

UTAH DEFENSE MANUFACTURING COMMUNITY

Reshoring Benchmarking Analysis: *How Utah and Its Manufacturing Community Compare in Efforts to Attract Reshoring Companies*

**Prepared on behalf of the:
Utah Defense Manufacturing Community**

In conjunction with Utah Advanced Material Manufacturing Initiative
American Manufacturing Community Collaborative



About this Study

This research was conducted under funding from Utah Defense Manufacturing Community (UDMC) program. In 2020, Utah was designated a defense manufacturing community by the U.S. Department of Defense Office of Local Defense Community Cooperation (OLDCC) under the FY21 Defense Manufacturing Community Support Program (DMCSP). As part of the UDMC, Utah committed to develop a strategic plan for reshoring critical defense manufacturing to the United States and specifically to Utah. This project includes four studies:

- **Study One – Benchmarking (This study).** *State, national, and organizational efforts will be examined, and a literature search conducted. These will be compared with existing programs within Utah to identify opportunities or gaps that the state should address to enhance reshoring.*
- **Study Two – Economic Benefit Analysis.** Comparison of manufacturing costs (including parts, labor, overhead, shipping) between Utah and overseas locations, with a particular emphasis on China. The study will provide both a line-item comparison (to the extent possible), but a discussion of risk including the potential exposure different variables have to economic, political, and environmental crises.
- **Study Three – Identification of Utah Reshoring Companies.** Identification of defense companies with a Utah presence that are already looking at reshoring to the state or considering it for the future. The effort is to be accomplished in conjunction with the boards of the Utah Manufacturing Association (UMA), Utah-MEP and UAMMI. An initial deliverable will be a list of companies, the type of product produced or sourced, the number of potential employees (for production), stated needs and timing. This list will be an active document that is updated on a quarterly basis with successes noted as they occur. This Study will also present a plan for Utah to reshore defense manufacturing.
- **Study Four – Attracting non-Utah Companies.** Identification of similar opportunities as in Study Three for companies that do *not* have a Utah presence. An initial deliverable will be a list of companies, the type of product produced or sourced, the number of potential employees (for production), stated needs and timing. This list will be an active document that is updated on a quarterly basis with successes noted as they occur. This Study will also present a plan for Utah to reshore defense manufacturing.

The results of the four studies, when combined, will provide the foundational research to develop a comprehensive plan for Utah to proactively pursue companies to reshore manufacturing through the expansion manufacturing capabilities in Utah and by recruiting companies to relocated manufacturing from outside the United States back to Utah.

Through this final report, Utah's policy makers will have the tools to address reshoring of companies to Utah.

About the Authors

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Limitations

This study was conducted on behalf of the Utah Defense Manufacturing Community (UDMC) program by the Utah Advanced Materials and Manufacturing Initiative (UAMMI). Both implicit and explicit assumptions that underlie the analysis presented here are based on the expert opinion of the authors. Should any of these assumptions change or prove to be false, the conclusions of this study may be significantly impacted. This study is not intended to be used for financial investment decisions and any such decisions are taken at the sole risk of the party making the decisions.

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Finally, the Reshoring Working Group under the UDMC provided valuable contributions to the development of this benchmarking study.

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Acronyms

Below is a list of acronyms used in this study:

ACE	Assess Costs Everywhere
AMCC	American Manufacturing Community Collaborative
DFC	U.S. International Development Finance Corporation
DMCSP	Defense Manufacturing Community Support Program
DOC	Department of Commerce
DOD	Department of Defense
DPA	Defense Protection Act
EDO	Economic Development Organization
EO	Executive Order
FDI	Foreign Direct Investment
GOED	Governor's Office of Economic Development
IMEC	Illinois Manufacturing Excellence Center
MEP	Manufacturing Extension Partnership
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
OLDCC	Office of Local Defense Community Cooperation
TCO	Total Cost of Ownership
UDMC	Utah Defense Manufacturing Community
UAMMI	Utah Advanced Materials and Manufacturing Initiative

Executive Summary

The United States is now realizing the advantages of reshoring manufacturing back to the United States, especially to protect the supply chain that supports the defense industrial base and national security. It is predicted that the future of American manufacturing will provide more growth than we saw in the tech sector over the past 20 yearsⁱ. But it is not expected that manufacturing in the United States will look the same as the industry did in the 1950s-1960s, before off-shoring began in the 1970's to find lower cost labor and lenient environmental regulations. Innovation, technology, and automation have changed the face of manufacturing. Digital engineering, with supporting robotics, help manufacturers to produce products at less cost and with fewer workers. Higher productivity per worker eliminates the strategic advantage of cheap labor held by international competitors. Additionally, reshoring reduces the carbon footprint by not transporting goods back to the United States and lowers transportation costs in the supply chain.ⁱⁱ

The Utah Defense Manufacturing Community (UDMC) set out to identify and assess reshoring efforts of other manufacturing communities, states, and local governments. Utah's programs were compared to these other communities and opportunities or gaps were identified that Utah could address to enhance reshoring. This foundational research will help to guide Utah's policy makers in developing a response to reshoring manufacturing to Utah.

