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PACIFIC NORTHWEST MANUFACTURING BLOG**Reshoring Manufacturing: A major trend?**

February 14, 2013

Reshoring – the return of production to the United States that had been outsourced to lower-wage rate locations overseas – has caught the manufacturing industry's and policymakers' attention.

In a September 2012 report ("*Reshoring U.S. Manufacturing: A Wave of the Present*" by Bill McMeekin & Emily McMackin, published by BusinessClimate.com) the authors asked: What's driving the momentum in reshoring? What will it take beyond the "Made in America" stamp to keep the reshoring momentum going? And how do communities, regions and states create the environment and infrastructure to encourage manufacturing investment and build reshoring strategies into their economic development initiatives?

What's driving the momentum in reshoring?

According to McMeekin & McMackin, cost factors such as rising wage rates in China, currency valuations, and higher energy costs and their impact on shipping are driving the momentum in reshoring. And beyond cost considerations, factors such as disadvantages from having research, engineering and design too far from production, supply chain disruption concerns and concerns over intellectual property are also playing into reshoring decisions.

What will it take to keep the reshoring momentum going?

The report states that reshored production favors such items as durable goods and heavy machinery that are expensive to ship relative to price, goods subject to frequent changes in consumer demand, and products where safety concerns are vital. And the production most likely to be returned to the United States will require highly trained workers and even more coordinated efforts between government, education and business on workforce development programs.

In the authors' opinion, the future of reshoring is parallel to the future of manufacturing in general, and that rests squarely with innovation, technology, and constant training and skills development at every level of the process and every link in the global supply chain.

How do communities create the environment and infrastructure to encourage manufacturing investment and build reshoring strategies into their economic development initiatives?

The report states that while lower-cost labor states in the Southeast and Southwest would have an advantage in attracting reshored manufacturing, states that offer a highly skilled labor pool can also be competitive. So, for example, the Seattle-Bellevue-Everett, WA, metropolitan area, not considered a low labor rate environment, was identified as the region leading the revival in U.S. manufacturing in a study published at NewGeography.com on May 24, 2012 by Pepperdine University demographer Joel Kotkin. The Portland-Vancouver-Hillboro, OR-WA, region placed number nineteen in the same report.

The report concludes that the communities that can offer the sweet spot of lower labor costs, attractive business costs, a favorable business environment and a pool of skilled workers will truly ride the reshoring wave the farthest.

Additional information on this topic:

- » [Reshoring U.S. Manufacturing: A Wave of the Present by Bill McMeekin & Emily McMackin](#)
- » [Businessclimate.com Blog](#)

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