

SMALL BUSINESS FACTS

Small Firms Lead in Onshoring

by OER Staff



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At a Glance

Onshoring, the act of transitioning the manufacture of goods by U.S. companies from overseas to domestic production, has been a recent focus of federal policymakers.¹ Large businesses account for most goods production, but small businesses (especially young ones) are more frequent onshorers. Policies that target cost savings at small firms², firms in tradable goods sectors, and firms less than 10 years old can encourage gains from onshoring production.

Almost all firms onshoring production are small businesses.

According to the latest data, 99.4 percent of the firms who onshored production to the U.S. were small businesses. In a 2022 Census Bureau survey, firms were asked if they moved production of any goods from another country to the United States. About 5,000 small employers, firms with fewer than 500 employees, responded that they moved overseas production to the U.S, accounting for nearly all of the firms onshoring.

(Source: U.S. Census Bureau, Annual Business Survey)

Firms in the tradable sectors are responsible for most onshoring.

Sectors primarily involved in the production and trade of goods are wholesale, manufacturing, and retail.³ These tradable sectors made up 70 percent of onshoring activity while only making up about 19 percent of all employer firms. Wholesalers and retailers represented 58 percent of onshoring in 2022 with manufacturers representing 12 percent (Chart 1).

(Source: U.S. Census Bureau, Annual Business Survey)

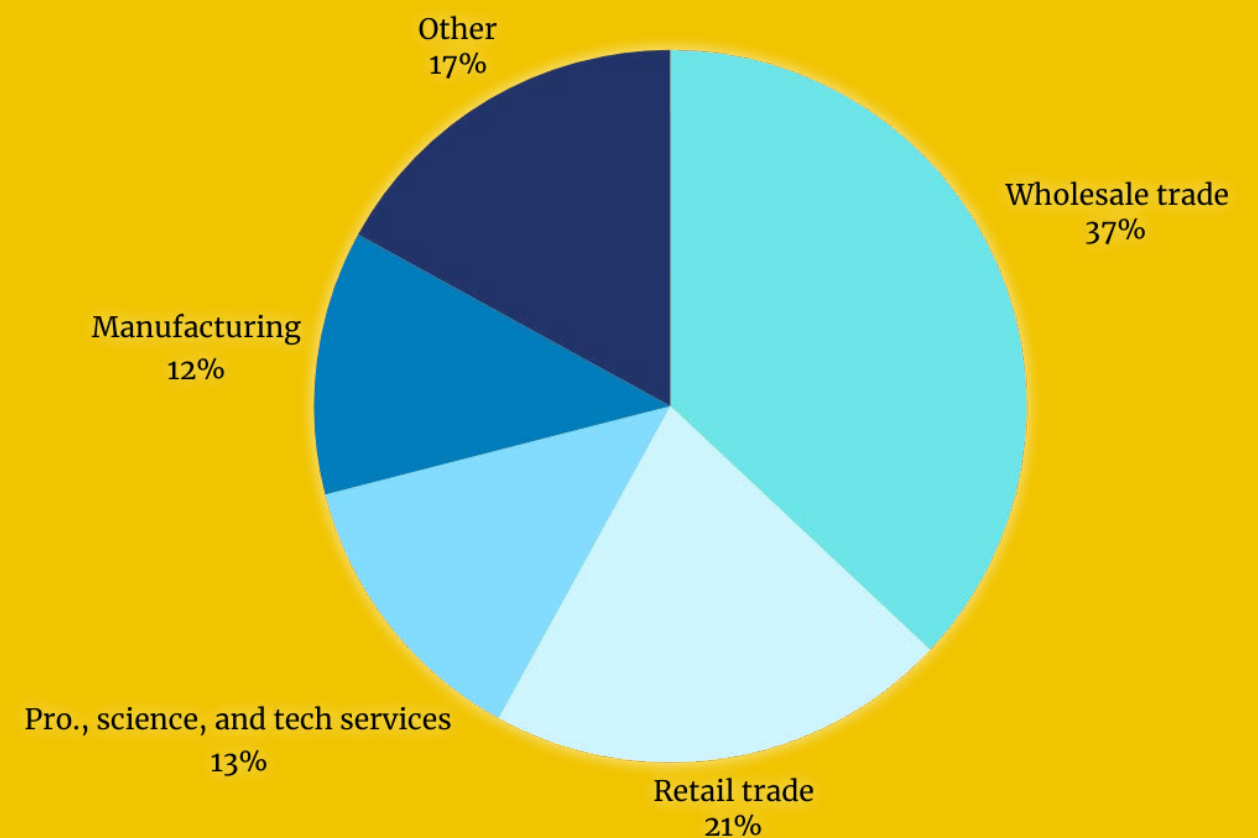
¹ See Exec. Order No. 14,293, 90 Fed. Reg. 19,615 (May 8, 2025); Mfg. Extension Network, Nat'l Inst. of Standards & Tech., How U.S. Manufacturers Can Take Advantage of Reshoring (Feb. 2025), <https://www.nist.gov/system/files/documents/2025/02/04/How%20U.S.%20Manufacturers%20Can%20Take%20Advantage%20of%20Reshoring%20508%20Compliant.pdf>.

² U.S. Small Bus. Admin., Make Onshoring Great Again Portal, <https://www.sba.gov/priorities/american-manufacturers/make-onshoring-great-again-portal> (last visited July 25, 2025).

³ Firms are classified by industry according to their primary business activity. Firms primarily classified as retailers or wholesalers may also be involved in goods production.

Chart 1.

Share of Onshoring Firms by Industry, 2022



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Cost savings are the main reason firms switch from international to domestic production.

Firms often cite multiple reasons for onshoring. Cost is the highest cited reason for moving production to the U.S. Costs, which include transportation, materials and labor expenses, were a factor for nearly 60 percent of respondents. Supply chain issues such as reliability and consistency were a factor for about a third of respondents, while quality reasons were a motivator for just over 20 percent of respondents (Chart 2).

(Source: U.S. Census Bureau, Annual Business Survey)

Onshoring firms are more likely to be younger.

Younger firms had more onshoring activity than older firms. About 38 percent of firms which moved production to the U.S. were aged 5 years or younger. In comparison, 22 percent of onshoring firms were aged between 6 and 10 years old.

(Source: U.S. Census Bureau, Annual Business Survey)

In 2022, 99.4 percent of the firms who onshored production to the U.S. were small businesses.

Chart 2.

Firms Onshoring Reasons, 2022

	Percent
Costs (for trans., labor, materials, etc.)	58.0
Supply chain issues	34.0
Quality Concerns	21.0
Other	19.6
Global current events	10.5
Government incentives	1.2
Don't know	5.8

Costs were the main reason for onshoring production to the U.S. for nearly 60 percent of respondents.