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Reshoring and Investments in America

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American companies have been offshoring much of their manufacturing for decades. It seemed like a good idea to take advantage of cheap labor in places like China especially. But, the end results have been the decline of American industrial might and the rise of [China as the world's premier industrial power](#) as well as a threat to US economic and military security. The Covid-induced supply chain nightmare has shut down production lines for lack of the computer chips needed to make cars these days and served as another wakeup call to American businesses to bring production capabilities back onshore. This has begun to happen and reshoring and investments in America will provide new opportunities.

Will Textile Mills Return to the American South?

According to the USDA the United States produces about 20 million bales of [cotton](#) a year and leads the world in providing 35% of all world cotton exports. The US South used to have textile mills where clothing and other cotton fabrics were produced but virtually all of that has gone away. As part of reshoring and investments in America, textile manufacturing may be coming back to the USA. *The New York Times* published an article about supply chain woes and efforts to [revive US factories](#). They take a close look at America Knits in Swainsboro, Ga who make high-quality t-shirts for the likes of J. Crew. They also note that General Motors will spend \$4 billion in Michigan to expand battery and electric vehicle production. Toyota is investing \$2.3 billion to make batteries in North Carolina. And, Samsung plans to invest \$17 billion on a semiconductor facility in Texas.

Domestic Advanced Manufacturing

A primary reason for offshoring manufacturing years ago was that labor was cheap and most of the tasks involved low-skill workers. Over the years manufacturing has become increasingly automated and requires more and more skilled workers. *Newmark* highlights this fact in an article about [U.S. manufacturing reshoring](#).

U.S. manufacturing reshoring, foreign direct investment (FDI), and domestic expansion are all accelerating. The domestic advanced manufacturing sector is the primary beneficiary of this growth as the number of firms and jobs in this sector proliferate; 60.5% of all new domestic manufacturing establishments to emerge between 4Q 2019 (pre-pandemic) and 1Q 2021 were in advanced manufacturing industries.

There is a pivot in manufacturing from “just in time” to “just in case.” As transportation costs go up and supply chains become suspect we can expect to see more and more [foreign direct investment](#) in the USA by foreign companies in order to be close to their North American customer base. A second feature of this move will be near-shoring to production facilities in Northern Mexico.

What Is Advanced Manufacturing?

Advanced manufacturing as defined by the US government is “the use of innovative technologies to create existing products and the creation of new products, including production activities that depend on information, automation, computation, software, sensing, and networking”. It is easier to understand what advanced manufacturing is by comparing it to traditional manufacturing. As noted in an information piece by *Thomas*, here is how [advanced manufacturing](#) compares to the traditional variety. Traditional manufacturing needs a large supply of labor, most of it semi-skilled or unskilled. It works best for mass production of simple items. Workers are trained on the job and organization is top to bottom.

Advanced manufacturing features customer-focused customization with semi-skilled and technical workers. Workers typically have technical degrees from technical schools, colleges, or universities. In advanced manufacturing eighty percent of workers have high skill sets and the other twenty percent are semi-skilled.

While traditional manufacturing jobs include molding, casting, brazing, machining, and welding, advanced manufacturing includes 3-D printing, material deposition, powder bed, and additive and rapid manufacturing. Advanced manufacturing depends more on R&D and these businesses re-invest profits heavily into technological improvements.

Reshoring, Investments in America, Infrastructure

The [Biden infrastructure plan](#) passed by congress will also focus on “made in America.” Invest in American businesses as reshoring happens and invest for the future. As tensions ramp up with China both the USA and [China have risks](#). China’s relative power will start to wane by the end of this decade. American reshoring of manufacturing will hasten this.

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