At the federal level, support to reshoring companies is provided by the Department of Commerce but is limited to business consulting and analytical support tools. The U.S. International Development Finance Corporation, under the Defense Protection Act, has programs for low interested loans to support companies reshoring production to the United States.

At the local level, we found few local entities – manufacturing communities states and other local organizations – have developed specific reshoring initiatives. Most states and local jurisdictions address reshoring in the same manner as any inquiry for new site location or expansion. Thus, the available incentives (support for job training, new employment credits, site selection, etc.) offered are not specifically targeted to reshoring companies.

A small number of states and manufacturing communities have established specific reshoring programs. These efforts include both marketing to new companies and strategic planning with existing companies. On the marketing side, one state's Department of Commerce has established a reshoring website. With regard to strategic planning, a Manufacturing Extension Partnership (MEP) is examining what products currently imported to the state might be substituted by local production.

Two prominent nonprofits help reshoring companies (the Reshoring Institute) and communities looking to attract them (the Reshoring Initiative). This latter organization is heavily engaged with both the marketing and strategic analysis that actively reshoring communities are pursuing.

Based on our findings, we recommend that under the UDMC Utah work with appropriate state, local and industry organizations to:

- Identify the lead organization for reshoring efforts for all manufacturing, not just defense related programs;
- Conduct a detailed assessment of existing economic development programs and identify their strengths and weaknesses with regard to reshoring.
- Establish a dedicated reshoring marketing program through a statewide corporate recruitment initiative;
- Enhance Utah's profile with the Reshoring Institute, enabling annual updates for companies looking for reshoring information;
- Work with the Reshoring Initiative on specific services it can provide to Utah that could enhance overall reshoring efforts;

Introduction

The Utah Defense Manufacturing Community (UDMC) is a program between the Utah Governor's Office of Economic Development (GOED) and the Office of Local Defense Community Cooperation (OLDCC) to support defense manufacturing in Utah.

Under the UDMC, an initiative has been undertaken to encourage reshoring – the establishment or reestablishment of manufacturing and parts sourcing in the United States that is currently taking place overseas – to Utah for the defense industry. To carry out this effort, UDMC, through the program administrator, the Utah Advanced Materials and Manufacturing Initiative (UAMMI) and working with the American Manufacturing Community Collaborative (AMCC) has identified four research areas:

1. Benchmarking
2. Economic Benefit Analysis
3. Identification of Utah Reshoring Companies
4. Attracting non-Utah Companies

These four studies will provide a foundational basis for the development of a state-wide Utah reshoring program.

This report discusses the finding of the Benchmarking Analysis, which was carried out through UDMC's program administrator, UAMMI. Significant support was also provided by the AMCC, of which UAMMI is a member, and the UDMC Reshoring Working Group.

After a description of the project and key terms, this report provides a brief historical discussion of reshoring and the current economic and political considerations that have elevated the priority of the concept. We then look at two prominent organizations involved in reshoring, the Reshoring Institute, and the Reshoring Initiative, both of which provide consulting and other services to state and local entities. The report then examines the efforts of other manufacturing communities and local governments with regard to reshoring and their associated track records. Utah's existing incentives will be discussed, followed by recommendations going forward for Utah's defense industry to promote reshoring. These recommendations can also be applied to other types of manufacturing in Utah, such as medical and outdoor recreation.

Project Scope

This reshoring benchmarking project's goal was to identify and assess existing reshoring efforts (including any successes or failures) among other manufacturing communities. State, national, and organizational efforts were researched, and a literature search was also conducted. An effort to compare these with existing Utah programs that could be applied to reshoring efforts was also made to identify opportunities or gaps that the state could address to enhance reshoring.

Key Terms

Reshoring

Reshoring comprises three types of economic activity related to location within the supply chain:

1. Establishment of manufacturing facilities in the United States by a U.S. company to produce goods (intermediate or final) that are currently produced by the company outside of the United States;
2. Sourcing of intermediate goods in the United States to replace overseas suppliers, also called outsourced reshoring.
3. Foreign Direct Investment (FDI) whereby a foreign-owned firm establishes manufacturing or production facilities in the United States.

The current political climate, discussed further below, tends to focus on the first two types of economic activity with less attention on Foreign Direct Investment (FDI). For defense manufacturing and sourcing by the U.S. government, FDI may be less relevant than the other reshoring types, but it is likely to be a component of most state's economic development efforts that encompass reshoring for other types of manufacturing.

Nearshoring

Moving manufacturing and production closer to the U.S. market as a means of reducing transport costs, turnaround times or political risk. Nearshoring can be relevant to FDI – for example, a Canadian manufacturer who wishes to have an intermediate plant in the United States rather than in Asia. This report focuses, however, on reshoring rather than nearshoring.

