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THE SOURCE

U.S. Manufacturers Push FTC to Crack Down on False 'Made in America' Labels

Companies see opportunity in Washington-Beijing trade dispute

U.S. manufacturers see a 'Made in America' label as a competitive advantage and a source of pride.

By Heidi Vogt, WSJ, Nov. 20, 2018

WASHINGTON—Manufacturers of U.S.-made products, hoping to capitalize on President Trump's aggressive stance on China, are calling for tougher action against companies that make bogus "Made in the USA" claims. The Alliance for American Manufacturing wants the Federal Trade Commission to get companies to pay restitution, or at least admit fault, the first time they falsely label products as American-made. The FTC's longstanding policy has been to only seek money after a second violation.

"You have the president talking about Made in America and manufacturing on a regular basis," AAM President Scott Paul said. "It seemed like the right time to encourage the FTC to be more earnest about its enforcement."

In three major cases in September, the FTC ruled against three companies—a maker of military-themed backpacks, a hockey puck manufacturer and an online mattress retailer—that falsely represented products as made in America. All three companies were ordered to stop marketing these products as made in the U.S., but none was fined or forced to admit fault. The agency has issued 135 warning letters and brought 10 lawsuits against companies for fraudulent Made in the USA labeling since 2010. Only one company has been fined for a second violation. Connecticut-based Stanley Works, now Stanley Black & Decker Inc., was fined $205,000 in 2006. Fraudulently labeled products have been a longstanding irritant for U.S. manufacturers, who see a "Made in America" label as a competitive advantage and a source of pride.

Many of the falsely labeled products are made in China, and American manufacturers now see a chance to leverage Mr. Trump's sympathies as Washington and Beijing remain locked in a bitter trade dispute. Similar strategies have successfully been employed recently by other industries to address long-held grievances about competition from China with the Trump administration. FTC commissioners are appointed by the president, but the agency operates independently, and

Mr. Trump cannot direct the FTC to change policies. In their September rulings about the three cases, FTC commissioners said they were reviewing whether to seek "new or infrequently applied remedies" over fraudulent "Made in America" labels. It didn't explain exactly what those would be but said they could involve "monetary relief or notice to consumers."

A tougher approach to first-time offenders could have a significant impact, said Michael Taylor, a partner at King & Spalding who represents U.S. manufacturers in a range of trade-related regulatory and customs issues. "You have some people who very clearly know what they're doing and don't feel like they're going to get whacked if they get caught the first time," Mr. Taylor said.

The push for more aggressive tactics is also gaining supporters on Capitol Hill. In October, Democratic Sens. Sherrod Brown, of Ohio, Tammy Baldwin, of Wisconsin, and Christopher Murphy, of Connecticut, sent a letter to the FTC chairman Continued on Page 2

Inside this issue
Cover Story:
Country of Origin push by US manufacturers

USA Country of Origin Push (Front page article continued)

calling for an end to "no-fault, no-money" settlements. Under FTC policy, products must be made with nearly all American-made parts to be labeled "Made in the USA" or "Made in America," or to use American flags on their packaging, but the commission's enforcement options are limited. The FTC can pursue refunds for customers for first-time offenses, but it is prevented by law from seeking outright fines for a first violation, said James Kohm, director of the agency's enforcement division in the Bureau of Consumer Protection.

Mr. Kohm said the agency usually avoids the refund process because it can require intense effort for relatively small payments: "It's extremely difficult, and it would take a lot of resources." When the FTC sought refunds to consumers for a superglue-like product in 2016, it resulted in $220,000 in payments. Companies that pay the extra expense to make their products in the U.S. say the label gives them an advantage with consumers.

