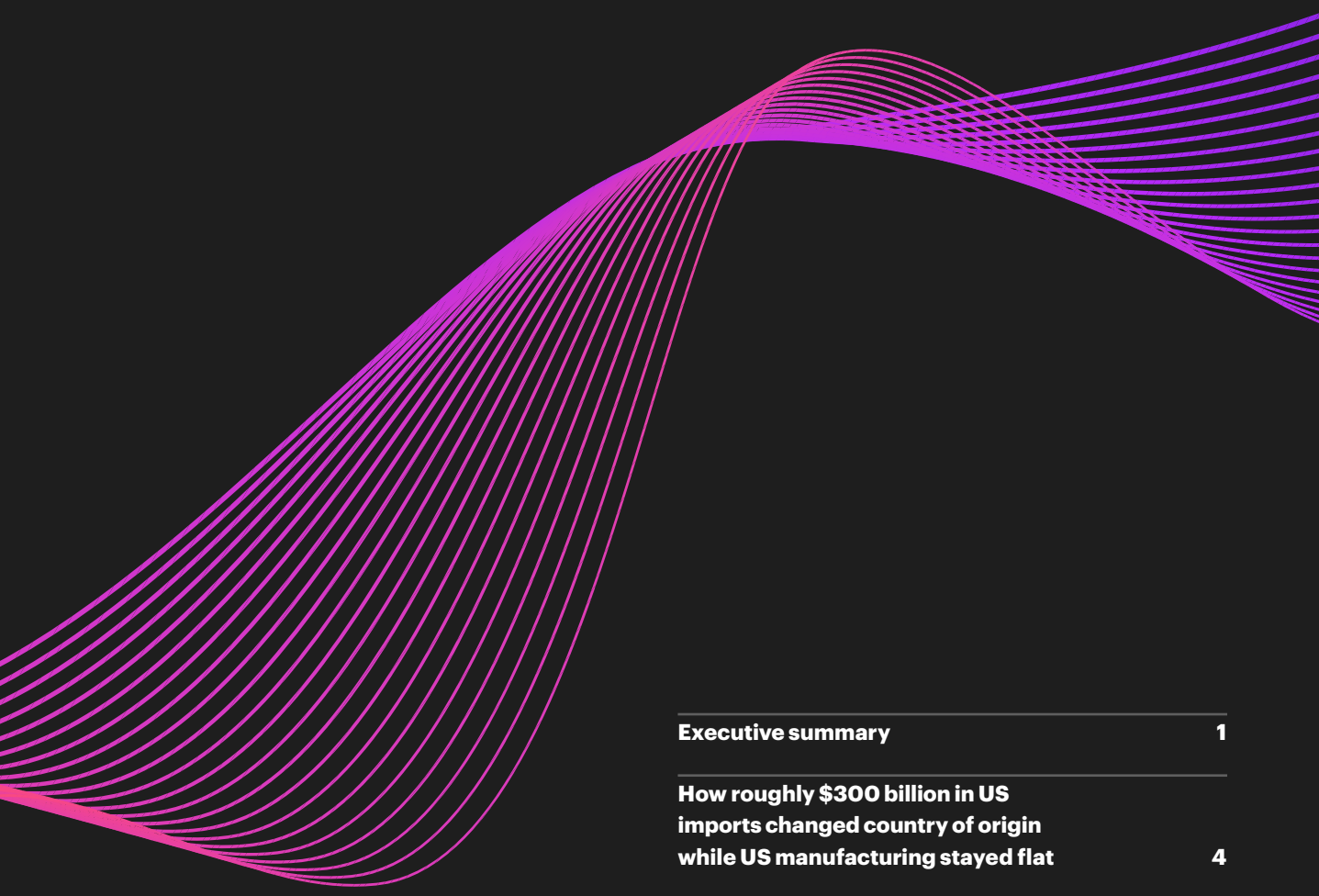
2026 Reshoring Index

Why US manufacturing imports hit a four-year high despite record investment and tariffs

Photo by Angel Gomez Herreros
Kearney, Madrid

KEARNEY

100 Years of **Impact**



Executive summary

After a disappointing downturn in 2024, the Kearney Reshoring Index (RI) has improved slightly in the past year, from –115 to –86, but still remains in negative territory.[1] Combined imports from 14 Asian low-cost countries and regions (LCCRs), including China, increased by $60 billion (6 percent). Manufactured goods output (MGO) decreased slightly by $28 billion (–0.4 percent) resulting in an overall manufacturing import ratio (MIR) of 14.15 percent (see figure 1 on page 2).[2]

When you consider that overall US imports of manufactured goods went up by $133 billion (4.6 percent) between 2024 and 2025, it might be easy to conclude that, despite tariff policy changes, America is relying even more heavily on imports rather than on increasing domestic production. But a detailed look at individual product categories tells a more nuanced story.

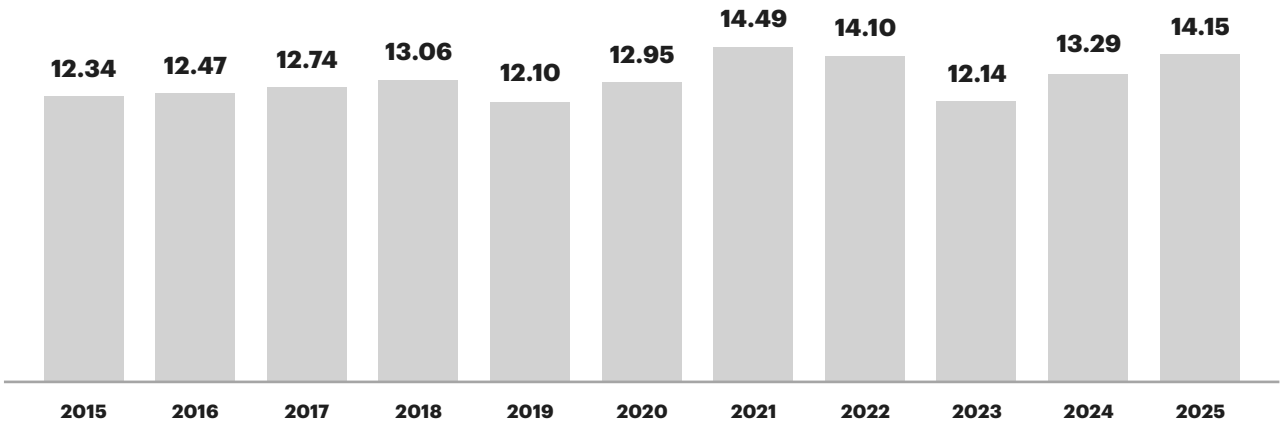
[1] The Kearney Reshoring Index is the year-over-year change in the US manufacturing import ratio (MIR) expressed in basis points. MIR is the total manufactured goods imported from 14 Asian LCCRs (low-cost countries and regions) as % of domestic output. To calculate the Kearney Reshoring Index, we look at the import of manufactured goods from the 14 Asian LCCRs (Mainland China, Taiwan (China), Malaysia, India, Vietnam, Thailand, Indonesia, Singapore, Philippines, Bangladesh, Pakistan, Hong Kong (China), 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..

