

On-Shoring in the Electronics Industry: Trends and Outlook for North America

2013 Update

Published: September 2013

Association Connecting Electronics Industries



Free to Participating Companies

IPC Members: \$225
Industry Rate: \$450

TABLE OF CONTENTS

INTRODUCTION.....	1
SECTION 1: Demographics.....	2
SECTION 2: Overseas Operations Moved to North America Since 2012	
Operations Returned to North America by Industry Segment	6
Types of Operations Returned and Where	7
Value of Operations Returned to North America	9
Jobs Created in North America by Responding Companies	10
Drivers of Decisions to Return Operations to North America	11
SECTION 3: New Operations Planned in North America Through 2014	
Operations to be Located in North America	13
Types of Operations to be Created and Where	14
Jobs to be Created in North America by Responding Companies	16
Drivers of Decisions to Locate Operations in North America	17
SECTION 4: On-Shoring: Deterrents, Drivers and Issues	
Deterrents to On-Shoring in North America.....	19
Participants' Observations	20
SECTION 5: Domestic Sourcing Trends	
Evidence of Domestic Sourcing Trend	23
Industry Segments Sourcing Domestically	24
Types of Products Being Sourced Domestically.....	25
Drivers of Decisions to Source Domestically.....	26
Participants' Comments about Sourcing	27
Outsourcing and its Relationship with Off-Shoring	28
SECTION 6: Conclusions	
Anecdotal Evidence of On-Shoring.....	30
Closing the Cost Gap.....	31
The Way Forward for North America	32
Resources for Companies Contemplating On-Shoring	33
APPENDICES	
Survey Questionnaire	35
Current IPC Market Research Studies and Reports.....	42



INTRODUCTION

Study Objectives

The mission of IPC is to support companies and people in the electronic interconnection industry worldwide through programs to enhance their competitive excellence and financial success. On-shoring (also called “reshoring”) could have a significant impact on the future for the worldwide electronics industry.

While the off-shoring trend continues, as companies continue to seek low-cost locations for their manufacturing operations, there has been a growing awareness of the hidden costs and other liabilities associated with off-shoring, and of the operational and competitive advantages of manufacturing close to home. There is evidence that some companies may be adjusting their geographic strategies as a result of this awareness. Some companies are returning certain overseas operations to the Americas and creating new operations in their home regions. IPC confirmed and measured this trend with an on-shoring survey of the industry in 2012. A follow-up survey was conducted in the spring of 2013 to update its documentation of on-shoring activity. The goals of this research are to measure the trend, understand the drivers, and identify the impact on jobs and the industry.

Participants were asked about recent and planned relocation of overseas operations to the Americas, and new operations created or planned in the Americas. Some companies reported operations being returned or created in North America, but none cited Central or South America as a target region. Therefore, this study looks at the on-shoring trend as it affects North America (Canada, Mexico and USA).

The 2012 survey also asked electronics manufacturers about their sourcing trends and policies, to determine whether domestic sourcing is a parallel trend, and to understand the drivers of that trend. Those findings, first published in the 2012 report, are also included in this report.

In April 2013, IPC surveyed executives in all segments of the electronics industry in the Americas. Ninety-five companies responded, resulting in a total of 92 completed and validated surveys, and producing a representative survey sample. These 92 companies have an aggregate total of \$50 billion in annual sales.

IPC and its members owe their thanks to the survey participants who expended time and effort to provide the data for this report.

More Information

This document is a product of IPC’s market research service and is provided at no charge to the participating companies. The report is available to other IPC members for \$225 and to non-members for \$450. For more information about this report or other IPC market research services, please contact Ms. Sharon Starr, IPC director of market research at +1-847-597-2817 or sharonstarr@ipc.org, or visit IPC’s website at www.ipc.org/industrydata.