Initiative

In general, where the noun “initiative” is used in this report, it retains its generally accepted meaning of the actions and strategies of different organizations to address a particular issue, often through programs or legislation. As noted earlier, however, one of the prominent organizations in reshoring is named the “Reshoring Initiative”. The author has therefore avoided using the term reshoring initiative where it may cause confusion with this organization.

The Reshoring Phenomenon

The global COVID-19 pandemic exposed the weaknesses in global supply chains. An immediate concern was identified with personal protective equipment (PPE), which was overwhelmingly produced in Asia. Demand for PPE and various stockpiling demonstrated the risks in having few global supply sources. Yet supply-chain disruptions soon occurred in almost all industries as factories temporarily closed and ships full of intermediate and final goods were prevented from docking at ports. Grounding of passenger flights – due to a lack of demand and closing borders – further hurt the supply chain as passenger planes carry a large portion of time-sensitive cargo. As early as April of 2020, 83% of multinational executives were contemplating ‘reshoring’ or nearshoring based on a survey conducted by the accounting firm EY (formerly known as Ernst and Young).ⁱⁱⁱ

The role of China is also significant. The sheer distance between China and the United States, along with the large volume of trade from China, exacerbated the supply-chain issues fostered by the pandemic. Nevertheless, this coincided with growing geopolitical tensions between the United States and China and a rise in tariffs in America on Chinese goods. Even prior to the increasing friction, individual firms were beginning to identify challenges with their overseas production and sourcing in China. Indeed, reshoring has been an important consideration of American firms for more than a decade.

As international trade accelerated in the 1990s, many firms began establishing production overseas to remain cost competitive with global firms. This expanded as China became part of the global trade community. According to a white paper published by the International Economic Development Council in 2016, “[s]hortly after China joined the World Trade Organization in 2001, a large exodus of U.S. manufacturers occurred.”^{iv} Around 2010, some of the cost advantages from global operations “began to erode” as firms discovered hidden costs such as “increased costs of monitoring and quality control, uncertain protection of intellectual property, and lengthy supply chains.”^v Meanwhile, various local economic development agencies realized that as these concerns grew, they could position themselves as alternatives, focusing not solely on direct costs but providers of location with specific, beneficial attributes. Nevertheless, truly little reshoring has taken place. In 2019, despite a decrease in American manufacturing imports from Asia in 2019, there was “no offsetting increase in gross domestic manufacturing production.”^{vi}

In fact, initial interest in reshoring waned as firms adjusted over the course of the pandemic. According to Sebastien Miroudot of the Organization for Economic Co-operation and Development (OECD), firms with fewer and longer supplier relationships actually recover more quickly from shocks than do those with larger supplier networks.^{vii} When EY followed up with those same multinational executives in October, only 37% were still considering reshoring.^{viii} Instead, it is where governments are concerned about key industries, that interest remains strong because of concerns that critical industries (as seen with PPE) are, in the words of President Joseph Biden “dangerously dependent on foreign suppliers.” Two executive orders from the President are pushing the reshoring discussion.

The President’s Executive Orders

On his fifth day as President, Joseph Biden signed the Executive Order on Ensuring the Future Is Made in All of America by All of America’s Workers^{ix}. The order essentially seeks to increase the procurement of American made goods by the U.S. government with regard to “Buy America” and “Buy American requirements.” Among some notable provisions are:

- Creation of a Made in America Office, headed by a Made in America Director under the Office of Management and Budget that updates the centralized the Made in America Waiver Process;
- Directing agencies to partner with Manufacturing Extension Partnerships (MEPs) to scout for American made good, products and materials;
- Increasing the numerical threshold for domestic content requirements for end products and construction materials.

On February 24, 2021, the President signed the Executive Order on American's Supply Chains.^x It specifically references supply chain disruptions caused by pandemics, but also those that may occur as a result of extreme weather events, cyber attacks, climate shocks, terrorist attacks and – in what could be read as a reference to China – geopolitical and economic competition. It requires a review within 100 days of various supply chain risks to be conducted by various departments, followed by a more comprehensive review within one year. Of particular interest to the defense community are the following 100-day review requirements:

- Secretary of Commerce: risks in semiconductor manufacturing and advanced packaging supply chains;
- Secretary of Energy: risks in the supply chain for high-capacity batteries, including electric vehicle batteries;
- Secretary of Defense (as the National Defense Stockpile Manager): Supply chain for critical minerals and other identified strategic materials.

The Executive Order's requirement of the Secretary of Defense within one year is to submit a report on supply chains for the defense industrial base and is an update to the 2017 Executive Order 13806 "Assessing and Strengthening the Manufacturing and Defense Industrial Supply Chain Resiliency of the United States."