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

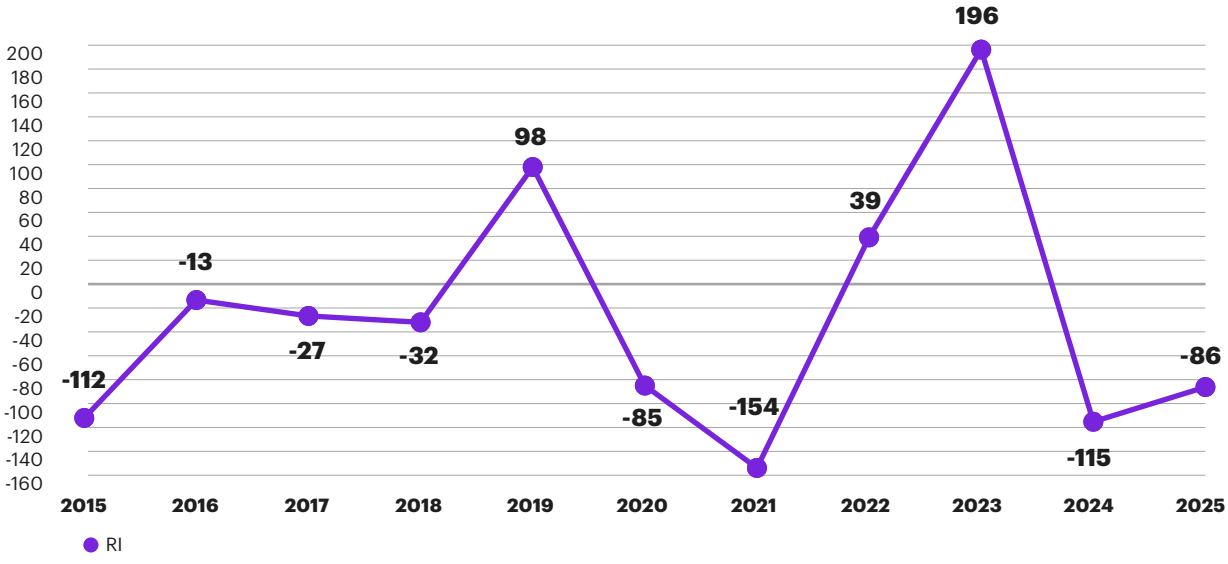
Figure 1

This year's negative value of the Reshoring Index reflects a further increase in the MIR

US manufacturing import ratio (MIR)
(2015–2025)



Year-over-year change in the US manufacturing import ratio (MIR)
(Basis points, 2015–2025)



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

While the two biggest Asian LCCR import categories, Computer & Electronic Products and Apparel & Accessories, continue to outpace the growth of their US domestic production and are even more reliant on offshoring than in previous years, the majority of product categories are actually seeing an opposite trend and are showing some small but promising signs of reshoring. This may look familiar since in 2022 and 2023 most product categories saw a similar uptick in their category-specific Reshoring Index, but as outlined in last year's report, that positive movement quickly reversed again the following year.

The picture has changed since then. Over the past four years, significant capital flows have been directed toward manufacturing, with annual investment numbers double or even triple compared to pre-COVID. So far that's only translated into a modest increase in capacity, but one can reasonably expect those announced investments will come to fruition sometime in the near future.

Another difference between 2022–2023 and last year has been the level of policy changes and uncertainty that makes figuring out which of the barrage of (mostly partisan and often exaggerated) claims and assertions will actually move the reshoring needle. As the 12 past editions of the annual Kearney Reshoring Index have shown, once you dive into the data and peer through the political fog, a clearer picture of what's really going on starts to emerge and this year's edition does show some glimmers of hope.

Significant questions still remain as to whether this time around there's enough momentum in the category-specific RI upswings to continue driving further reshoring. Although far from a certain bet, the underlying data and analyses behind this year's Reshoring Index are more positive than previous years and it's possible that, at least for a set of product categories, we are finally turning the corner when it comes to bringing back US manufacturing in a meaningful way.

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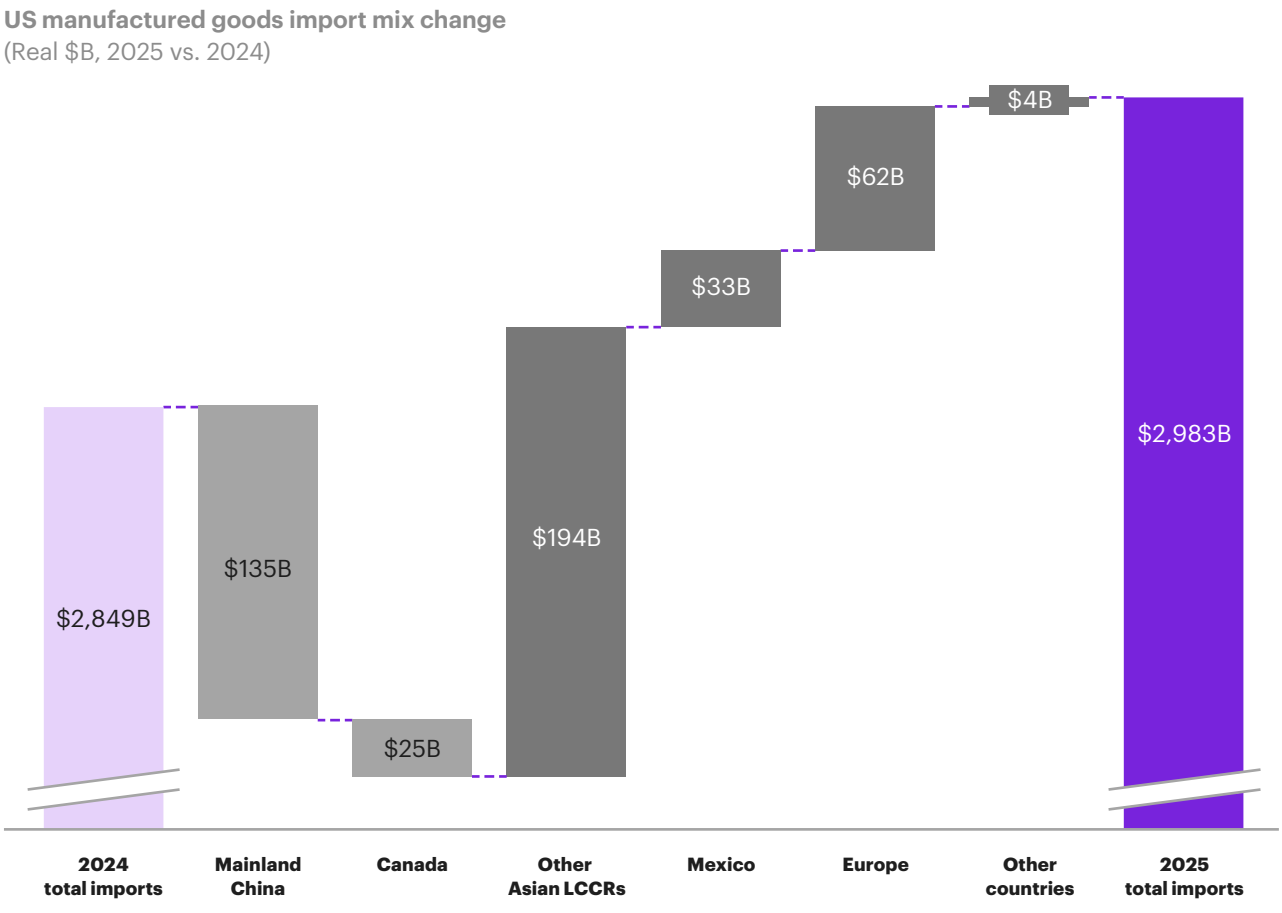
How roughly $300 billion in US imports changed country of origin while US manufacturing stayed flat

At first glance, at least on aggregate, it might look like reshoring took another hit. Before tariffs and duties, manufactured goods imports increased from about $2.85 trillion in 2024 to roughly $2.98 trillion (+4.6 percent) in 2025, albeit with a countries of origin profile that changed significantly.

Direct imports from Mainland China fell by almost one-third. At the same time, the other 13 Asian LCCRs that historically benefited from US manufacturing offshoring picked up an even bigger amount in absolute dollar value, gaining $194 billion while China lost $135 billion (see figure 2) (see sidebar: How tariffs redirected sourcing away from China on page 5).

Figure 2
US manufactured goods import mix change between 2024 and 2025 indicates a further shift away from Mainland China



Note: LCCR is low-cost countries and regions.
Sources: United States International Trade Commission, Bureau of Economic Analysis; Kearney analysis

How tariffs redirected sourcing away from China

Our annual Reshoring Index Survey, conducted in March 2026, clearly shows tariffs have reshaped some sourcing patterns but, as pointed out elsewhere in this report, tariffs didn't seem to drive significant near-term increases in reshoring or reduce America's total import dependence.