"We hear from our retailers. Some of them say 'We're getting more requests for things that are made in America. We get people who come in and say it's a tie breaker,' " said Wyatt Bassett, chief executive of Vaughan-Bassett Furniture, which makes all of its furniture out of American lumber in a factory in Virginia. A 2015 survey by Consumer Reports found that 80% of Americans say they would rather buy American-made products, and more than 60% say they would be willing to pay 10% more for U.S.-made items. Whether consumers' enthusiasm for U.S.-made products translates into a significant sales advantage for U.S. companies is a point of debate. "I've never seen any evidence that this has a big effect on what people purchase," said Mary Lovely, a Syracuse University professor who studies international economics and China's development. Consumers seem to want lower prices more than American-made products, she said. "With household incomes in general not rising very quickly over the past 15 to 20 years, consumers have tried to make their budgets go further," she said. But the continued production of fraudulently labeled products suggests there are manufacturers who believe it still helps.

Ms. Lovely noted that the rules around Made in America labeling can be confusing, and companies can violate them without realizing it. "There are rules, and companies—even if they're trying to abide by them—may find them complicated, so issuing a cease and desist, it might not be unreasonable," she said.

In the September ruling, FTC Commissioner Rohit Chopra argued in a dissenting opinion that the three companies should have been forced to pay. "In cases involving egregious and undisputed Made-in-USA fraud, I believe there should be a strong presumption against simple cease-and-desist orders," Mr. Chopra wrote. He said the commission should require more painful remedies such as a payment equal to their ill-gotten gains, consumer refunds or admissions of wrongdoing. "Every firm needs to understand that products labeled 'Made in USA' should be made in the USA, and that fake branding will come with real consequences," Mr. Chopra wrote.

The prevailing commissioners explained their decision by saying that the relatively small number of second violations shows that the current system has served as a deterrent.

American Factories Are Burning Through Inventories

By Sharon Nunn, WSJ **November 19, 2018**

Factories in the U.S. are churning through their inventories, as logistical problems keep some manufacturers from restocking rapidly enough to keep up with rising demand. American factories' sales rose 8% in September from the prior year, while their inventories grew just 5% during the same period, according to fresh data from the Commerce Department. While the sales increase bodes well for economic growth, some analysts worry about the challenges some factory owners face in restocking fast enough to keep up.

U.S. economic output rose in the second and third quarters at the fastest annual rates in nearly four years, fueling robust demand for manufactured products. Global economic growth also helped propel sales of American-made goods, though some of the world's major economies have showed signs of slowing in the third quarter. Jake McRobie, U.S. economist at Oxford Economics, said he views the new Commerce data as signaling "a return to normal, healthy levels of inventories." However, a truck-driver shortage in the U.S. has delayed shipments and pushed up delivery costs, making it difficult for some factory owners to keep themselves comfortably stocked.

At the same time, the Trump administration's early 2018 tariffs and countertariffs by foreign countries are putting pressure on inventories of some products. The administration has imposed tariffs on half the $500 billion in Chinese goods imported annually, and on steel and aluminum from around the world, while threatening to do the same on cars. This has caused purchasers of affected products to step up their orders to try to get ahead of price increases, drawing on inventories. "The tariffs have caused a mass rush to buy up inventories of affected products in order to minimize the long-term financial impact," a computer and electronic products manufacturer told the Institute for Supply Management. "This, in turn, is causing market constraints, which further drive up the cost and increase lead times."

ISM's latest manufacturing report showed the fabricated metal products and primary metals industry both reported inventory declines in October. The report also showed inventory declines in other industries such as paper products, signaling the churn is more widespread. Additionally, Tim Fiore, head of the ISM survey, said manufacturers' inventories often fall as they close a quarter, which could explain part of September's decline. Determining whether inventories are at a healthy level is tricky. A high level of inventories can imply factory owners are ramping up production as they anticipate rising demand for their products, or it can mean demand unexpectedly flagged.

Some factory owners are responding to the disruptions. Manufacturers in the Cleveland area reported they have "increased their capital expenditures to keep up with customer demand and to fill supply chain gaps," according to a report released by the Federal Reserve late last month.

TRIVIA QUESTIONS

1) Which was the first National Park in the USA?
A. Grand Canyon **B.** Yellowstone **C.** Great Smokey Mtns. **D.** Yosemite

2) What is the cause of the blue haze over Great Smoky Mountains National Park?
A. Plants **B.** fires **C.** Pollution **D.** Animals

3) At the turn of the 20th century, which National Park was the spring training home for several baseball teams?
A. Biscayne N.P. **B.** Everglades N.P. **C.** Hot Springs N.P. **D.** Mesa Verde N.P.

