

A world map with glowing blue and yellow lines representing global supply chains. The lines connect various points across the continents, creating a network of paths. The map is set against a dark blue background with a grid pattern.

Reshoring - Rethinking Your Global Supply Chains

March 29, 2023



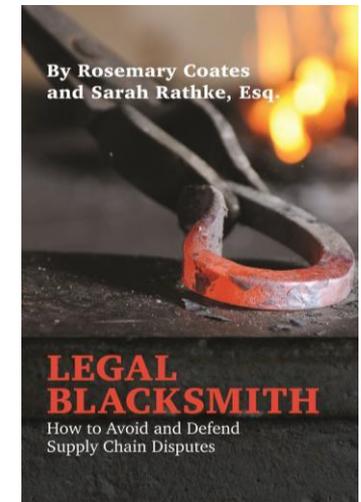
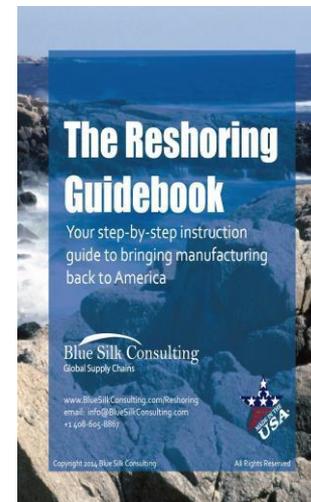
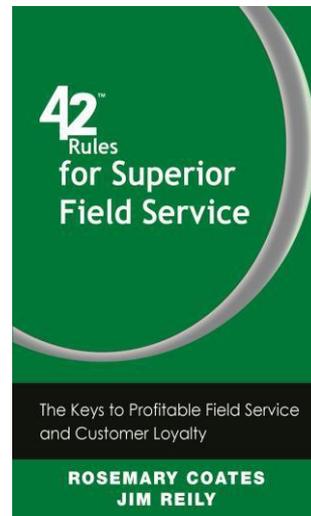
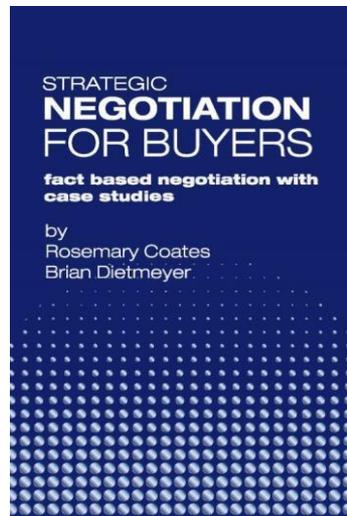
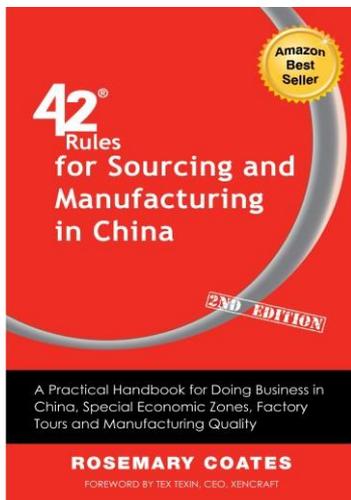
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May 15, 2023 - Webinar

Rosemary Coates



- Executive Director of the Reshoring Institute
- President of Blue Silk Consulting
- 30 years of Global Supply Chain consulting experience
- Over 80 supply chain clients, worldwide
- Author of
 - *42 Rules for Sourcing and Manufacturing in China*
 - *Strategic Negotiation for Buyers and*
 - *42 Rules for Superior Field Service*
 - *The Reshoring Guidebook*
 - *Legal Blacksmith – How To Avoid and Defend Supply Chain Disputes*
- BS in Business Logistics – Arizona State University
- MBA – University of San Diego
- Recipient - 100 Women of Influence in Silicon Valley award for 2024





My podcast and monthly column in Supply Chain Management Review

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Our Mission

The Reshoring Institute has a dual mission:

1. Provide research and consulting for companies bringing manufacturing back to America
2. Provide experiential education for university students to learn about global sourcing and manufacturing

Our Student Interns

Interns work 100 paid hours per semester on directed research in support of the Institute's research agenda or as directed by clients.