Since the Liberation Day tariff percentages were announced, the effective rate of the tariffs that resulted by country and/or product fluctuated dramatically as the year went on.[3] So, it's worth taking a quarterly view to understand the short-term impact of the tariffs.

In an environment of uncertainty and with affordability pressures top of mind, companies favored reversible moves.

One thing is immediately clear (see figure on page 6). All regions saw their Q1 import volumes go up year over year but—post-Liberation Day—the year-over-year quarterly import changes from different countries and regions of the world were impacted differently depending on both the size of their tariff increase and their relative cost position.

For example, Canada and Europe, which historically haven't had a big cost advantage over the US or other countries, lost import volume even with relatively small tariff increases. As mentioned earlier, since they bore the brunt of the tariff increases, imports from Mainland China were hit the hardest. But other countries and regions—traditionally known for being low-cost—saw their imports increase compared to 2024, not just in the first quarter of 2025, but throughout the entire year.

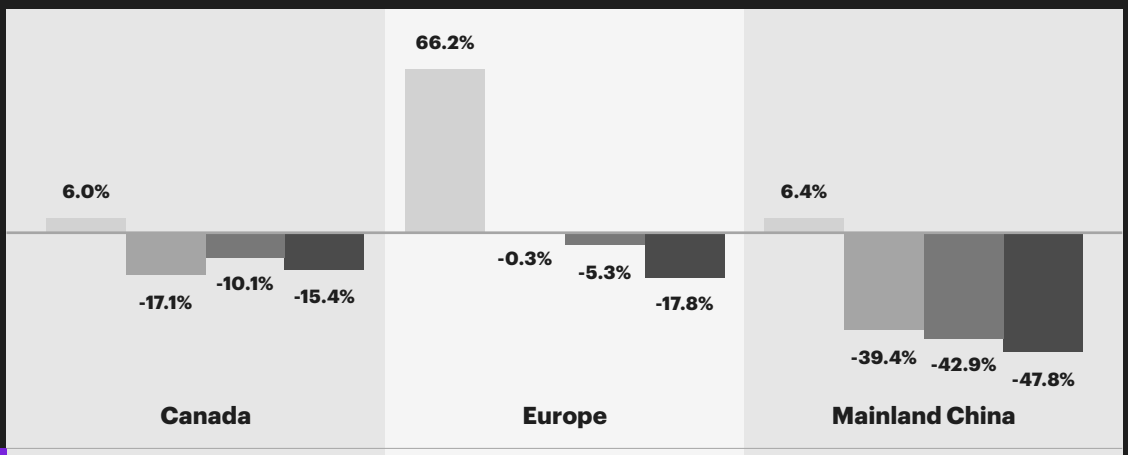
Combined with the fact that the US MGO remained flat, this clearly indicates that in an environment of uncertainty and with affordability pressures top of mind, companies favored reversible moves such as building inventory in Q1 of 2025, as reported by 86 percent of our survey respondents. Seventy-five percent of respondents reported switching country of origin away from China to other low-cost countries and regions as opposed to increasing their reliance on domestic manufacturing, which only 20 percent of survey participants reported looking at.

[3] Announced tariffs didn't always match effective tariffs. In April, Chinese imports were hit with a 145 percent tariff, although as 2025 went on, the effective tariff rate ended up between 27 and 30 percent depending on the category. Last August, India faced tariff rates of 50 percent while 2025's effective tariff rate was between 10 and 13.5 percent. In March, 2025 the tariff on Mexican imports bounced between 25 and 50 percent depending on the import but 2025's effective tariff rate sat at 12.8 to 13.8 percent. Effective tariffs on most goods from Taiwan (China) are capped at 15 percent vs. the 100 percent tariffs the administration announced on Taiwanese semiconductors at the start of 2025.

Figure

While Canada, Europe, and especially Mainland China saw dips in their import volumes after Liberation Day, Mexico and other Asian LCCRs saw an increase

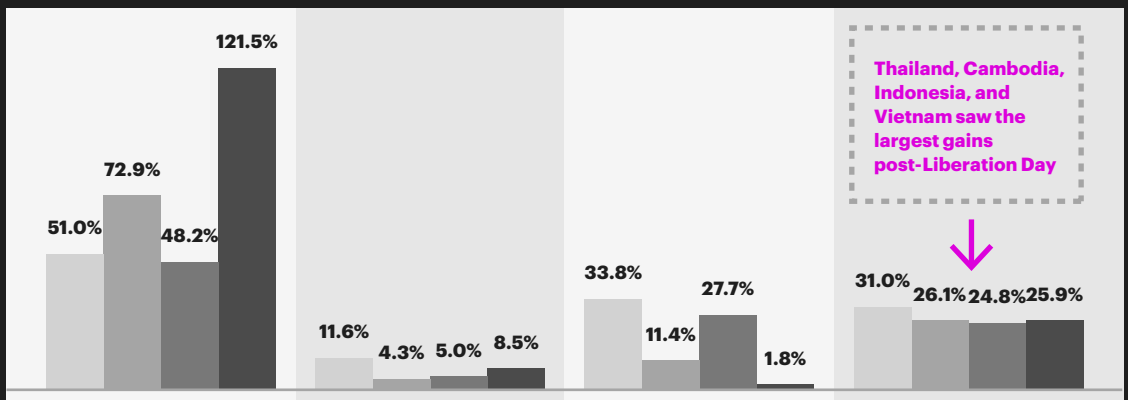
Quarterly year-over-year change in import customs values, by country
(%, 2025 vs. 2024)



	Canada	Europe	Mainland China
Effective tariff change	1 → 5%	1 → 8%	17 → 42%

Q1 YoY Q2 YoY Q3 YoY Q4 YoY

Quarterly year-over-year change in import customs values, by country
(%, 2025 vs. 2024)



	Taiwan (China)	Mexico	India	Other Asian LCCRs
Effective tariff change	1 → 3%	2 → 5%	2 → 12%	3 → 10%

Q1 YoY Q2 YoY Q3 YoY Q4 YoY

Notes: Effective tariff rates are calculated as follows: (total value including customs duties - total value without customs duties) / total value without customs duties. LCCR is low-cost countries and regions.

Sources: United States International Trade Commission, Bureau of Economic Analysis; Kearney analysis

Canada also lost as its US imports dropped by $25 billion, but on the opposite side of the USMCA, Mexico continued to benefit from the continuing shift away from China. Primarily thanks to a $47 billion increase in Computer & Electronics Products imports, partly offset by a decline in some other product categories, Mexico saw its imports grow by 8 percent (see sidebar: Why continued growth in nearshoring from Mexico is no longer guaranteed on page 8).

Europe picked up $62 billion in US imports, although the majority of that increase was due to a 66 percent YoY increase in Q1. That surge was followed by a gradual decline in the three quarters following Liberation Day but Europe imports still managed to end up positive overall by the end of the year.

While US imports went up, other components of the Reshoring Index such as manufacturing gross output (MGO) barely saw movement year over year. The initial post-COVID bump in MGO that, at the time, seemed to announce a resurgence of US manufacturing is now a distant memory. For the third time in a row, MGO virtually flatlined. Last year also saw the portion of MGO destined for export go up slightly at the expense of production for domestic use. This seems to indicate that, at least in aggregate, America bought less American.

When you look at macroeconomic data like the MGO that are expressed in US dollars, there's always a chance that inflation and exchange rates could mask underlying dynamics. However, last year's ISM manufacturing PMI results confirm that the US manufacturing sector was stable to declining. While the PMI briefly moved above the 50-point threshold in January (50.9) and February (50.3), the Index spent the next 10 months below 50 points and by last December the PMI ended up at 47.9, its lowest monthly point of the year.

As the total MGO and PMI eroded slightly while US imports grew, the overall manufacturing import ratio (MIR) rose to 14.15 percent in 2025 vs. 13.29 percent in 2024, back to levels not seen since the 2021 post-COVID peak and kept the Reshoring Index in the red (refer to figure 1 on page 2).

The US self-sufficiency index (SSI), which tracks how what's made in the US for the domestic market compares to what's imported and stays in the US market, continued to decline, from 2.38 in 2024 to 2.30 in 2025—the lowest value in a decade (see figure 3 on page 9).