4) The most massive mountain on earth is located in which National Park?
A. Rocky Mountain **B.** Hawaii Volcanoes N.P. **C.** Denali N.P. **D.** Yosemite N.P.

5) The first automobile permit for a National Park was issued at….?
A. Sequoia N.P. **B.** Acadia N.P. **C.** Badlands N.P. **D.** Mt. Ranier N.P.

6) Which is the only state in the US that does not have a National Park?
A. Delaware **B.** Rhode Island **C.** Idaho **D.** New Mexico

Answers Later In The Newsletter

FUEL REPORT

U.S. On-Highway Diesel Fuel Prices* (dollars per gallon) http://www.eia.gov/petroleum/gasdiesel/

	11/5/18	11/12/18	11/19/18	Change from week ago	Change from year ago
U.S. National Average	$3.338	$3.317	$3.282	↓ - 0.035	↑ 0.370

EPA Targets Trucking Industry for New Air Pollution Rules

Push is rare move for administration focused on deregulation

By Timothy Puko and Erica E. Phillips Nov. 13, 2018

WASHINGTON—The Trump administration is pushing for new limits on pollution from commercial trucks, a rare move toward stricter air-quality rules for an administration that has prioritized deregulation. Leaders at the Environmental Protection Agency say pollution rules for commercial trucks are due for an update after going largely untouched for nearly 20 years. While the administration has often tried to roll back Obama-era climate policy that broadly limited greenhouse gases, this new initiative targets the smog-causing pollutant nitrogen oxide. Highway driving is its largest source in the U.S.

The announcement comes as California regulators are pushing for a new ultralow standard for nitrogen-oxide emissions from trucks. Many manufacturers and fleets say they prefer a national standard for emissions because trucks so often move across state lines, and varying rules present challenges to their business. The EPA's last round of nitrogen-oxide rules for commercial trucks were developed in 2000, and it took about a decade for those rules to be fully implemented.

"It's definitely about time," said Bill Wehrum, assistant administrator of the EPA's Office of Air and Radiation. "The world has changed in a lot of ways over those 20 years. One thing we know is that these vehicles can be made cleaner, lower emitting."

The EPA's push for new rules is only the beginning of a process likely to last years. The agency has no precise expectations on what new limits it will set or exactly how to update the rules, EPA leaders said. It is now only making the process a priority, taking input on what to put in a proposal later. That eventual proposal will face several reviews before being finalized. The EPA has support from the trucking industry and from several states. California has already petitioned the EPA to update commercial truck regulations and is working on its own. In recent meetings with EPA officials, trucking-industry leaders have stressed that they want the agency to step in to ensure one national standard based on currently existing technology, according to a senior administration official.

To continue this outstanding article on EPA truck pollution rules please follow this link: https://www.wsj.com/articles/epa-targets-trucking-industry-for-new-air-pollution-rules-1542139204?mod=djemlogistics_h

Hapag-Lloyd optimistic for full year after raising 9-month EBIT

By Vera Eckert, Reuters November 8, 2018

FRANKFURT (Reuters) - German shipping group Hapag-Lloyd expects an increase in transport volumes to last for the remainder of 2018 after volume growth and a modest recovery in freight rates helped push operating profits 12 percent higher in the first nine months. Shipping is only slowly recovering from an oversupply of vessels that plunged the sector into an almost decade-long slump, forcing some players out of business and others to combine forces to seek economies of scale. “Looking ahead, transport volumes will remain favorable and the peak demand season is carrying on longer this year,” Chief Executive Officer Rolf Habben Jansen told Reuters in a telephone interview. “We also expect further synergies from the merger with (Arab peer) UASC, better ship utilization and lower unit costs,” he added.