National Programs

The U.S. government does not play a major direct role in reshoring programs but does offer reshoring resources through the Department of Commerce (DOC) and the U.S. International Development Finance Corporation (DFC).

Department of Commerce ACE

The DOC Assess Costs Everywhere (ACE) initiative is meant to provide analysis of total costs of manufacturing overseas and in the United States. One part of ACE focuses on FDI through the SelectUSA initiative with four services to both foreign firms and local economic development organizations (EDOs):

- Business Solutions
- Ombudsman Assistance
- Economic Development Organization Counseling
- Advocacy for local EDOs.

Building upon ACE, the National Institute of Standards and Technology (NIST), through its Manufacturing Extension Partnership (MEP) created the Total Cost of Ownership Tool in collaboration with the Reshoring Initiative (discussed below).^{xi}

U.S. International Development Finance Corporation (DFC)

U.S. International Development Finance Corporation (DFC) is America's development bank. DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world today.

In response to the COVID-19 global crisis^{xii}, DFC is strengthening and restoring domestic industrial base capabilities through the Defense Production Act (DPA). The President's Executive Order signed in May 2020, provides DFC the tools under the DPA to reshore domestic production of strategic resources needed to respond to the COVID-19 outbreak, and to strengthen any relevant domestic supply chains.

DFC brings decades of federal credit experience to bear, advancing key national objectives and addressing domestic challenges in response to the current outbreak. DFC also has the unique ability to address this crisis with a global perspective, coordinating their international efforts with this new domestic, time-limited authority.

As listed in Section 2(c) of Executive Order 13922, projects eligible for a DFC-DPA Loan are those that create, maintain, protect, expand, or restore domestic industrial base capabilities supporting the national response and recovery to the COVID-19 outbreak or the resiliency of any relevant domestic supply chains

Reshoring Organizations

Two major organizations were identified that aid both companies looking to reshore and communities that seek to attract reshoring companies: The Reshoring Institute and the Reshoring Initiative. We discuss these here because their resources have been utilized by some of the communities that serve as benchmarks and one or both provide services that Utah may wish to engage in its reshoring efforts.

The Reshoring Institute



The Reshoring Institute is a nonprofit that supports “companies starting, restarting, or expanding manufacturing in the United States.” It assists in site location through its Global Manufacturing Consulting Services group. It also provides conference speakers, conducts research, and establishes internships with university

students in the reshoring domain. The Reshoring Institute works primarily on behalf of companies rather than states, although their information and data are available to all parties. The Reshoring Institute also provides state economic and incentive profiles on its site, which are discussed further in this report. The Executive Director is Rosemary Coates, who has worked worldwide on-site location and supply chain issues for global companies.

For this study, in an interview with Ms. Coates, she emphasized the need of any reshoring support to be customized to the needs of the targeted company. Echoing comments from some economic development officials we spoke with, she said that blanket tax breaks are not necessarily welcome by companies. They instead want an understanding of particular needs, such as training and workforce development specific to their industry. Ms. Coates believes that there are certain non-quantitative elements that must be considered outside of total cost of ownership for any location decision, including reshoring.

www.reshoringinstitute.org

The Reshoring Initiative



The Reshoring Initiative's mission is somewhat similar to the Reshoring Institute's, but with a focus on job creation. It is also a nonprofit, its aim is "to bring good, well-paying jobs back to the United States by assisting companies to more accurately assess their total cost of offshoring." The Reshoring Initiative has developed a number of tools to further its mission, most notably its Total Cost of Ownership (TCO) Estimator, its Import

Substitution Program and Supply Chain Gap Program. The Import Substitution Program, for instance, is a report that identifies who the largest importers of particular commodities are and allows domestic suppliers of that commodity to reach out to those importers. President of the organization is Harry Moser, former head of GF AgieCharmiles, an additive manufacturing firm.

Mr. Moser's focus tends to be more quantitative than the approach of the Reshoring Institute, but like Ms. Coates, he indicated that flexibility rather than one-size-fits-all is more appealing to firms looking to reshore. The ability to customize and support individual customer needs is an element of the Import Substitution Program.

www.reshorennow.org

Reshoring Efforts in Other Communities

Manufacturing Communities

While reshoring is an established practice and various economic development authorities have become involved in reshoring efforts, our examination of the literature and various state web sites revealed little in the way of comprehensive, sustained programs for reshoring specifically. Instead, most economic development agencies treat an opportunity to attract a reshoring company no differently than they would a domestic firm merely looking to expand to their community. The fact that the effort involves relocation from overseas has little to no bearing on the support efforts nor outreach.

UAMMI, which is the UDMC's program administrator, is a member of the American Manufacturing Communities Collaborative (AMCC). Through this membership, we polled other manufacturing communities as to whether or not they had or were thinking about establishing specific reshoring initiatives. Of the 23 other members, we received responses from seven. Three of the respondents, the Connecticut Advanced Manufacturing Community, the Northeast-Midwest Institute and South Kansas/Wichita Aerospace indicated they do not have any specific programs to promote reshoring. However, the latter did provide links to efforts at the state level in Kansas, which we discuss later in this section along with Connecticut, which provided general insight into reshoring and site location decisions.

