



## Can We Bring It Back Home?

A Conceptual Analysis of Localized Support for Reshoring U.S. Textile and Apparel Production

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More than two decades after the virtual disappearance of textile and apparel manufacturing in the United States, initiatives to bring domestic production back appear to be increasing. Popularly referred to as “reshoring” or “backshoring,” the idea of businesses looking to re-establish domestic manufacturing, or to return to “insourcing” goods, has been identified as a 21<sup>st</sup> century trend (De Backer, Menon, Desnoyers-James, & Moussiégt, 2016). One of the early publications on the topic of reshoring revealed that at least half of the 200 companies surveyed had plans to move jobs back to the U.S. from abroad, and that there was potential for at least 2.5 million jobs resulting from reshored production (Sirkin, Zinser, & Hohner, 2011). Although the projected benefits for the economy are clear, the question remains, however, as to whether such projections are becoming a reality. Walmart’s 2013 announcement that it would source \$50 billion in domestic products over the next ten years (Walmart, 2013), suggests that for some firms it has. Yet, within the reshoring literature there appears to be general disagreement on this point. Indeed, a 2015 study on the topic by researchers at A.T. Kearney led to the conclusion that “reshoring as a ‘trend’ is officially dead” (Van den Bossche, Levering, Gutierrez, & Gott, 2015, p. 8). Perhaps the question to be asked, and one that the present study is concerned with, is not whether reshoring is a trend, but whether the United States has the infrastructure required to bring manufacturing home again.

While the debate continues, government policies developed to support American manufacturing and protect the country’s industries appear to be on the increase, through such measures as tariff negotiations, favorable trade policies, economic/tax incentives, and even public criticism of firms that have moved manufacturing off-shore (Moser & Kelley, 2018; Spiegel, 2017). While there appears to be a wide range of government resources available at the federal, state, and local levels designed to attract firms seeking to either reestablish production or to source from within the United States, to date, there is no single source that aggregates these resources and offers an overall picture of what the policy landscape means for firms, and particularly for textile and apparel reshoring. A combined view of the various types of resources available to firms offers insight into what is currently available, as well as what may be lacking. This information would be particularly useful for firms that are considering establishing or expanding domestic production.

Policy measures that are specific to the textile products sector range from tax breaks for creating production jobs, to support for small business initiatives and incentives for the reuse of former manufacturing facilities (Delgado, Porter, & Stern, 2010; Yu & Kim, 2018). Yet it may not be so simple to bring textile and apparel manufacturing back. Major hurdles faced by firms seeking to

do so include loss of industry-specific knowledge, capacity, and skills (Nujen, Halse, Damm, & Gammelsaeter, 2018; Uluskan, Godfrey, & Joines, 2017). Thus, the purpose of this study was to conceptually aggregate and assess resource networks available to textile and apparel firms looking to reshore. Two guiding questions formed the basis of the study. First, *what are the networks of support available designed to assist firms with manufacturing knowledge transfer and/or establishing locations conducive to domestic textile and apparel production?* Second, because the southern United States was the last “home” for much of the domestic textile products sector, it can be assumed that some of the key elements of the value chain remain there, such as corporate headquarters, production facilities (operational and non-operational), and potential pools of skilled workers. Thus, the second question is, *what does the landscape of reshoring support networks look like across the southern US, specifically the states of Alabama, Georgia, Mississippi, North Carolina, South Carolina, Tennessee and Virginia?*

To address the purpose and guiding questions, this study maps three resource networks: (1) *Manufacturing Extension Partners (MEPs)*, (2) *the Economic Development Association’s (EDA) US Cluster Mapping project*, and (3) *the National Excess Manufacturing Capacity Catalog (NEXCAP)*. MEPs are public-private partnerships sponsored by the National Institute of Standards and Technology (NIST) and funded half by the federal government and half by a combination of state and local governments, private organizations, and client fees (About NIST MEP, 2019). The United States Cluster Mapping Project, funded by the EDA and conducted by the Harvard Business School's Institute for Strategy and Competitiveness, provides data on the qualities and characteristics (wages, industries, employment, innovation, job creation, etc.) of regional clusters and economies throughout the country (U.S. Cluster, n.d.). NEXCAP, also funded by the EDA and created by the University of Michigan, provides an inventory of vacant manufacturing facilities, data on the education attainment and age of the surrounding population, as well as available utility and transportation infrastructures (National Excess Manufacturing, n.d.). When combined, the data offer firms valuable insight into the potential for manufacturing textiles and apparel in the region.

Based on specialization and strength cluster data, all seven states fall within the top 20 states for apparel and all but Mississippi fall in the top 10 for textiles. Georgia ranked number one for textiles and North Carolina ranked number two, followed by South Carolina and Alabama. For apparel, Georgia and North Carolina rank the highest but MEPs are more numerous in Georgia (11) than North Carolina (1). Employment cluster data indicate that six of the seven states are in the top 10 for textile employment and three are in the top 10 for apparel employment, with Georgia ranking at the top for both. Based on the cluster and NEXCAP data, while all seven states are below the national average for educational attainment and show a comparatively negative manufacturing intensity growth rate and mediocre GDP growth rate, employment numbers and federal funding for R&D grew from 1998 to 2016 in all seven, as did incentivizing corporate tax rates. At 218, South Carolina ranks number one for available textile and apparel production properties. Based on the combined data, Georgia and North and South Carolina

appear to offer the most potential for manufacturing textiles and Georgia and North Carolina for manufacturing apparel.

This study is among the first to assess data from three resource networks to understand what the reshoring landscape looks like in the southern United States, offering a conceptual view of the knowledge transfer, economic and workforce potential, and infrastructure available to firms within this region. The employment and strength and specialization of the textile and apparel clusters in the South, combined with knowledge transfer resources and an abundance of available manufacturing properties, indicate a region prime for apparel and textile manufacturing operations. However, there are other factors involved in making the decision to produce domestically, such as economic incentives, that were not assessed in this study. Likewise, this study did not explore the extent to which domestic production activity is the result of foreign direct investment rather than reshoring, a point that is presently unclear in the literature (Van den Bossche et al., 2015). Nevertheless, a baseline understanding of resource availability will help state and local governments better market their locales to firms looking to engage in domestic production. Continued conceptual and empirical study will establish a clearer picture of textile and apparel production activity in the U.S., while offering guidance for firm strategy and policy development.

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