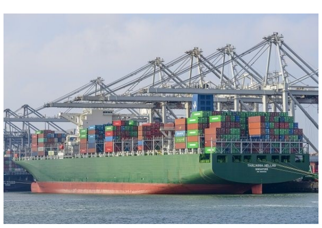
Hamburg-based Hapag-Lloyd deepened cost cuts in the first half when it posted disappointing results, having been set on a better course in 2017 when the merger propelled it into the top five world container firms. Operating profit before interest and tax (EBIT) amounted to 212.1 million euros after 178.1 million a year earlier in the July-Sept period, and to 300.8 million in the nine months versus 268.8 million. Net profit in the nine months was 12.5 million euros after 9.1 million in the same 2017 period. Transport volumes increased by 26.6 percent to 8.9 million twenty-foot equivalent units (TEU) in January-September.

Habben Jansen said the peak shipping season this year had started in July/August and was lasting, while in 2017, it had started in May. Freight rates, on a pro forma basis and when compared to the combined business of Hapag-Lloyd and UASC, were 1.5 percent higher year-on-year in the nine months, Habben Jansen said. Without the adjustments he cited, they had dropped 3.4 percent to $1,032 per TEU. High costs of bunker or shipping fuel were major worries, he said. These increased by 31 percent to an average $406 per ton in January-September, driven by high crude oil prices. “I expect oil to remain in a $70-80 per barrel range, therefore there will be no price relief for bunkers,” Habben Jansen said.

Hapag-Lloyd upheld an adjusted June forecast for earnings before interest, tax, depreciation and amortization (EBITDA) coming in between 900 and 1,150 million euros and for EBIT in a target corridor of 200-450 million euros. Both should be in the upper part of the ranges, it said.

Evergreen to Receive Megaships in Lease Financing Deal

07 Nov 2018 (www.porttechnology.com)



Ship Finance International (SFL) has announced that it has entered lease financing agreements worth USD $400 million with an Asia-based institution, to finance four 14,000 TEU container ships.

The vessels are employed under long-term charters, until 2024, to Taiwanese shipping company Evergreen Marine Corporation, which has the option to extend the charters by 18 months. According to a statement from SFL, each lease financing agreement has a term of approximately nine years, with an option to purchase the vessel back after six years. Lease financings for three of the vessels have already been finalized, while the last vessel is expected to close within the next two weeks.

SFL has also stated that a portion of the proceeds, from the lease financing, will be used to refinance the $320 million unsecured loan facility arranged at the vessels’ delivery in May. Ole B. Hjertaker, CEO of Ship Finance Management AS, commented: “These financing transactions demonstrate our continued ability to attract highly competitive capital. “Ship Finance’s strong profile in the maritime financing market provides us access to a broad range of attractive financing solutions. “This in turn allows us to create long-term value for our shareholders and support our dividend distribution capacity.”

FOR IMMEDIATE RELEASE November 20, 2018

ATA Truck Tonnage Index Jumped 6.3% in October

Arlington, Va. — American Trucking Associations' advanced seasonally adjusted (SA) For-Hire Truck Tonnage Index jumped 6.3% in October to 119.9 from September's mark of 112.8. "After slowing at the end of the third quarter, truck freight surged in October," said ATA Chief Economist Bob Costello. "Last month's strength was due, at least in part, to strong import numbers, especially on the West Coast. This is likely a pull ahead of imports as shippers try to take delivery of goods before January 1 when tariffs on a large list of goods China increases from 10% to 25%."

September's change over the previous month was revised up to +0.1% (-0.8% was originally reported in our press release on October 23). Compared with October 2017, the SA index increased 9.5%, up from September's 3.8% year-over-year increase. Year-to-date, compared with the same period last year, tonnage increased 7.3%. The not seasonally adjusted index, which represents the change in tonnage actually hauled by the fleets before any seasonal adjustment, equaled 124.4 in October, which was 11.8% above the previous month (111.2). In calculating the index, 100 represents 2015.

Trucking serves as a barometer of the U.S. economy, representing 70.2% of tonnage carried by all modes of domestic freight transportation, including manufactured and retail goods. Trucks hauled 10.77 billion tons of freight in 2017. Motor carriers collected $700.1 billion, or 79.3% of total revenue earned by all transport modes. ATA calculates the tonnage index based on surveys from its membership and has been doing so since the 1970s. This is a preliminary figure and subject to change in the final report issued around the 10th day of the month. The report includes month-to-month and year-over-year results, relevant economic comparisons and key financial indicators.