The four other manufacturing communities indicated they have reshoring programs in place or under development were:

Currently in Place

- Greater Pittsburgh Metal Manufacturing (Catalyst Connection)

Under Development

- Greater Peoria Economic Development Council
- Ohio Defense Manufacturing Community (Ohio Development Services Agency)
- Washington State Regional Manufacturing Community (Impact Washington)

Catalyst Connection highlighted Pittsburgh’s *Next Is Now* marketing efforts as encompassing reshoring. Although reshoring as a topic does not appear directly on the website. Administered by the Pittsburgh regional Alliance, it does not target specific industries, although a November 2020 article indicated that medical device and electronics were the industries in the region most likely to see a benefit from reshoring.^{xiii} Pittsburgh indicates there were some successes in reshoring prior to the pandemic, but none recently.

For programs under development, specific industries are targeted as follows:

- Greater Peoria – Advanced manufacturing, agricultural technology, energy, healthcare, and IT
- Ohio – Manufacturing
- Washington – Aerospace, automation, cybersecurity, PPE, and technology

For all of these entities, the number of employees (though not specified) is one of the criteria for reshoring assistance. Both Peoria and Washington state have minimum revenue requirements. While the Ohio Development Services Agency and Impact Washington will be the administrators of their reshoring efforts, in Peoria this is carried out by a variety of agencies including the Illinois Manufacturing Excellence Center (IMEC) and the state’s Department of Commerce and Economic Opportunity. Some successes appear to be being generated even in these communities where the reshoring programs are still in development. Ohio stated they have won a reshoring activity in manufacturing, whereas for Washington it has been “hit and miss” with the availability of materials for manufacturing being the greatest challenge.

Figures for Illinois’s IMEC, though reaching beyond the Peoria manufacturing community, demonstrate the role the Reshoring Initiative is playing for the state. According to IMEC’s president David Boulay, as of February of this year there were 36 IMEC companies in the Reshoring Initiative pipeline, with another 450 “kicking the tires.” These companies are using data generated to verify their customer base and identify new customers who are currently sourcing overseas. As participation is new, firms have not maximized the potential but are beginning to identify greater reshoring opportunities.^{xiv}

States

Given IMEC’s role covering all of Illinois, the example provides a segue into the discussion of initiatives at the state level. Surprisingly, state-level reshoring initiatives are relatively limited. Again, this most likely reflects a view of reshoring as part of general economic development that, until now, has not warranted more targeted efforts.

The Reshoring Institute provides economic surveys and incentive comparisons for 38 U.S. states on its web site that responded to a survey request. Utah's profile was updated in August 2018 and is arguably one of the most thorough provided, although outdated.

It is important to note that all these state profiles discuss *available incentives* based on survey responses from the states. In no instance do the surveys (which may lag in data availability 3 to 5 years) indicate a Reshoring incentive *per se*. However, for any given state, incentives that do exist for such things as facility expansion, manufacturing innovation, and job training (among others) may individually and combined be attractive to a firm that is looking at reshoring.

We were able to discuss state-level efforts in depth with two states that have somewhat differing reshoring strategies.

The screenshot displays the Reshoring Institute's website for Utah. The top section features a map of Utah with the state's name and the title "State Economic Survey and Incentive Comparison". To the right, a blue sidebar contains "CONTACT INFORMATION" for Pete Codella, including his phone number (801-538-8774), email address (p.codella@utah.gov), and various state and economic development contact details. Below the map, the "INCOME AND OUTPUT" section provides key economic statistics for 2017, such as Gross Domestic Product (\$165.5 billion), GDP growth (3.1%), and Per Capita Personal Income (\$42,043). It also mentions Utah's ranking as the 2nd Best Managed State and references a 2016 Brookings study.

Reshoring Institute

UTAH

State Economic Survey and Incentive Comparison

CONTACT INFORMATION

Contact Name: Pete Codella
Contact Phone Number: 801-538-8774
Contact Email Address: p.codella@utah.gov
US State Name: Utah
State Abbreviation: UT
State Economic Development Web Address: business.utah.gov
State Economic Development Email Address: businessutah@utah.gov
State Economic Development Phone Number: 801-538-8680
Additional Relevant Links for Relocating Companies: www.edcutah.org

INCOME AND OUTPUT

This section highlights the state's productivity and income to provide an understanding of the amount of business conducted and the rate of growth for businesses and individuals.

