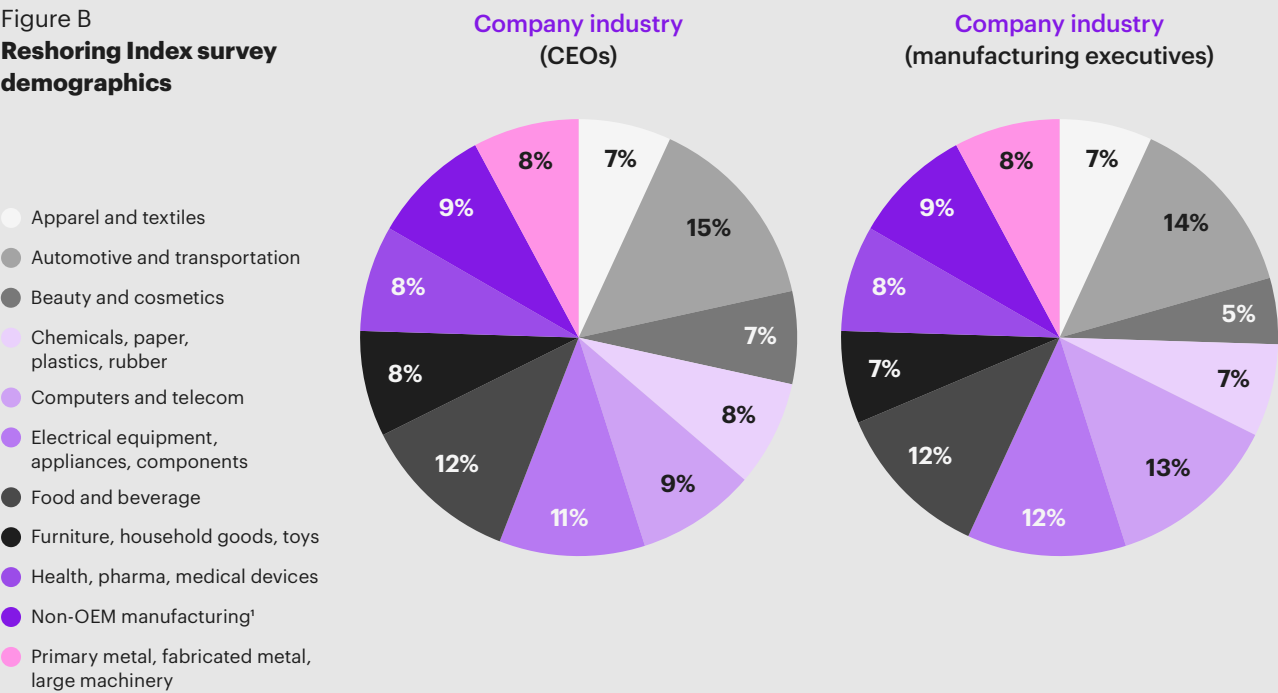
Appendix

Figure A
Reshoring Index survey
demographics



Notes: Percentages may not add to 100% due to rounding. "Executive" means director or higher.
Sources: 2025 Kearney Reshoring Index survey; Kearney analysis

Figure B
Reshoring Index survey
demographics



¹ Non-OEM manufacturing (i.e., ODM, CEM, EEM, EMS, etc.)
Notes: Percentages may not add to 100% due to rounding. "Executive" means director or higher.
Sources: 2025 Kearney Reshoring Index survey; Kearney analysis

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