Editor's Comment: Freight cost is on the rise in the marketplace. Transportation and its departments are considered Cost Centers, a DRAG on the bottom line. That mindset should change to be thought of as a REVENUE ENHANCING area that has a positive effect on the bottom line. Transport expense is a FACT of business however there are many redundant steps within the supply chain. Some steps, large or small, can be eliminated producing real savings. Have Outsource find those steps, drive unnecessary cost out and limit the impact of today's transport market. ENHANCE the bottom line with strong freight management and streamlined supply chains.

Outsource Inc, 1-800-286-5306, or John Nickandros 774-222-0087, or outsourceoperations@outsourcefreight.com

Answers to Trivia

The Cass Freight Index - A Measure of North American Freight Volumes

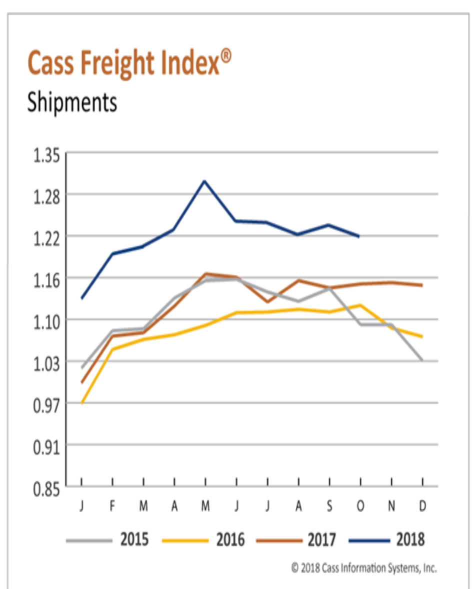
Since 1995, the Cass Freight Index® has been a trusted measure of North American freight volumes and expenditures. Our monthly Cass Freight Index Report provides valuable insight into freight trends as they relate to other economic and supply chain indicators and the overall economy.

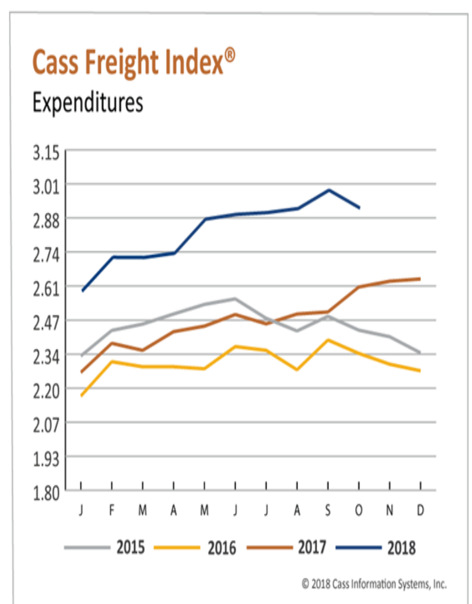
Data within the Index includes all domestic freight modes and is derived from $25 billion in freight transactions processed by Cass annually on behalf of its client base of hundreds of large shippers. These companies represent a broad sampling of industries including consumer packaged goods, food, automotive, chemical, OEM, retail and heavy equipment. Annual freight volume per organization ranges from $1 million to over $1 billion. The diversity of shippers and aggregate volume provide a statistically valid representation of North American shipping activity.

How the Cass Index Works

The Cass Freight Index uses January 1990 as its base month. The index is updated with monthly freight expenditures and shipment volumes from the entire Cass client base. Volumes represent the month in which transactions are processed by Cass, not necessarily the month when the corresponding shipments took place. The January 1990 base point is 1.00. The Index point for each subsequent month represents that month's volume in relation to the January 1990 baseline.

Each month's volumes are adjusted to provide an average 21-day work month. Adjustments also are made to compensate for business additions/deletions to the volume figures. These adjustments help normalize the data to provide a sound basis for ongoing monthly comparison.