In the 1990s and 2000s offshoring to China was the economic strategy of US manufacturers.

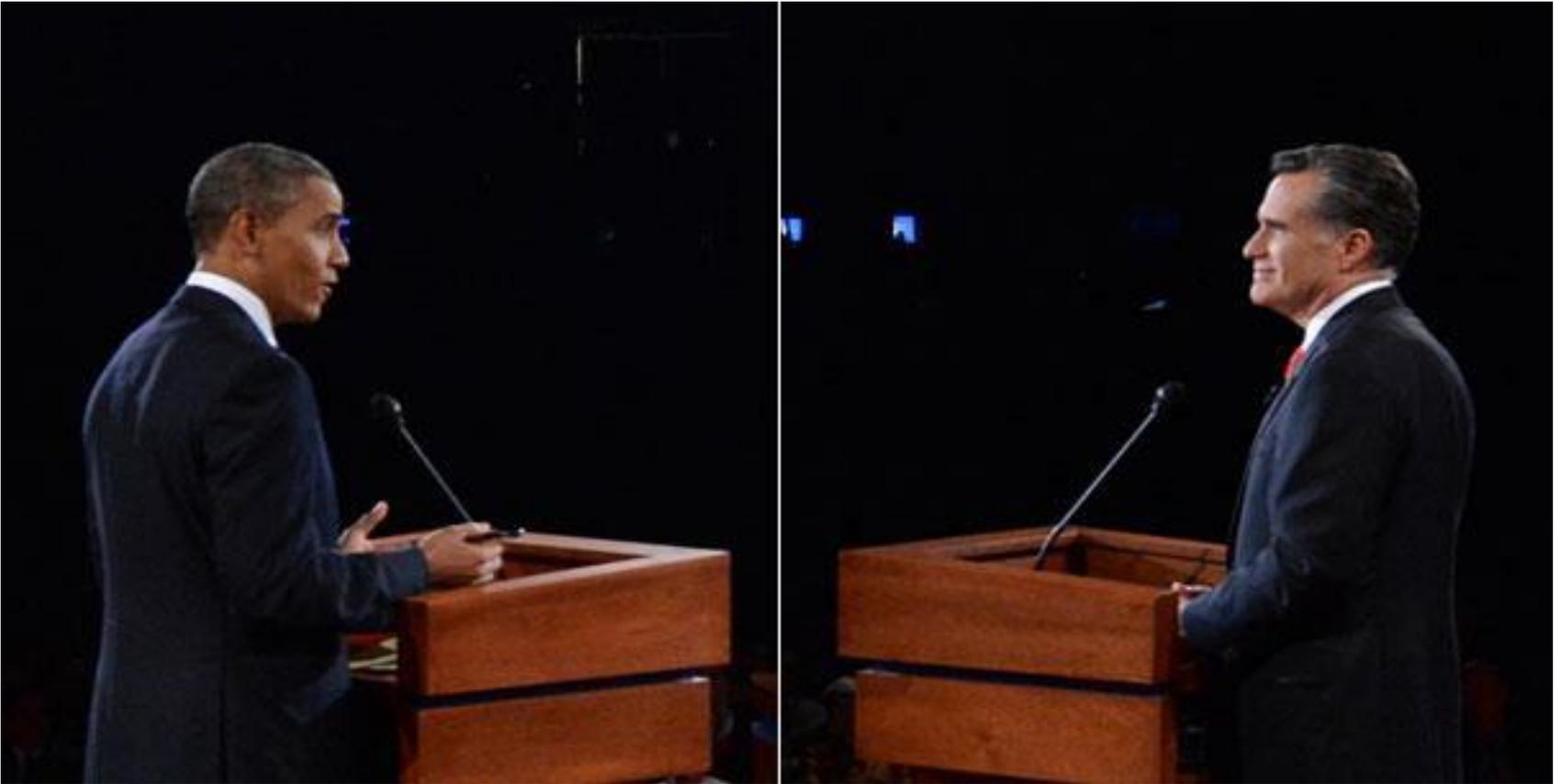




I helped dozens of companies move sourcing and production to China.