Why continued growth in nearshoring from Mexico is no longer guaranteed

Last year, Mexico continued to benefit from the ongoing reduction in imports from China and reaffirmed its position as the biggest source of US imports, even as uncertainty with respect to the future of the USMCA increased.

US imports from Mexico rose by 8 percent between 2024 and 2025, primarily driven by a $47 billion increase in Computer & Electronics Products (C&E) imports (see sidebar: Why Computer & Electronics Products rose 29 percent while its domestic output grew only 2.8 percent on page 10). Much of Mexico's C&E gain is still concentrated in downstream assembly rather than in higher-value semiconductors or other upstream components, for which it relies on Asian LCCRs.

Across product categories, Mexico draws in a broad set of upstream manufacturing inputs: imports from Asia rose 17.7 percent in 2025, with especially sharp increases from Taiwan (China), Thailand, the Philippines, and Malaysia. Imports from Europe into Mexico also rose by 16.5 percent, suggesting Mexico is pulling from an even wider supplier base as it expands its role as a final assembly partner for the US market within a broader regionalized supply chain.

Meanwhile, Chinese companies continue to look to investing in manufacturing in Mexico as an "opportunity shaded with caution"—with several recent announcements of continued China-driven expansions in Durango (LED lighting), Tijuana and Monterrey (TVs), and, potentially, Morelos (automotive)—while keeping a close eye on USMCA developments.

Some of the constraints reported on in previous editions of the Reshoring Index seem to have somewhat abated. Mexico City and Monterrey remain tight industrial markets with low vacancy and strong absorption but conditions have eased in some other hubs, and Mexico's industrial construction dropped to 4.2 million m² at the end of Q4 2025, down 30 percent vs. 2024. In the leading industrial hubs, labor remains significantly more expensive but availability has become less of an issue.[4] On the other hand, access to utilities and logistics capacity continue to represent constraints which vary across industrial clusters and regions within Mexico.

Security remains a recurring structural drag on investor confidence. High-profile episodes such as the military operation that killed CJNG leader "El Mencho" create severe, but temporary, operating disruptions. But the broader business concern is that the perception of persistent insecurity is seen as a potential added cost of operating in Mexico.

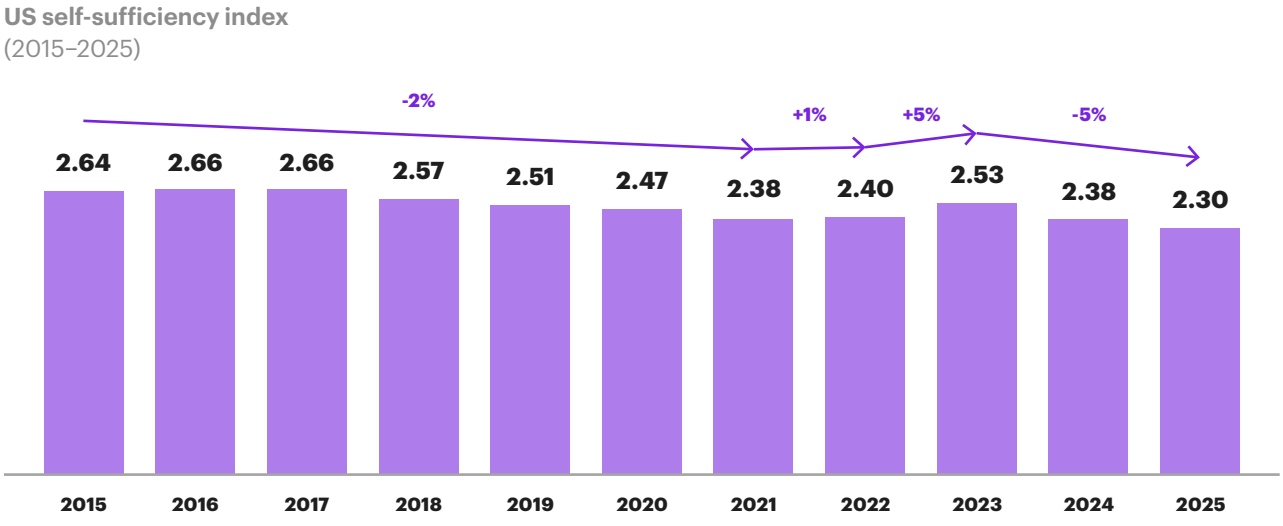
Changes in domestic policy are another important factor. Mexico's judicial reform, which now mandates the direct popular election of most federal and state judges, magistrates, and Supreme Court justices, has raised concerns with companies and investors about legal certainty as 881 newly elected judges take their seat. Several enterprise confidence readings fell below 50 in late 2025. At the same time, GDP growth was approximately 0.8 percent in 2025, with only a modest rebound expected in 2026.

But maybe the most concerning news for Mexico's continued success as a major US importer comes from our annual Reshoring Index survey. When asked if Liberation Day tariff policies changed their view on nearshoring, more than half of our respondents (55 percent) said the tariff policies made nearshoring less attractive. Only 27 percent still see an important role for nearshoring and 18 percent profess they'll be taking a wait-and-see approach. Add that to the aforementioned weakening investment confidence in Mexico and the elevated uncertainty about USMCA, and future nearshoring growth is likely to be uneven rather than a clean, compounding trend.

[4] See Cushman & Wakefield - Mexico Industrial Labor Report - Q4 2025.

Figure 3

The US self-sufficiency index highlights continued decline in reliance on domestic production in the past 2 years



Note: 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

How product categories that, combined, make up 40 percent of Asian LCCR imports are slowly turning to reshoring

While the overall picture may look bleak, individual product category performance offers more promise. The two dominant Asian LCCR import categories—Computer & Electronic Products ($453 billion in 2025 imports, or 44 percent of total Asian LCCR imports) and Apparel & Accessories ($88 billion)—continue to outpace the growth of their domestic production (see sidebar: Why Computer & Electronics Products imports rose 29 percent while its domestic output grew only 2.8 percent on page 10). However, the majority of the other product categories are actually moving in the opposite direction, albeit in a very modest way, when you compare the change in their category-specific MGO vs. their Asian LCCR imports (see figure 4 on page 12).

Why Computer & Electronics Products imports rose 29 percent while its domestic output grew only 2.8 percent

Over the past decade or so, Computer & Electronics Products (C&E) has been, by far, the biggest US import category. This year's Reshoring Index shows C&E continues to rely—and even to a greater degree—on Asian LCCRs and Mexico.

While MGO for C&E products went up by $12 billion (2.8 percent) between 2024 and 2025, US imports of those products increased by $161 billion (29 percent). C&E is now responsible for close to a quarter of all US imports. C&E imports from Mainland China declined by $57 billion or about 50 percent in the same timeframe while C&E imports from Mexico increased from $97 billion to $142 billion (+47 percent). Simultaneously, other Asian LCCR countries also saw their imports increase. Vietnam, for instance, imported $40 billion more, a 62 percent increase. Driven mainly by wireless communications equipment, computers, and storage devices, Thailand's imports also rose sharply, from $27.5 billion to $49.0 billion.

Clicking one level down, Computer & Peripheral Equipment drove the largest gain, taking up $103 billion or 64 percent of the total rise in US C&E imports. Part of that jump reflects the AI buildout, especially Nvidia-related AI servers—which can cost roughly 30 times more than regular servers—as well as high-performance computing systems, AI training clusters, and HDDS and SDDS storage devices. Meanwhile, Communications Equipment and Printed Circuit Assemblies each increased by about $30 billion. These import gains were somewhat offset by a few subcategories, like Semiconductors, where there have been significant US investments that haven't yet come to full fruition (see section, "Why tripling investment produced only 1.5 percent capacity growth") and Audio & Video Equipment that saw imports decline, but only by single-digit-billion amounts.