FedEx to Raise Shipping Rates in January

By Kimberly Chin, WSJ, Nov. 5, 2018

Shipping rates for FedEx Express, FedEx Ground and FedEx Home Delivery will rise by an average 4.9% on most U.S. services

FedEx Corp. said it will increase shipping rates after the holidays for several of its operating units as higher transportation costs and tight capacity have put pressure on delivery providers. Shipping rates for FedEx Express, FedEx Ground and FedEx Home Delivery will rise by an average 4.9% on most U.S. services, FedEx said Monday. FedEx freight rates will also increase by an average 5.9% for services within the U.S., between the contiguous U.S. and Canada, within Canada, between the contiguous U.S. and Mexico, and within Mexico. The higher rates will go into effect on Jan. 7, FedEx said, after the important peak holiday shipping period.

FedEx rival United Parcel Service Inc. benefited from higher prices in its latest period, as revenue per piece in its U.S. business rose 4.8% in the third quarter, the fastest growth since 2011. The company has raised prices on domestic deliveries and added surcharges on oversize packages to help offset costs including those from investments to increase shipping capacity.

Last month, the U.S. Postal Service announced it would raise prices on its first-class Forever stamps by 10% in January, its largest increase on a percentage basis in over three decades. Across its mailing products, which includes stamps for letters and postcards, the Postal Service is raising prices by 2.5%.

Amazon Offering Free Shipping on Holiday Orders

By Colin Kellaher, WSJ, November 5, 2018

Dropping minimum purchase and Prime membership requirements, retailer vies with rivals Walmart and Target

Amazon also said it is offering free same-day shipping to Amazon Prime shoppers on more than 3 million items.

Amazon.com Inc. on Monday said it is offering free shipping with no minimum purchase on orders delivered through the holidays, countering shipping deals from rivals Target Corp. and Walmart Inc. The online retail giant also said it is offering free same-day shipping on more than 3 million items to Amazon Prime shoppers as it looks to boost membership. Customers who pay $119 a year for a Prime membership already receive free two-day shipping with no minimum order. Amazon last year offered free holiday shipping to customers without Prime memberships but required a minimum order of $25.

Target last month said it would offer free two-day holiday shipping on hundreds of thousands of items without a minimum purchase or membership, a shift from earlier this year, when shoppers could receive free shipping only if they spent $35 or used a Target loyalty card. Walmart, which already offered free two-day shipping in the U.S. on purchases of at least $35, last month said millions of items sold by third-party merchants in its marketplace would also get free two-day shipping with no membership fee.

The National Retail Federation in October said it expects holiday retail sales to rise 4.3% to 4.8% from 2017 to $717.45 billion to $720.89 billion, excluding automobiles, gasoline and restaurants.

UPS looking to hire more than 1,200 workers in the Lehigh Valley

By Jon Harris of THE MORNING CALL

UPS has placed an order of its own with the Lehigh Valley, hoping the area's labor market can deliver more than 1,200 workers. Most of those workers are needed at the company's new peak season hub, which will open Wednesday in a 1-million-square-foot warehouse at 1620 Van Buren Road in Palmer Township, UPS said in a news release Monday. The company is planning to hire nearly 880 package-handlers, more than 50 feeder truck drivers and more than 10 part-time supervisors for the seasonal operation, located within 33 Logistics Park.

Local officials told The Morning Call in July — which is when news broke of the planned UPS facility in Palmer— that they hope the peak season hub will eventually become a year-round operation that will rival the significant operation FedEx has set up

Whenever there is a **Quotable** in the Outsource newsletter it comes from the Wall Street Journal's daily logistics newsletter written by Paul Page. It is also true anytime that **Number of the Day** appears too.

Quotable

"Globalization is becoming regionalization, and regionalization is becoming intra-national."

— Tom Linton, Flex Ltd. supply-chain officer.

Quotable

"One thing we know is that these vehicles can be made cleaner, lower emitting."

— Bill Wehrum, assistant administrator of the EPA's Office of Air and Radiation.

Quotable

"The economy is still strong other than some of this noise introduced by the trade tariffs and whatnot."