Gross Domestic Product, in millions: \$165.5 billion (2017)
(US Bureau of Economic Analysis)

Gross Domestic Product % Growth: 3.1% (2017)
(US Bureau of Economic Analysis)

Per Capita Personal Income (*GDP/Population): \$42,043 (2017)
(US Bureau of Economic Analysis)

Per Capita Personal Income % Change: 2.5% (2016-2017)
(US Bureau of Economic Analysis)

In addition to the above factors, Utah is ranked as the no. 2 Best Managed State according to [24/7 Wall St.'s study](#). A 2016 [Brookings study](#) titled "The American Middle-class is Still Thriving in Utah" stated "The top three cities [in the country], in terms of middle class size, are all in Utah."

A Tale of Two States

Two members of AMCC, the Connecticut Advanced Manufacturing Community and the South Kansas Manufacturing Community, were interviewed about their efforts.

Connecticut

Though small in geographic area, Connecticut benefits from its position on the Atlantic Coast, being part of the Interstate-95 corridor and proximity to the significant Boston and New York metropolitan areas. Manufacturing represents close to 11 percent of state GDP and 9.5% of employees in Connecticut.^{xv} The sector's prominence was underscored in 2019 when Governor Ned Lamont created a Chief Manufacturing Officer for the state.

Connecticut does *not* have a state-level reshoring initiative, but the state has many other programs that include job initiatives and financial assistance and are available to companies seeking to reshore. Connecticut's strengths in particular manufacturing areas mean firms are constantly evaluating the state for relocation and expansion; whether this has been driven by a desire to move from overseas has not been a concern to the extent that it would justify additional spending. This is in part because most of Connecticut's manufacturers are small firms – there are more than 4,000. Of these, 75 % are supplying original equipment manufacturers (OEMs). The state did see the effects of PPE reshoring as many Connecticut firms did pivot to PPE production, but again this was the result of a need and not because of a specific push by the state. It remains to be seen whether that pivot has resulted in permanently relocated manufacturing as Connecticut and the nation move out of the pandemic.

Connecticut focuses on core strengths, with workforce being number one and constantly adjusting to evolving sectors, with energy and digital transformation now among the most significant. Staying in the lead with those cores is how Connecticut believes it will most likely benefit from any reshoring.^{xvi}

Kansas

Situated in an important shipping corridor between Chicago and Dallas, Kansas has 10.5% of its workforce employed in manufacturing.^{xvii} The sector accounts for 16.3% of Kansas's total output.^{xviii} Aerospace is of particular importance to the state, with major facilities centered around Wichita in the south of the state.

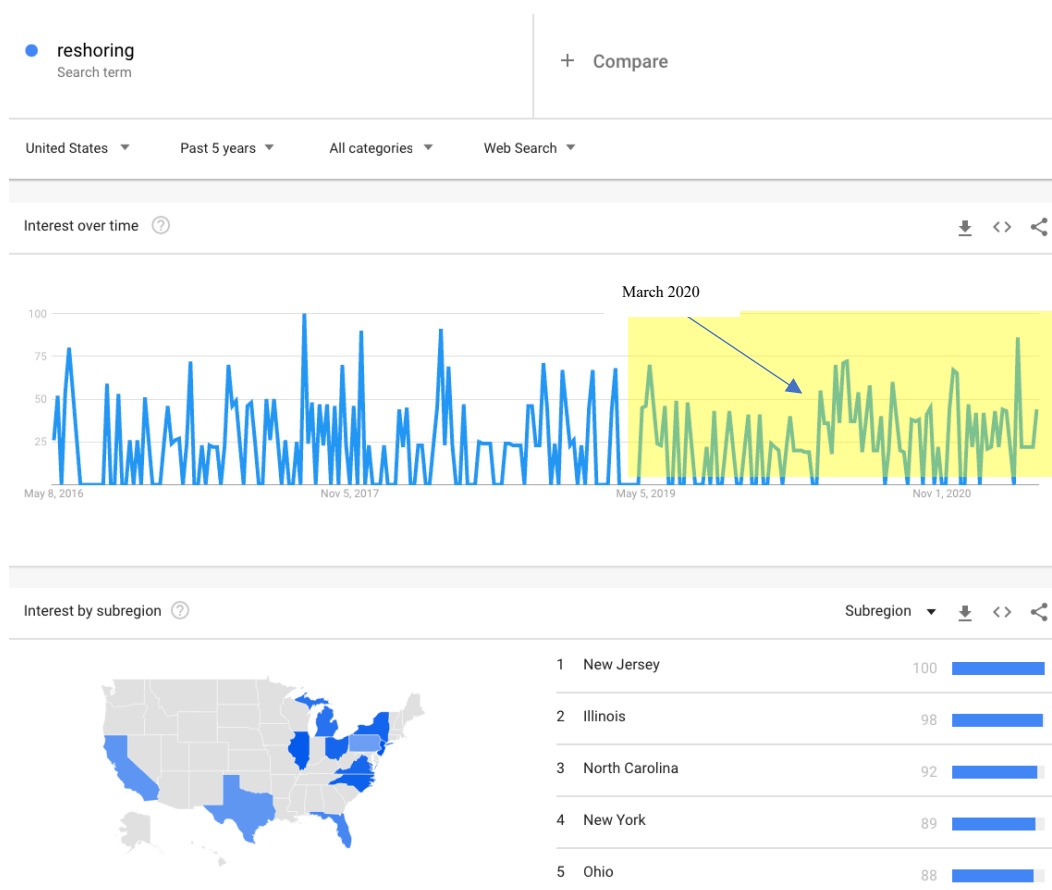
Reshoring efforts are coordinated by the International Division of the Kansas Department of Commerce. It has spearheaded a marketing campaign that highlights Kansas as a reshoring destination. For the most part, this effort combines existing business incentive programs that the state offers into one marketing package. One unique feature is the Reshore Kansas web page at <https://www.kansascommerce.gov/international/reshore/>, which provides case study examples and links to the ACE and TCO tools, working in conjunction with the Reshoring Initiative. The state notes there have been some small successes, including in FDI by Airbus, the European aircraft manufacturer, although these are support jobs, not direct manufacturing. Kansas's reshoring website currently lists nine firms (domestic and foreign) currently engaged in reshoring, including Coleman, Siemens, and Spirit Aerosystems.