As for China's ongoing import decline, the pullback was visible across all subcategories with Computer & Peripheral Equipment and Communications Equipment each responsible for roughly one-third of their total C&E import drop. Much of what moved from China to Mexico appears to be final assembly of Computer & Peripheral Equipment, not the broader component ecosystem. Many key subassemblies, including boards and mechanical components, continue to come from China. Given that the value-add of the final assembly step is typically low—for AI servers it's estimated at only 1 to 2 percent of total product cost, and for regular servers at 4 to 5 percent—China still remains a big beneficiary of the rise in US C&E demand.

To put the cost of certain products in the C&E category if they were to be made in the US in context vs. other countries, Kearney PERLab conducted an analysis that put the US manufacturing cost of making a laptop, in the first example, and an entire smartphone, in the second, at 100 (see figure on page 11).[5]

A comparison was then made with scenarios where only the assembly was done in the US, with either all China components or with an "optimized" mix of components. Additional comparisons were made with products made entirely in China, Vietnam, India, and Mexico. In all scenarios, the applicable tariffs, as applied at writing of this paper, were included.

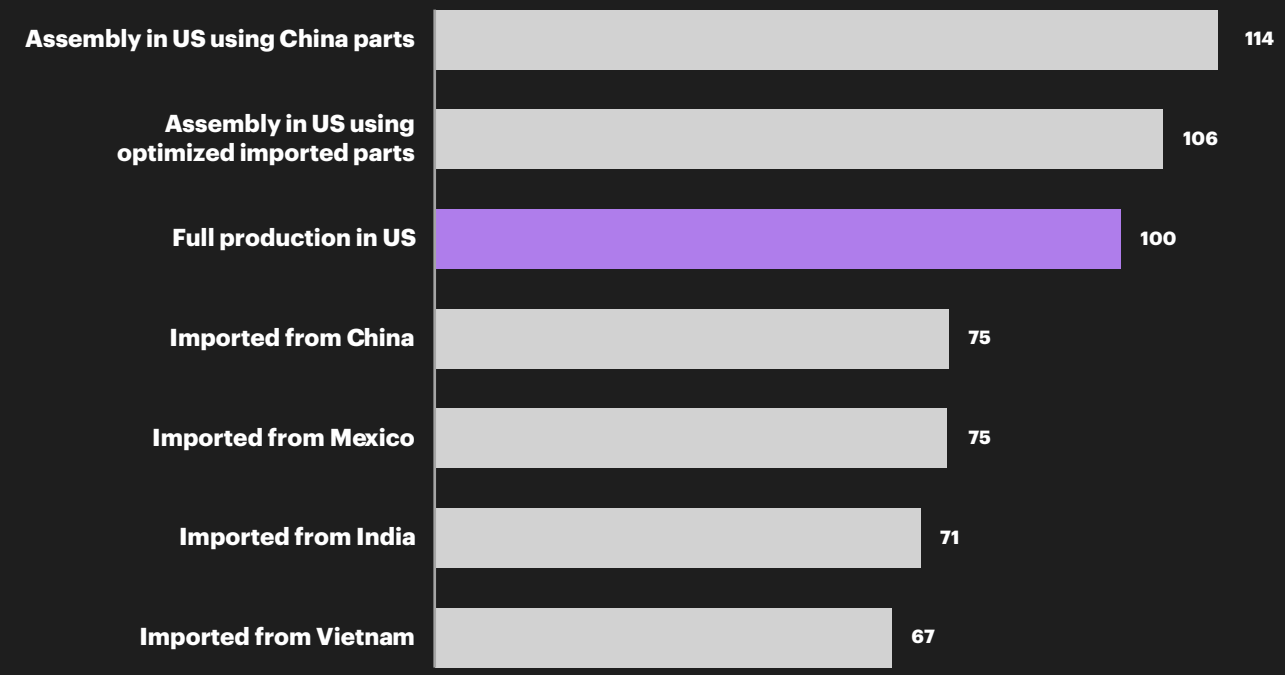
In both cases, the current costs at the typical countries of origin for these products stay below the US calculated costs, explaining why C&E has been such a hard category to reshore. That gap in cost between the US and the current source countries is unlikely to shrink soon as, for example for smartphones, governments in countries such as India are boosting their subsidies to entice manufacturers like Apple, Samsung, and their suppliers to build more components locally and then assembling and exporting the finished products.

[5] These are calculated numbers for reference since these products are currently not made in the US.

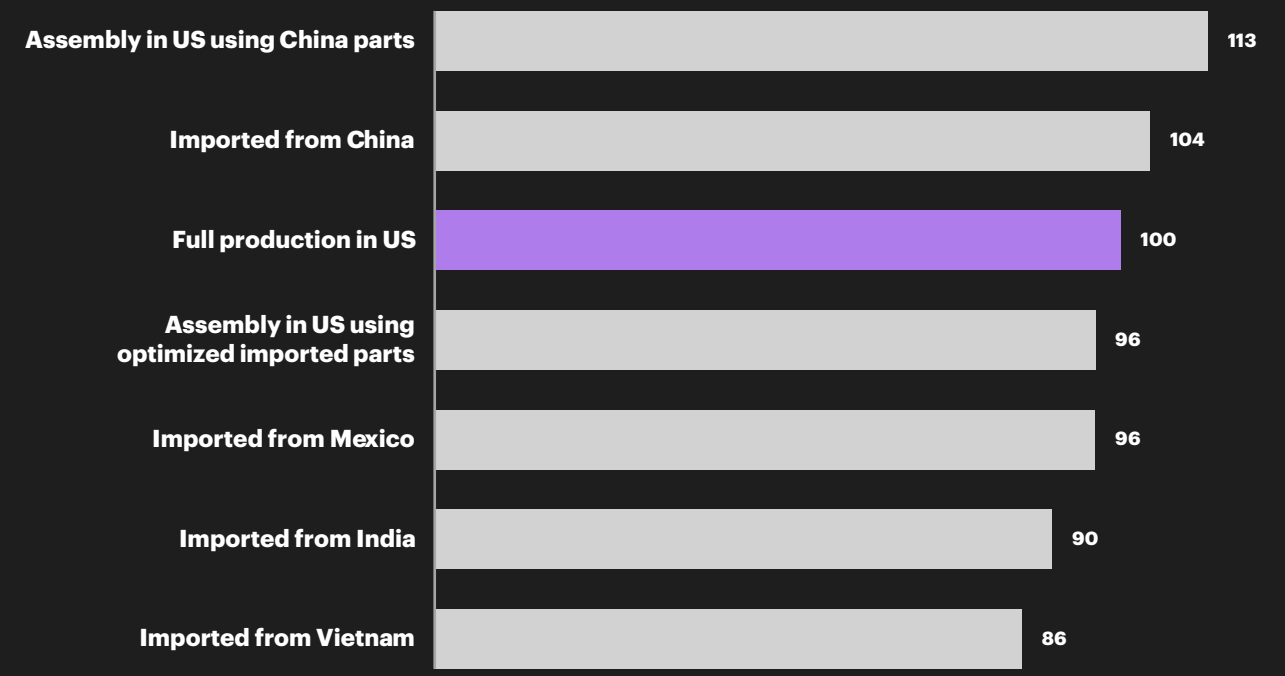
Figure

Comparison of cost estimates shows that both full production and assembly only in the US remain cost-disadvantaged, even after tariffs are applied

Laptop – manufacturing cost comparison, including US tariff impact
(2025, based to estimate full production in US)



Smartphone – manufacturing cost comparison, including US tariff impact
(2025, based to estimate full production in US)



Sources: Kearney PERLab Economics Database consisting of 10,000+ products, Kearney PERLab Should Cost Modeling analysis, US International Trade Commission, Market Access Map, ITC

Figure 4

Even though the aggregate Reshoring Index remains negative, several product categories show some initial, promising signs of reshoring

Product category	MGO Δ 2024–2025	Imports Δ 2024–2025	RI indicator
Apparel & Accessories	-17%	-3%	----
Computer & Electronics Products	2%	32%	---
Primary Metal Manufacturing	-3%	34%	--
Machinery, Except Electrical	-2%	1%	-
Wood Products	1%	3%	~
Food, Beverage, & Tobacco	5%	4%	~
Printed Matter & Related Products	-4%	-7%	~
Transportation Equipment	-2%	-10%	+
Paper	9%	-8%	+
Chemicals	-4%	-13%	+
Plastics & Rubber Products	-1%	-6%	+
Non-Metallic Mineral Products	9%	-9%	++
Fabricated Metal Products	6%	-13%	++
Textiles, Fabrics, & Mill Products	-4%	-13%	++
Furniture & Fixtures	4%	-12%	+++
Miscellaneous Manufactured Commodities	-8%	-22%	+++
Electrical Equipment, Appliances & Components	18%	-6%	++++

Source: Kearney analysis

Categories like Food, Beverage, & Tobacco; Electrical Equipment, Appliances & Components; and Fabricated Metal Products each saw their MGO increase over 2024 levels by $30 billion+. Even Computer & Electronics Products (C&E), the biggest culprit in keeping the Reshoring Index negative, saw a modest $12 billion (2 percent) gain.

