



Building a Resilient U.S. Consumer Technology Supply Chain: Costs, Constraints and the Path to Production



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Executive Summary

In 2023, CTA and Kearney examined what it would take to bring consumer technology manufacturing back to the United States. We concluded full self-sufficiency was neither feasible nor desirable. This year's report goes one level deeper. It analyzes category-specific data for ten consumer electronics categories – computer monitors, laptops, robotic vacuums, smart speakers, smartphones, smartwatches, televisions, video game consoles, wireless earbuds and wireless headphones – to answer two questions:

1. What would it take to fully meet U.S. domestic demand by 2031?
2. What would it cost to make these products in the United States relative to today's production footprint?

Our answers are based on two manufacturing scenarios. In the **Full U.S. Production** scenario, components are sourced domestically and assembled domestically. In the **Assembly Only** scenario, final assembly happens in the U.S. while components continue to be sourced internationally, from an optimized mix of countries with proven capacity and capability to meet 2031 demand. The results of both scenarios are measured against the blended landed cost of today's U.S. import mix for each product category.

The baseline of 'today's costs' includes all tariffs and duties in force as of mid-September 2026. Both manufacturing scenarios include costs associated with the amortized capital required to establish domestic capability.

Building U.S. domestic manufacturing capability is a large, slow undertaking. Meeting 2031 U.S. demand domestically requires closing a capacity gap of roughly 440 million units of finished products per year across our ten consumer product categories. For seven of the ten categories, existing domestic assembly capacity is effectively zero.

Full U.S. Production would require between \$185 and \$230 billion in capital expenditure, 555,000 to 668,000 additional full-time employees and 19.1-19.5 billion kilowatt-hours of electricity per year. This is roughly San Francisco's annual energy consumption.

Assembly Only is an order of magnitude smaller in every dimension. Capital expenditure is in the \$16 to \$19 billion range. It would require 61,000 to 73,000 full-time employees and 1.4 to 1.8 billion kilowatt-hours of electricity a year. Depending on the category, Assembly Only would take three to six years to implement. Full U.S. Production would take considerably longer, mainly because adding semiconductor capacity takes a long time.

Full U.S. Production raises costs in every category. The cost to produce products entirely in the U.S., relative to today's baseline, ranges from 41 percent for televisions to 152 percent for smartphones. Laptops would increase by 93 percent. Smartwatches would increase by 97 percent. Semiconductor and display intensity drives most cost increases. Technology products like smartphones, whose cost is concentrated in processors, memory and advanced panels, are both the most expensive to make domestically and, as a result, where domestic capacity will be hardest to build.

Assembly Only is substantially cheaper than Full U.S. Production but does not remove non-U.S. dependencies. The cost to assemble laptops in the U.S. would increase by 50 percent from today's baseline—relative to 93 percent under Full U.S. Production. Computer monitors would see a 25 percent cost increase for Assembly Only, compared with 68 percent under Full Production. The pattern is similar for smartwatches, where assembly costs would increase by 29 percent relative to 97 percent for full domestic production. Smartphones remain the outlier, with a notably high 67 percent cost increase to assemble in the U.S. relative to today's baseline. This is despite tariffs of up to 50 percent for some components. While production costs are lower, the Assembly Only scenario for each product still leaves most of the component base imported, primarily from Asia.



Since companies cannot, or will not, pass the full cost increase to consumers, margins must absorb the difference. Research indicates that only an estimated 25 to 50 percent of a landed-cost increase will be passed through to shelf prices. At a 25 percent pass-through, three-quarters of the increase stays with producers and their channel partners.

Consumers would still see considerable cost increases compared to today's retail prices. Assuming 25-50 percent pass-through, the 10 products in our report would see a weighted average price increase of 27 to 55 percent. Based on consumer research conducted as part of this report, consumers would likely defer purchases of many core technology products – holding on to older technology longer – but would still see these price increases when purchasing. However, the cost increases are largest for the products households and very small businesses consider most important and are more likely to buy despite price increases. They would also measurably affect overall U.S. inflation at a time when inflation is already above target and rising.

The investment needed for Full U.S. Production is hard for businesses to justify. Companies making the large, long-term capital commitments needed for major supply chain buildout would need to recover those costs through both higher prices and lower margins. Those price increases risk delaying or permanently reducing purchase volume from businesses and consumers. Lower annual volume would further raise the capital recovery burden per unit, raising costs and prices and potentially creating a deeper spiral that delays or suppresses volume.

Full U.S. Production of technology products is neither economically attractive nor readily feasible. Instead, this report suggests domestic final assembly is a more viable approach to expanding U.S. domestic manufacturing capacity, beginning with assembly where economics permit. Because the economics of assembling products in the U.S. differ substantially by product, policies that treat consumer technology as a single, undifferentiated reshoring target risk shifting major costs onto American businesses and consumers.

Recommendations

To expand domestic manufacturing of consumer technology products, our findings suggest the following approach:

Begin with assembly. It's feasible, has less cost impact and allows the U.S. to work with trusted trading partners, suppliers and allies to secure component access.

Domestic assembly depends on imported components. The security of that supply depends on the components' origin. The 2023 study from CTA and Kearney recommended coordinated sourcing across treaty allies and trading partners. This recommendation remains important. "Friendshoring" is the mechanism by which assembly-based domestic manufacturing reduces, rather than merely relocates, dependency risks. We see this today in memory chips, where imports from Japan and South Korea help mitigate the current market shortage, a critical bottleneck in the domestic AI buildout.

To improve the competitiveness of U.S. assembly, reduce or eliminate U.S. tariffs on component parts, particularly those produced by suppliers in trusted trading partners and allies.

This is the single measure most likely to improve the economics of domestic assembly. Component tariffs drive up U.S. assembly costs relative to the current import mix. They make it more expensive for companies to manufacture in the U.S. and raise costs the most for products that matter most to consumers. Tariff relief for components from partner economies would lower domestic assembly costs and reduce upstream dependency. This is a medium-term measure, appropriate until domestic component production becomes economically feasible at the required scale.

To further improve U.S. resilience, use assembly capability as a flywheel to enable future upstream opportunities.

Boosting domestic assembly of finished goods would establish a workforce, supplier relationships and site infrastructure that later upstream investment could build on. Where the economics, capability and strategic rationale align for Full U.S. Production of a specific product, it can be evaluated on its merits, with the capital intensity, timelines and return characteristics we outline.

This all depends on a clear signal from the U.S. government. Companies need confidence that sourcing components and sub-components from trusted trading partners, suppliers and allies is an acceptable route to domestic manufacturing. That clarity would accelerate and stabilize supply chains moving to the U.S., beginning with final assembly and bolster American manufacturing leadership.



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