2012 Presidential Elections:

The catalyst for the reshoring movement in America



Major changes have happened over the past few years, increasing global supply chain risk

- Long international supply chains
- Globalization
- Geo-politics
- Trade wars
- Global counterfeiting



- Lean methodology
- Global pandemic
- Travel restrictions
- War in Ukraine
- Uyghur Forced Labor Prevention Act (UFLPA)

Uyghur Forced Labor Prevention Act

- *Guilty until proven innocent*

- Goods that are mined, produced, or manufactured in Xinjiang Province China
- Presumption that all goods from Xinjiang Province include Uyghur labor
- Contract laborers



- Textiles, Apparel, Footwear
- Electronics, TV remotes
- Automotive
- Base metals
- Pharmaceuticals
- Chemicals

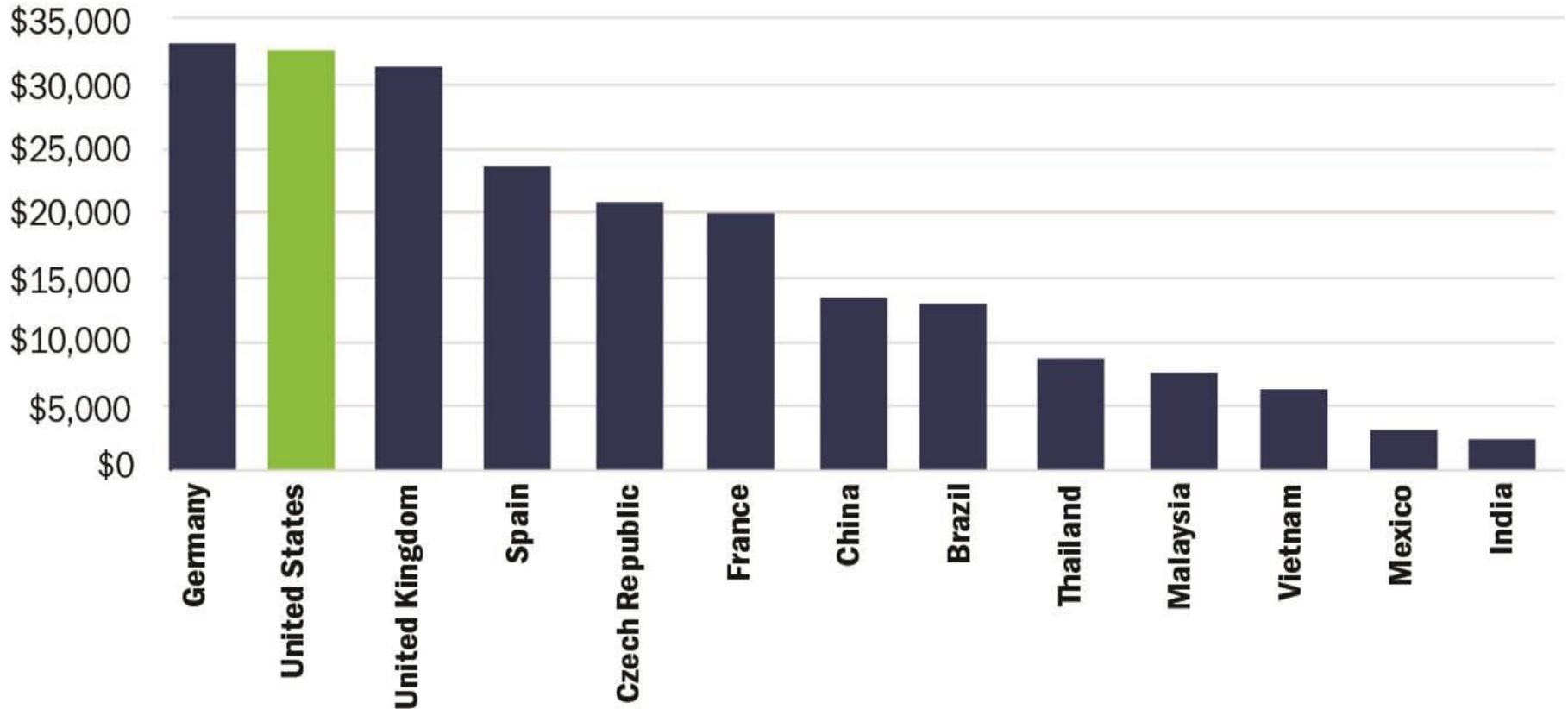
Why are companies reshoring now?