While the overall picture may look bleak, individual product category performance offers more promise.

In fact, the only categories other than C&E that are still resistant to reshoring are relatively small—Machinery, Except Electrical; Primary Metal Manufacturing; and Wood Products. At the same time, some of the categories that have historically been largely reliant on Asian LCCR imports—Textiles; Fabrics & Mill Products; Furniture & Fixtures; Miscellaneous Manufactured Commodities; and Electrical Equipment, Appliances & Components—are seeing their product-specific Reshoring Index turn, mostly slightly, positive. This could be promising for US manufacturing since the combined product categories that are seeing their RI values move into the black made up $400 billion or about 40 percent of all 2025 Asian LCCR imports into the US. But there are still hurdles to overcome (see sidebar: Which product categories are closest to reshoring viability? on page 14).

Some of the categories that have historically been largely reliant on Asian LCCR imports are seeing their product-specific Reshoring Index turn, mostly slightly, positive.

Which product categories are closest to reshoring viability?

This year, several product categories showed some hopeful signs that they are starting to rely more on domestic manufacturing than on imports from Asian LCCRs. The chance of each of those glimmers of hope turning into something more substantial very much depends on the types of products. The figure offers a sample of those product categories and the degree of difficulty that companies face as they try to reshore these.

Figure

Most product categories face challenges to reshore the entire supply chain but some could bring back the downstream or assembly portion

Product category	Difficulty to reshore	Considerations regarding opportunity to reshore
Apparel & Accessories	Very high	Highly labor-intensive, low margin, with deeply embedded offshore sourcing ecosystems that are difficult to broadly replicate domestically, except for a small portion of premium, niche products
Computer & Electronics Products	Very high	Requires the full upstream ecosystem (packaging, substrates, testing, memory) to move back, not just final assembly; would require massive investments over many years to catch up and/or match other countries
Primary Metal Manufacturing	High	Energy-intensive and capital-heavy, with economics tied to scale, utility costs, and materials; reshoring limited to downstream fabrication or assembly
Machinery, Except Electrical	Medium	Customization, customer proximity, and after-sales service favor end-market proximity, but sector is still dependent on a broad supplier network for components, so only partial relocation is likely
Food, Beverage, & Tobacco	Low	Already largely localized due to perishability, freight costs, and reliance on domestic raw materials that push production closer to the end market
Transportation Equipment	Medium	Regional production closer to end market is advantaged, but dependence on complex, tiered supplier networks has so far obstructed full relocation
Chemicals	Medium	Generally constrained by feedstock availability, energy costs, and regulatory requirements, but some specialty segments have been able to reshore
Miscellaneous Manufactured Commodities	Medium	Heterogeneous category where reshoring depends on specialization, regulation, and cost sensitivity vs. quality sensitivity; some subsegments make sense to reshore, others still require a global supplier ecosystem
Electrical Equipment, Appliances & Components	Medium	Bulky, installation-heavy products tied to domestic demand (e.g., grid, construction) are amenable to (partial) reshoring, with most upstream components remaining globally sourced

Source: Kearney analysis

Why tripling investment produced only 1.5 percent capacity growth

So, the multibillion-dollar question is, "Why didn't we see more MGO growth after we've had four years of constant manufacturing investment announcements?"

There's no argument that, post-COVID, significant capital has been poured into US manufacturing. As figure 5 on page 16 shows, annual manufacturing capital spending rose from about $82 million per month in 2021 to roughly $224 million per month in 2025.

The problem is that accelerated manufacturing investment wasn't mirrored by accelerated growth in capacity. During that same period, manufacturing capacity increased by only about 1.5 percent.

Of course, that capital isn't only deployed to increase capacity. A 2025 survey conducted by the European Investment Bank found that while 87 percent of US manufacturing companies reported investing, nearly half of their investment (48 percent) was directed toward replacement rather than capacity expansion. According to that same survey, over the next three years, these companies plan to continue to spend at least a third of their investments on replacement—primarily to improve productivity, sustainability, and supply chain visibility—while about 40 percent is earmarked for capacity expansion.

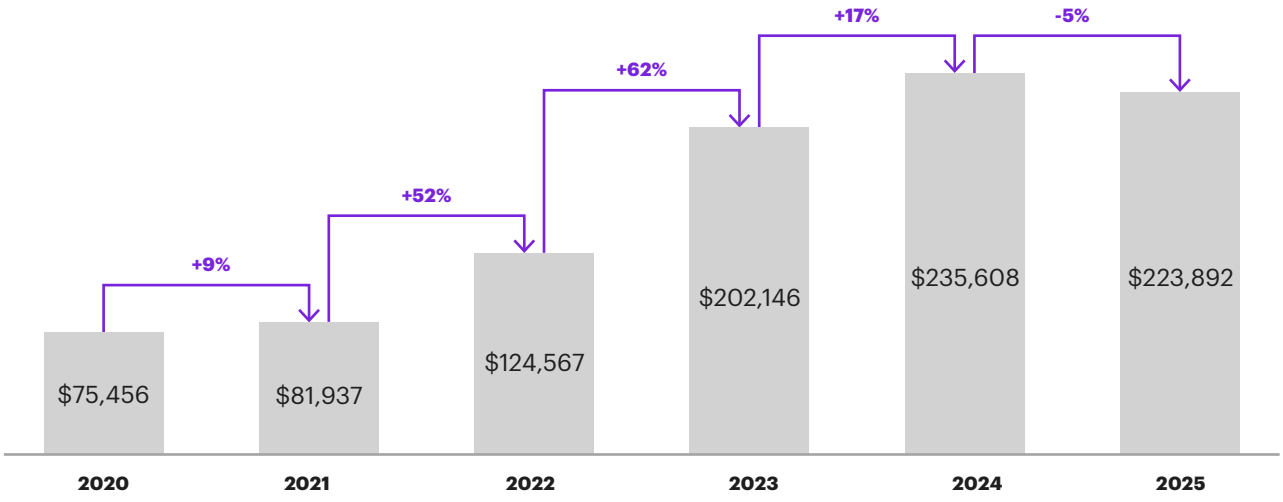
But even if only half of the $11.3 trillion invested since 2020 went to additional capacity, that still leaves the question, "Why hasn't that capital resulted into a perceptible boost to US manufacturing?"

One explanation is that some of the industries responsible for the most publicized announcements, like semiconductors, medical products, and pharmaceuticals, often take years between the start of construction and when actual production begins. Several of their projects have faced additional hurdles—securing materials, availability of experienced construction labor, lengthy permitting and inspections, and so on—further lengthening their initial timelines.

In other industries, things typically move a lot faster but there are no significant additions in capacity for those shorter-ramp industries either. The Project Stress Index (PSI)—a monthly measure of pre-construction stress in the US nonresidential construction market that is compiled by ConstructConnect—gives some insight as to why that may be.

Figure 5
US manufacturing capital investment has roughly tripled since COVID

US manufacturing total capital spending – monthly average
($M, 2010–2025)



Sources: United States International Trade Commission, United States Department of Commerce Bureau of Economic Analysis; Kearney analysis

As figure 6 on page 17 shows, in 2024 stress started off high due to financing cost pressures related to interest rates and abandonment trends. This proved to be a harbinger of what was to come. For example, electric vehicles (EV) and battery manufacturers canceled more projects in Q1 2025 than in the prior two years combined and nearly half of the clean tech factories slated to come online in 2025 faced delays or cancellations.