— Douglas Waggoner, chief executive of freight broker Echo Global Logistics Inc.

Number of the Day

15.1%

Year-over-year growth in August in value of U.S. freight imports from Mexico, according to the U.S. Bureau of Transportation Statistics.

Number of the Day

9%

Year-over-year increase in sales of used Class 8 trucks in October, according to ACT Research.

Number of the Day

4.4

Percentage-point decline in the Institute for Supply Management index of new manufacturing orders from September to October.

Number of the Day

504,000

Number of Class 8 trucks ordered in North America in past 12 months, according to FTR.

More Factories Crop Up Closer to Customers

Tissues, windows are being built in new plants to counter logistics problems and rising transport costs

By Austen Hufford Nov. 6, 2018

The largest share of manufacturers in at least a decade is spending to expand facilities, as companies look to build plants closer to their customers to offset record-high trucking costs and seek out pockets of available workers in a tight labor market. Twelve percent of U.S. manufacturers that invested in added capacity at domestic factories in the second quarter did so through building expansions, according to the Census Bureau, the highest proportion in the decade that metric has been released. Manufacturing construction spending hit a 16-month high in September, according to the Census Bureau. Executives are making some of those investments in new factories to alleviate rising transport bills and supply-chain bottlenecks.

Ferrellgas Partners LP added two plants in recent months to make and refill its Blue Rhino propane tanks closer to customers. The new factories in Alabama and California will allow the company to cut over a dozen delivery routes and lower costs by as much as $3 million annually. "The freight savings is so extraordinary," said Paul Haeder, Blue Rhino's director of production.

The number of U.S. factories where executives said material shortages and logistics problems were limiting output was also the highest in a decade in the second quarter, the Census Bureau said. The Census Bureau surveys factories across the U.S., asking them questions such as why has capacity increased and why is production below that capacity.

Italian tissue-paper maker Sofidel Group opened its sixth U.S. plant in Circleville, Ohio, in October. It plans to open another in Oklahoma in 2020, and said it might add a few more elsewhere in the U.S., to make its products as close to customers as possible to speed up delivery times and cut logistics costs. "Our products are very light in weight and very bulky," Chief Executive Luigi Lazzareschi said. He added that Sofidel tries to keep its U.S. transportation journeys to below 700 miles.

The expansion comes as unemployment is at the lowest point in nearly half a century. Manufacturing payrolls rose by 32,000 workers in October, the biggest monthly increase this year. Consumer confidence and wages are rising, and many companies are counteracting higher costs by raising prices on the expectation that consumers are willing to pay more as the economy charges ahead. Expanding in a strong economy has its risks. Operating multiple factories or warehouses increases the amount of inventory needed to fulfill the same amount of demand, according to logistics experts, which increases costs. While companies benefit from solid demand for their goods, it also can lead to higher interest rates. A rising rate environment causes loans for building to be more expensive and inventory becomes more costly compared to cash.

Instead of building factories, some manufacturers are making investments and strengthening supply chains to existing plants. Travel-trailer-maker Airstream, owned by Thor Industries Inc., broke ground in August on a $40 million factory adjacent to its existing plant in Jackson Center, Ohio. That plant had fallen short of demand for three years. Airstream CEO Bob Wheeler said the company thought about building a plant in the Western U.S., near many of its customers, but decided against it. "We just didn't have any confidence we could recreate the workforce," he said.

Companies building plants nearer to customers say the investment costs can be made up in faster turnaround times and increased orders. Andersen Corp., a Minnesota-based maker of windows and patio doors, said in September that it would invest over $105 million in a new plant near Phoenix, to capitalize on the increased concentration of customers, suppliers and available workers there. "One of the important parts of our business is being close to our customers," said Chris Galvin, Andersen's head of manufacturing and logistics.

Some companies also are trying to source more parts locally to mitigate the impact of U.S. tariffs on some foreign goods, said executives at Flex Ltd., which makes and ships products—including shoes and personal electronics—for other companies. "Globalization is becoming regionalization, and regionalization is becoming intra-national," said Tom Linton, Flex's supply-chain officer.

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