- Mood of America has changed – the rise of worldwide ethnocentrism
- Tax Reform Act of 2017
- 232 and 301 tariffs on imports into the U.S.
- Global pandemic
- Advanced Technologies
- U.S. Federal, State, and Local incentives
- New, favorable legislation
 - Infrastructure Act
 - Chips and Science Act
 - Inflation Reduction and Sustainability Act
- Enhanced enforcement of Buy America Act, FARs, Build America, Buy America (BABA)

Average Annual Salaries of Production Workers/Machine Operators (World)

The difference in wages that manufacturing workers earn in different regions of the world. This helps to explain the reason why manufacturing goods that are “high-touch, low-tech” are more suited to low-cost countries. The more labor content in goods produced, the more attractive low-cost labor countries appear to be.



The complete survey is available at www.ReshoringInstitute.org

What About Medical Device Manufacturers?

2023 Xometry Survey - Trends

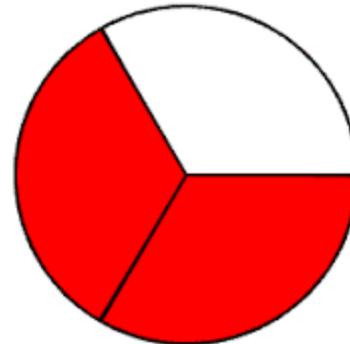
Additive Manufacturing: 3D Printing – fast and efficient – became very popular during the pandemic

Injection Molding: domestic services for injection molding amid global supply chain disruptions improves response times

Reshoring: 67% of medical industry professionals are “likely” to “extremely likely” to reshore

Sustainability: Goes hand-in-hand with Reshoring and reducing your carbon footprint

According to Xometry, 2/3 of medical industry professionals are likely to add American suppliers in 2023



What happens if we start to source more in the US?

2021 Thomas.net State of North American Manufacturing Report, 83% of

manufacturers are planning to add North American suppliers to their supply chains within a year.

- If American manufacturers add an average of 11 suppliers each, that amounts to a **\$443 billion injection into the U.S. economy.**

The economic effects are ASTOUNDING!



What products should be considered for reshoring?