In mid-2025, the PSI peaked again as project abandonments and delays surged due to tariff-linked material cost shocks and government funding interruptions. By late last year stress had eased a bit but remained slightly above the baseline. This points to a high likelihood of additional project abandonments assuming the current volatility in tariffs combined with uncertainty around federal tax credits and Department of Energy funding timelines persists.

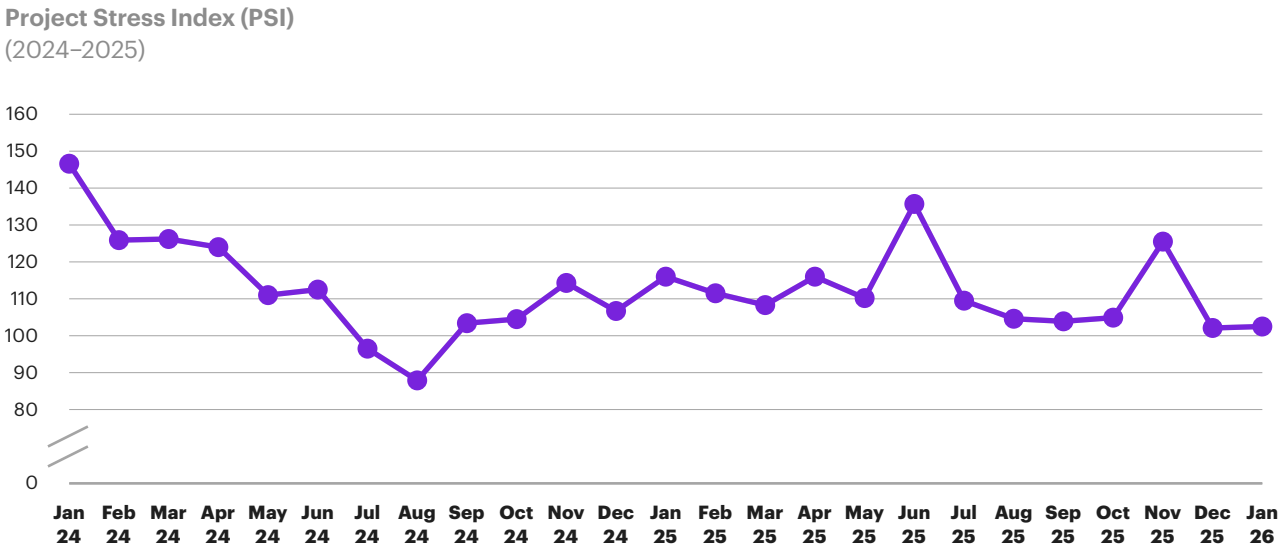
Even when relatively small amounts of capacity did materialize, another indicator is worrisome. Manufacturing capacity utilization actually decreased slightly between 2022 and 2025 from about 77.6 percent to roughly 75.4 percent. This could be both cause and effect with respect to why capacity is not materializing as investment announcement would lead you to expect. Seeing that added capacity is apparently not immediately put to use could put a damper on just about any investment intent.

This seems to have already impacted the small and medium enterprises (SMEs) that have historically had a big role in driving US employment and the overall American economy. The earlier mentioned 2025 EIB Investment Survey also found that, even as larger firms keep putting out press releases indicating increases, SMEs are starting to reduce their investment in new US capacity and expansion activities.

Assuming that those delayed or newly announced investment dollars eventually do turn into live capacity, would that be sufficient to get the US manufacturing engine purring again? This year's version of Kearney's Annual Reshoring Index survey asked that very question.

Figure 6

ConstructConnect's PSI shows several stress peaks over the past 2 years that typically result in project delays or even cancellations



Sources: ConstructConnect

How persistent labor, ecosystem, and policy concerns reduce executives' re/nearshoring ROI expectations

CEOs responding to our 2026 Kearney Reshoring Index survey continue to cite structural constraints such as labor costs, infrastructure limitations, and workforce availability as persistent barriers to reshoring. The National Association of Manufacturers (NAM) adds prioritizing permitting reform, grid reliability, and immigration policy as additional competitiveness issues that tariffs won't address.

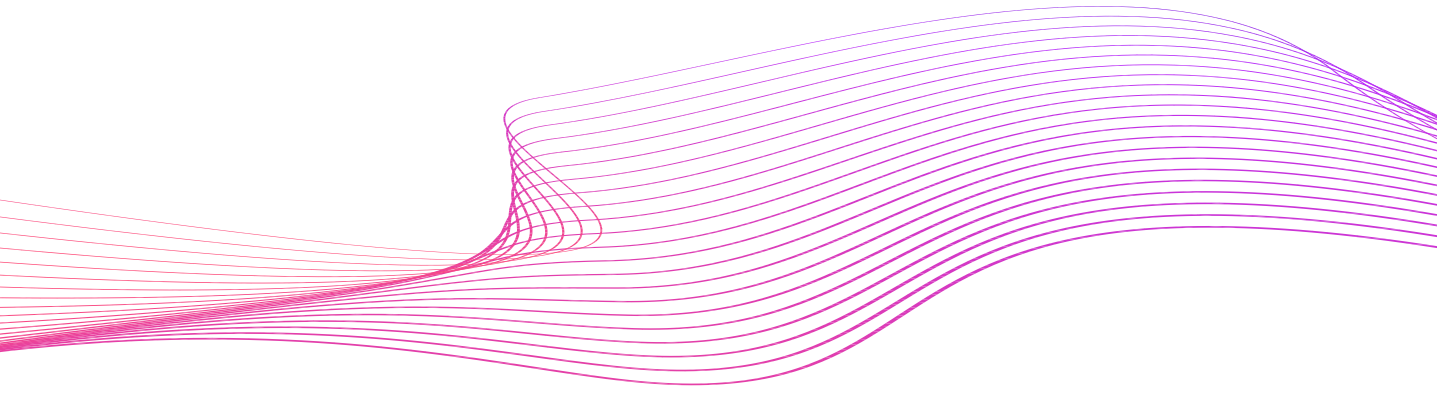
Even though these can be seen as perennial issues that US manufacturers have to wrestle with, the underlying factors are changing. Take labor. Manufacturing employment declined from 12.8 million in 2024 to 12.6 million in 2025 and manufacturing job openings fell from 493K to 421K. This seems to indicate that because of the investments in automation, including robots as well as AI, manufacturers require less labor for the same level of MGO. However, there is still a persistent issue around availability of "people on the line," with 55 percent of respondents listing that as a challenge.

Additionally, according to the survey, the type of labor that companies are looking for also seems to be changing. Up to 61 percent of respondents report shortages of technical skills roles like machinists, technicians, maintenance specialists, and others. According to 36 percent of respondents, above-the-line supervisors and leadership skills are starting to feel the pinch as well. This is especially critical since this group will need to excel at integrating digital tools into operations, managing AI-enabled processes, interpreting data, and overseeing more automated production environments in order to get full value from the investments.

This persistent war for talent explains why 91 percent of survey participants are raising wages to attract and retain workers. And even those that find the right, qualified labor still feel that they need to invest significantly in training, as 87 percent of respondents indicate.

The need for a robust ecosystem, especially in terms of tier 2 and tier 3 companies capable of providing domestic sources of semi-finished products and raw materials, is also a perennial issue. Respondents ranked it significantly higher on this year's list of re/nearshoring challenges than they did in previous years. Especially companies with US operations that primarily focus on final assembly but rely on imports, mostly from Asian LCCRs, for parts and components were faced with unexpected cost increases due to tariffs. This seemed to correlate with a significant reduction in confidence that their move to re/nearshore would pay off. Only 18 percent of CEOs said they were "very confident" in their ability to achieve an acceptable ROI from re/nearshoring, compared to 47 percent in the previous year's survey.

US administration policy changes are also making companies hesitate and reevaluate their re/nearshoring strategies, even if they had already started moving production closer to the US domestic market. There was virtually no change in companies reporting bringing more volume back—15 percent of respondents say they plan to do this, both in last year's and this year's surveys. But 57 percent of CEOs expected the need to significantly tweak their re/nearshoring strategy or even go entirely back to the drawing board.



