

Opinion **US manufacturing**

What happened to the great rebirth of American manufacturing?

Skills shortages, shifting tariffs and complex permitting processes are major barriers

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Published JUN 10 2026

US politicians like to talk about reviving the industrial heartland. Though America remains a substantial producer of manufactured goods, it ceded top rank in the factory sweepstakes to China in 2010, much to the disgruntlement of workers who once looked to assembly lines for stable well-paying jobs.

Both Donald Trump and Joe Biden unveiled multiple policies to encourage — or coerce — US and multinational companies to build American factories and move production to the US. And for a while it worked, at least partly. Between the start of Trump's first term in January 2017 and October 2024, private spending on manufacturing construction nearly quadrupled. Employment in the sector rose, and then recovered from a drop during the Covid pandemic to peak at 12.9mn in 2023.

But large-scale re-industrialisation is a lot harder than it sounds and the tangible results remain limited. The US imported about \$3tn in manufactured goods last year, and manufacturing's share of American employment currently hovers around 8 per cent, not quite half of where it was in the mid-1980s.

Even worse, actual investment in new manufacturing has dropped by 16 per cent since the start of Trump's second term in January 2025, and factory employment is starting to fall, even though 84 companies have promised to invest a collective \$900bn plus in the sector.

The experience of Kevin Nolan, chief executive of GE Appliances, helps explain why. His company, a division of Chinese group Haier since 2016, has been modernising and expanding output at its Louisville, Kentucky headquarters and other US factories.

After spending more than \$3.5bn over a decade, GE Appliances announced plans last year to spend another \$3bn over five years in order to move production of dishwashers, washing machines and other appliances — and the parts that go into them — back to the US from China and other far-flung locales.

It is all part of the company's "zero distance" strategy to bring design and production closer to its customers. That allows for quicker innovation, lowers shipping costs and helps preserve the company's already slim profit margins by avoiding tariffs.

To that end, GE Appliances decided to start making doors for its dishwashers in Kentucky rather than China, and Nolan placed an order with a New Zealand company for the multi-stage machine needed to produce the part.

That equipment has yet to be shipped. But in the meantime, the Trump administration has slapped 25 per cent tariffs on machinery. That adds \$1mn to the price tag, changing the economics of the decision to reshore. And that's not all. The tariff regime affecting the company's products has changed five times in the past six months in response to court losses and Trump's shifting priorities.

Nolan sees the appeal of tariffs as an economic tool, but he needs more clarity in order to invest in production lines that have a multi-decade lifespan. He is also frustrated that air conditioning and construction equipment received tariff relief in a bid to stimulate the housing market, but appliance makers have not.

"We're trying to do the right thing," he says. "But we didn't know the price was going to go up a million bucks . . . Right now it's punitive. You don't have any money left to do reinvestment."

Shifting tariffs are just one of the barriers companies face as they seek to revive US manufacturing. The federal system, which requires approvals from multiple levels of government, often complicates efforts to refurbish factories and build new ones. The National Association of Manufacturers estimates that permitting delays cost the industry an average of \$7.9bn a year and add complexity.

Perhaps the largest problem for would-be reshorers is a lack of labour. Despite widespread nostalgia for manufacturing jobs, new US factories often struggle to find reliable workers.

When Japanese group Panasonic started producing electric vehicle batteries near Reno, Nevada in 2017, the company suffered more than 100 per cent annual turnover in its early years. Not only were employees reluctant to take jobs in an access-controlled, sterile environment, but every November, the group would lose workers to seasonal logistics jobs at nearby Amazon facilities that paid a similar wage.

When the time came to build a second battery plant, the company went to De Soto, Kansas, where local politicians and community colleges agreed to help train up an eager workforce. “We learned the hard way that we have to be very intentional and strategic about building the operation from very early on, before we build the building,” says Megan Myungwon Lee, CEO of the company’s North American business.

Despite political enthusiasm for reviving manufacturing, jobs posted on LinkedIn receive fewer applications than other sectors it competes with, such as technology. “We’ve been talking about a decline in manufacturing for 30 years. No one wants to go into an industry that they perceive as dying,” says Kory Kantenga, who heads Americas economics for LinkedIn.

The lesson seems pretty clear. If politicians really want to revive manufacturing, they should spend less time bemoaning its woes and more effort on actually removing the barriers to investment and growth.

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