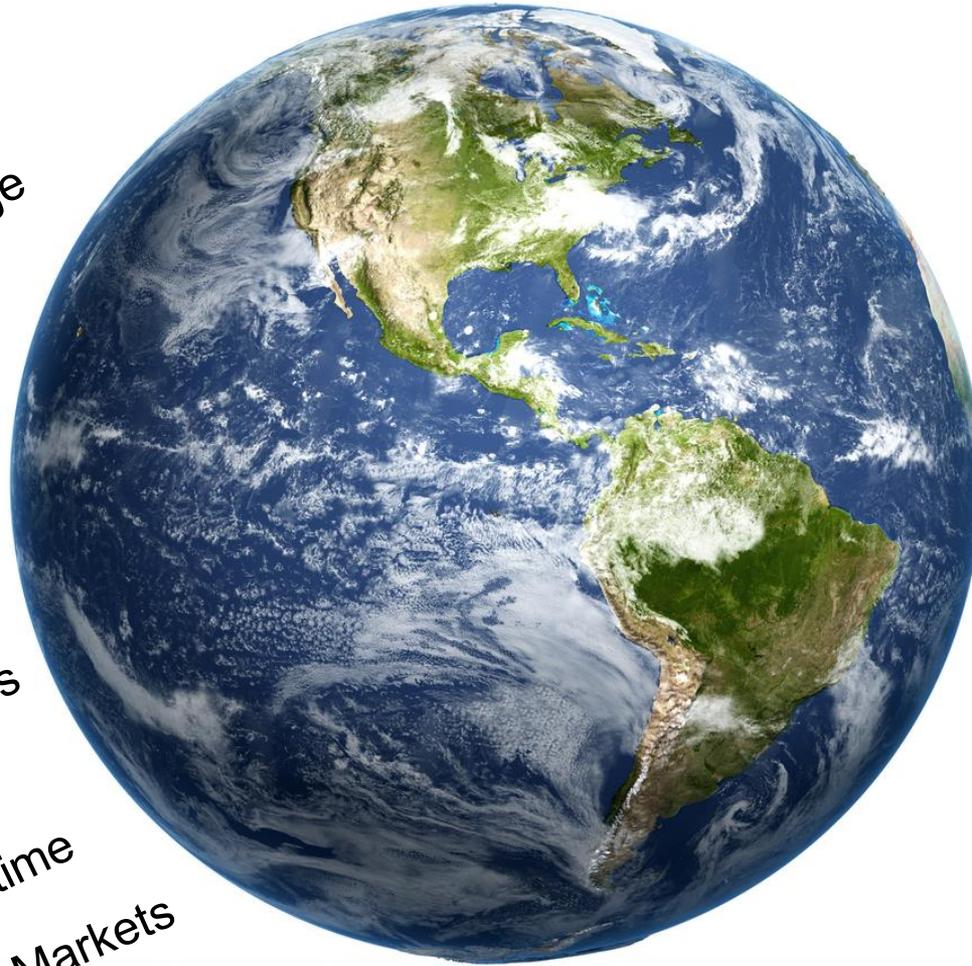
- What products are coming back now?
 - Semiconductors
 - Pharmaceuticals
 - Plastics
- What products are likely to stay foreign-made?
 - Apparel & Footwear
 - Electronics assembly
 - Toys
 - High-touch products
- Know your product cost structure
- Where are your customers/markets?
- Tariff rates/trade treaties

Automation reduces labor costs, improves efficiency, improves quality



Rethinking global sourcing and manufacturing strategy

Geo-politics
Pandemic Risk
Rising Costs
Climate Change
Logistics
Trade Wars
New Tariffs
Advances in technology
Labor Shortages
Automation
Order fulfillment time
Proximity to Markets



Reshore?

Nearshore?

China +1?

China +2

**Domestic
Sourcing**

Build Inventory

U.S./Mexico Border - Otay Mesa (San Diego) Commercial Crossing – China +1 Strategy and USMCA Duty-Free Treaty



U.S./Mexico Border Port of Laredo

Largest Land Port in the US - Nearshoring

- 14,000 trucks per day
- Automotive & Industrial Equipment
- Automated weight and tracking – 14 seconds to scan each truck
- Significant development on both sides of the border
- Connects to 4 nearby Interstate highways



It's not so easy to leave a foreign location

- Employment contracts
- Permits to leave
- Wait time
- Tools, dies, molds
- IP – process and technology
- Supply base considerations

Waterlogic US Manufacturing Location

- Headquartered in the UK
- Manufacturing in Qindao, China
- Growth market is in the U.S.
- Global Strategy
 - Manufacture close to customers
 - Develop U.S. supply base
 - Consolidate U.S. offices and hire 200 people
 - Avoid China 301 tariffs
 - Sell to U.S. Gov