What it would take to move the Reshoring Index back to positive

Over the past 12 months, America's policy changes clearly shifted the executives' thinking around reshoring and nearshoring but not yet in a way indicating a complete turnabout. There are positive signs, especially for certain product categories. But the near-term actions that executives are taking reflect hesitation and reevaluation. As a result, the latest Reshoring Index largely shows that US manufacturing is treading water, rather than making that MGO step-change one would expect given the investments of the past four years.

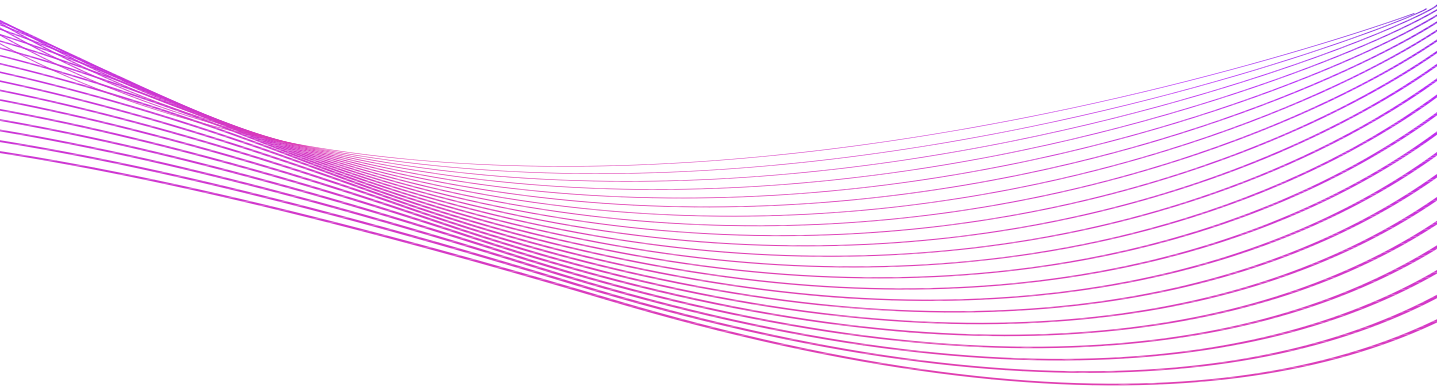
So what would need to change to move the Reshoring Index back into positive territory again and, this time around, keep it there?

On the "good news" side, even without further major investments, there is still significant unused domestic manufacturing capacity that can be put to use. As of February 2026, US manufacturing capacity utilization was still 3.1 percentage points below its long-run average. So American production could ramp up relatively quickly instead of passively waiting until the big investment announcements come to fruition which, as pointed out earlier, could still take a while.

On the "even better if" side, cost pressures will have to come down before companies make irreversible US manufacturing bets: in labor, which companies have started to address through increased automation, and even more so in materials, which typically are responsible for the majority of the total product cost and got hit hard with tariffs as many product categories still rely primarily on imports for their raw materials or semi-finished components.

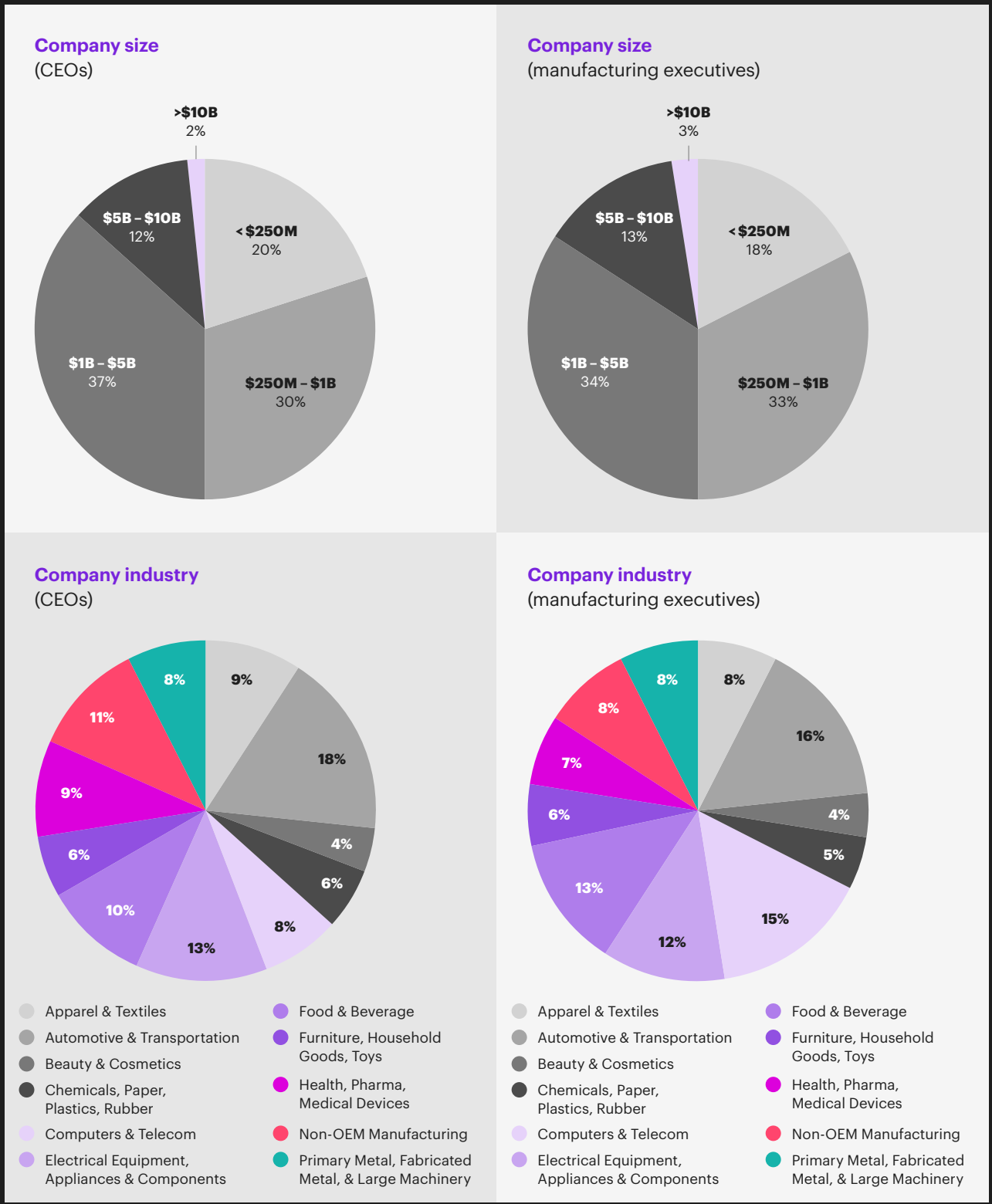
But perhaps the greatest need is for clarity and stability, which are easy enough to attain in concept, but have been elusive in the past 12 months.

With that as a backdrop and knowing that there are many events that can derail a true US manufacturing resurgence, several indicators that were highlighted in this report do continue to provide hope that several critical parts of that resurgence are either already in place or require just a gentle nudge to get there. As one of the CEO respondents put it in the annual Reshoring Index Survey response: "Our manufacturing teams are ready to run onto the field, we just need the goal posts to stop moving."



Appendix

Figure
Survey results



Notes: Percentages may not add to 100% due to rounding. "Executive" means director or higher.
Sources: 2026 Kearney Reshoring Index survey; Kearney analysis

Authors

Patrick Van den Bossche
Partner, Washington, D.C.
patrick.van.den.bossche@kearney.com

Horacio Leal
Principal, Mexico City
horacio.leal@kearney.com

Karthik Rai
Consultant, Chicago
karthik.rai@kearney.com

The authors would like to thank Kaushik Chinnam, Kendy Huang, Al Samiya Nizam, and Srinatha Muninarayana for their valuable contributions to the report.

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