Factors that enhance reshoring for Kansas are workforce skills, clustering (particularly in aviation for Kansas) and innovation. The state is seeing increased interest in firms looking to bring manufacturing in-house as part of their reshoring efforts. Costs and bureaucracy (at the federal level) are the biggest obstacles. Kansas emphasizes the importance of customizing to companies' needs and being able to focus on the various industry clusters.^{xix}

Utah Reshoring Visibility

As mentioned, Kansas is notable for its reshoring web page. It is the first result when one searches “Reshoring Kansas” in Google. That is unique – despite IMEC’s impressive work underway in reshoring, a search for “Reshoring Illinois” will not return a website about the program nor *any* state agency. A similar problem exists in Utah.

Despite Utah’s strong economy and manufacturing workforce, a Google search for “Reshoring Utah” does not return any websites – state or local – in Utah that may be of interest to a reshoring company. Fortunately, however, the first item that does appear is the *Utah State Economic Survey and Incentive Comparison*. As mentioned earlier, this survey discusses incentives and workforce but does not address reshoring directly. Yet, apart from this, someone searching “Reshoring Utah” does not produce any direct links to company recruitment entities within Utah at the state or local level.



The image above shows the Google Trends report over the last 5 years for the term “reshoring”. The *Interest Over Time* graph shows the approximate number of searches for the term “reshoring” by week. There is a marked decrease in early 2020, with an equal to greater increase beginning March 2020 extending into current time period. The peak for searches during this time period was August 2017. The most searches originate out of the eastern part of the United States with New Jersey leading all states. Utah does not appear in the top 5 states with the most searches for the term. Searches can be initiated for any number of reasons from educational to transactional and by individuals and corporate actors alike. Results do not necessarily represent interest in reshoring but can be considered correlated.

Conclusions

Despite the recent attention reshoring has gained as a result of the pandemic, supply-chain disruptions and political tensions, reshoring as a stand-alone effort with major funding is almost non-existent among local EDOs and manufacturing communities. In this regard, neither Utah nor UAMMI (with UDMC) are behind the vast majority of communities in terms of promoting reshoring. There are some notable exceptions: IMEC in Illinois and the Kansas Department of Commerce. The latter could be considered a competitor to UDMC given Wichita's prominence in aerospace.

In general, among most all other EDOs and manufacturing communities, reshoring is a strategy that is pursued with varying degrees of attention. For many U.S. companies, it does not appear that there has been a major need to have "reshoring" assistance, considering the effort as part of general site selection activity. They are familiar with state's various incentives and the states have established track records in this regard. What reshoring, highlights however, is the need for local EDOs to be more flexible and able to offer targeted assistance, with a high priority on workforce.

A gap does seem to exist in situations where smaller firms are looking to reshore their supply chain. New demands on companies to build in America and stricter American-content rules may essentially force some companies to look for suppliers in the U.S. or consider vertical integration. These considerations increase the need for workforce development as firms may have to in-house skills that their current workforce does not have.

Kansas does stand out as an entity that highlights itself as a reshoring destination by taking the elements that are important in the reshoring equation and incorporating them into a single strategic framework that is easily accessible by potential reshoring companies. Even then, it is essentially a marketing effort that does not appear difficult to duplicate. It does not require additional infrastructure and is a low-cost approach to alerting firms that Kansas is paying attention to reshoring needs. It does, however, offer the coordination of the various existing incentives – and outreach to local EDOs – on the strategy.

The Reshoring Institute and Reshoring Initiative each offer services that may be useful to local EDOs and manufacturing communities. As both organizations are not-for-profit, costs of engagement are unlikely to be significant, but would require further examination.