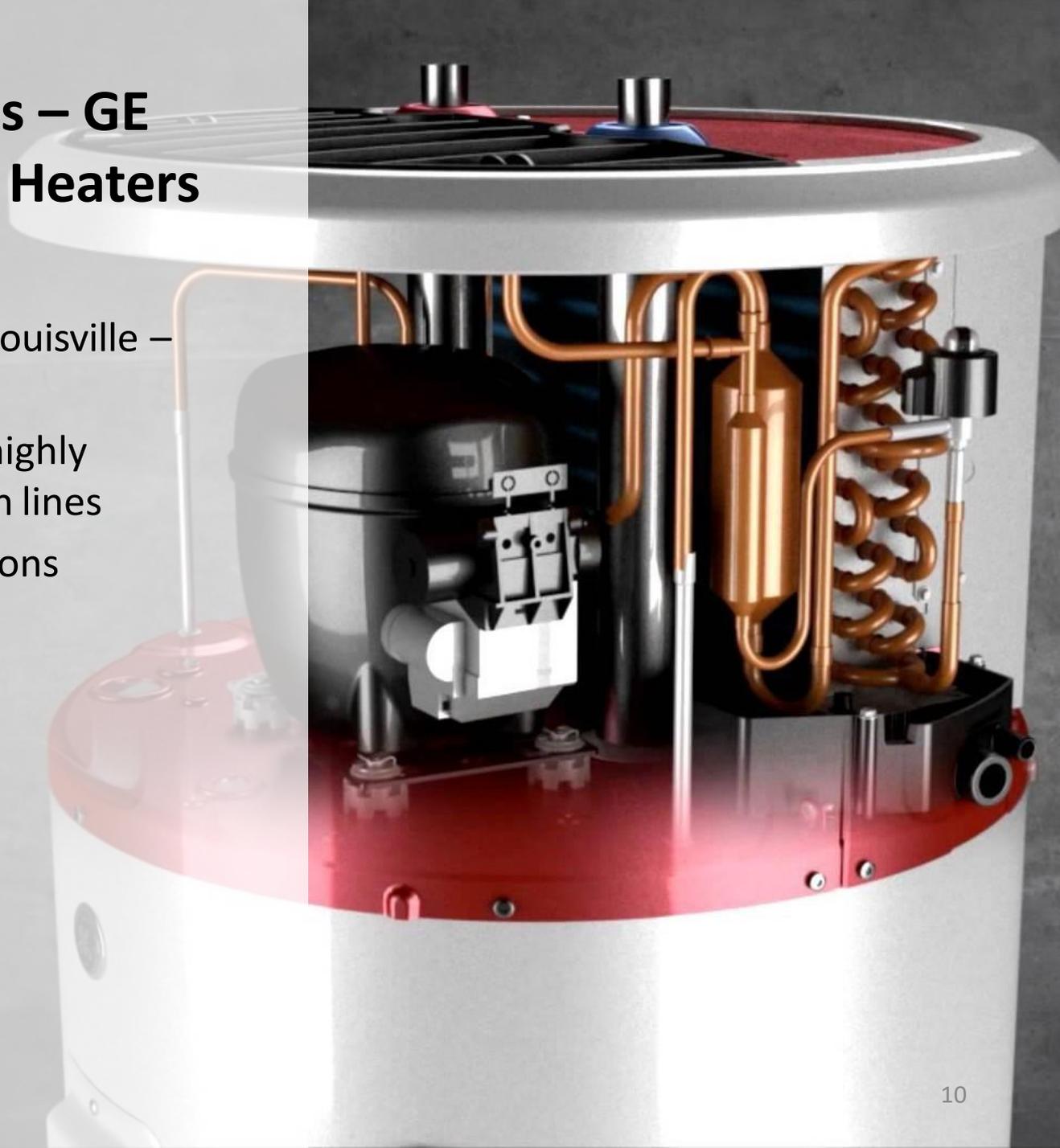


Waterlogic systems provide more than 50 million people with clean drinking water every day.



Reshoring Success – GE Geospring Water Heaters

- GE Appliance Park in Louisville – re-opened
- New, automated and highly engineered production lines
- Negotiations with unions



Reshoring Failure: Otis Elevator

- Opened new manufacturing plant in Florence, SC, bringing a production line back from Mexico
- Project failed and cost the company \$60 million in lost business
- Primary reasons for the failure:
 - Lack of skilled labor
 - No partnering with local schools and colleges to train new workers
 - Concurrent ERP implementation

Reshoring Failure: Stanley Black & Decker

- Hand tools had been made in Mexico with hand-finishing
- New, fully-automated plant built in Dallas, new machine tools to do the finishing
- Pandemic & supply chain issues
- Automation didn't work as planned
- Production returned to Tijuana



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Building tools. Building confidence.

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Non-profit and Non-partisan