Recommendations

The first step for Utah is to establish the lead organization reshoring strategy and program implementation. The lead organization could be a governmental agency or a Utah NGO. Perhaps even a new entity with specific responsibilities for reshoring could be established.

GOED has promoted reshoring successes, such as bringing Williams International, an aircraft engines company, to Utah for the manufacturing that was in Mexico^{xx}, but there is no centralized location for leadership and information to address inquiries by companies. EDCUtah provides programs for companies to locate in Utah, but does not provide specific reshoring programs. The World Trade Center encourages the export of Utah products and, therefore, does not have programs for reshoring.

Given the low cost to establish a reshoring marketing program similar to what the Kansas Department of Commerce has established, we recommend that at a minimum the UDMC, through UAMMI, should establish on its webpage (www.utahdefensemfg.org) associated materials focused on reshoring for defense manufacturing companies. Materials should:

- Provide links to existing incentives and programs available through the Governor’s Office of Economic Development (GOED) and the Economic Development Corporation of Utah (EDCUtah) that would be attractive to reshoring companies, such as assistance with site location, market information, and other services;
- Ensure that the page and key information is retrieved when prospective firms search “Reshoring Utah” or “Reshore to Utah” on the Web;
- Provide industry profiles and related contacts for target industries

In conjunction with this recommendation, information that is expected to result from Studies 2, 3 and 4 will form part of a feedback loop that enhances the proposed website and marketing materials.

Secondly, we recommend that the UDMC consider ways for Utah to enhance its profile with the Reshoring Institute. The State profile for Utah on the Reshoring Institute website was last updated in August 2018 with data supplied by the Governor’s Office of Economic Development. It appears there is the opportunity to update on an annual basis to reflect the latest incentives and figures. An update could allow for the inclusion of the UDMC under the Aerospace and Defense details that are part of the profile.

Third, we recommend that the UDMC work with Reshoring Initiative on specific services it can provide to Utah that could enhance overall reshoring efforts. These may include services similar to those in place for IMEC and Kansas or additional services better matched to Utah’s needs.

Fourth, we recommend that under the UDMC Utah conducts a detailed look into existing economic development programs and identify their strengths and weaknesses with regard to reshoring.

Study Two – Economic Benefit Analysis – is expected to provide some of this insight, but that will be limited to potential with existing resources. An identification of gaps – either where new programs may be called for or better links established among programs to enhance Utah’s reshoring profile – will be beneficial

As these four fundamental research studies are completed, the Working Group will have the tools to develop a comprehensive plan, which can be presented to the Utah State Legislature to establish reshoring as a priority and to fund efforts to reshore manufacturing to Utah. This is the work of the Reshoring Working Group to develop a state-wide reshoring plan and then to establish an implementation plan. Once this plan is developed, it can be used as reshoring roadmaps for other Utah industries.

End Notes

- ⁱ Armburst, L. (2021, February 8) Seven Reasons Why U.S. Manufacturing is On the Rise, *Forbes*
- ⁱⁱ Ibid.
- ⁱⁱⁱ Location, location, location. (2020, December 19). *The Economist*.
- ^{iv} Cited in Nash-Hoff, M. (2016, May 19). Reshoring has Become an Economic Development Strategy. Retrieved April 16, 2021, from <https://www.industryweek.com/the-economy/trade/article/21973270/reshoring-has-become-an-economic-development-strategy>
- ^v Ibid.
- ^{vi} Location, location, location
- ^{vii} Ibid.
- ^{viii} Ibid.
- ^{ix} Executive Order (EO) 14005 Ensuring the Future Is Made in All of America by All of America's Workers
- ^x Executive Order (EO) 14017 Executive Order on America's Supply Chains
- ^{xi} [acetool.commerce.gov](https://www.acetool.commerce.gov)
- ^{xii} Programs under the Defense Protection Act <https://www.dfc.gov/dpa>
- ^{xiii} Julia, M., (2020, November 24). Pittsburgh manufacturing leaders talk increased reshoring of jobs in 2020. [online] Bizjournals.com.
- ^{xiv} Stanley, L. (2021, February). Back in the USA. *FF Journal*, doi:<https://digital.ffjournal.net/issue/february-2021/back-in-the-usa/>
- ^{xv} Connecticut Department of Economic and Community Development.
- ^{xvi} Interview with Colin Cooper (March 9, 2021).
- ^{xvii} "Kansas Economy at a Glance" (March 2021), U.S. Bureau of Labor Statistics.
- ^{xviii} "2020 Kansas Manufacturing Facts", National Association of Manufacturers.
- ^{xix} Interview with Randi Tveitaraas-Jack (March 12, 2021).
- ^{xx} Wallace, B. (2020 September 21). Williams Brings 300 Jobs to Ogden from Its Mexican Plant. *Enterprise: Utah's Business Journal* <https://slenterprise.com/index.php/news/latest-news/4172-williams-bringing-300-jobs-to-ogden-from-its-mexican-plant>

