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Reindustrialization moves into a more selective, strategic phase in Europe and the US

- ***Reindustrialization[1] moves into the mainstream: 73% of large European and US organizations now have a strategy in place or in development, up from 59% in 2024***
- ***Planned investment decline from $4.7 trillion in 2025 to nearly $2.5 trillion in 2026 over the next three years, signaling a shift toward more selective, capital-efficient models***
- ***Long-term strategic benefits outweigh short-term savings, with 86% of organizations prioritizing market access and supply chain resilience in their decisions***
- ***AI becomes a core enabler of reindustrialization execution, with 87% of organizations planning to invest in AI and other advanced manufacturing technologies to help reduce costs associated with reindustrialization***

Paris, April 20, 2026 – Reindustrialization has entered a more mature, disciplined phase as organizations seek greater control over dependencies while maintaining economic viability and competitiveness. According to the 2026 edition[2] of the Capgemini Research Institute's report *'The resurgence of manufacturing: Reindustrialization strategies in Europe and the US, 2026',* nearly three-quarters of large European and US organizations now have a strategy in place or in development, reflecting a clear shift toward resilience and control-first operating models. At the same time, planned reindustrialization investment over the next three years has fallen sharply this year, highlighting a more pragmatic and selective approach to capital allocation rather than reduced ambition. Organizations are now recalibrating their manufacturing and supply-chain footprints to limit critical dependency risks while preserving competitiveness through hybrid domestic, nearshore, and friendshore strategies, increasingly enabled by automation and AI.

The impact of reindustrialization is not uniform across sectors. The shift is most pronounced in manufacturing-intensive and strategically critical industries, including automotive, electronics, semiconductors and aerospace and defense, where dependency risks, supply-chain exposure and market access considerations are most acute. These sectors are driving the transition from large-scale expansion toward more selective, technology-enabled industrial models.

"Amid heightened geopolitical and economic uncertainty, reindustrialization is entering a more mature phase - one that is clearly focused on resilience, sovereignty, and long-term competitiveness," said Michael Schulte CEO of Capgemini Engineering and Member of the Group Executive Board. *"Today, the more established reindustrialization strategies are about building regionally balanced, technology-enabled ecosystems that reduce critical dependency risks, coupled with a pragmatic approach to investment which is driving more flexible, capital-efficient models. With intent now clear, success will depend on delivery - anchoring decisions in long-term value and building the digital and workforce foundations for durable industrial strength."*

Diverse regional pathways emerge as strategies mature

The 2026 survey shows that organizations are increasingly favoring diverse, hybrid reindustrialization approaches tailored to regional contexts, rather than converging on a single model. This is illustrated notably by the prominence of friendshoring in continental Europe, cited by 64% of organizations marking a clear shift toward allied-based manufacturing and supply-chains to manage strategic dependencies.

[1] **Reindustrialization** as defined in the report: reconfiguration of global supply chains and manufacturing capacity, often with the aim of bringing them closer to domestic markets.

[2] The global survey was conducted between January and February 2026. The findings are validated through extensive secondary research, with information incorporated up to 26th March 2026; subsequent changes may not be reflected.

Reshoring activities in the US show an acceleration, with nearly half (48%) of organizations reporting investments, up from 30% in 2025, while a significant 42% continue to invest in nearshoring. Within Europe, nearshoring recedes from 2025 levels (from 55% to 39%), while reshoring rises more modestly (from 34% to 42%), reflecting structural cost pressures and regulatory complexity.

According to the report, as US and EU organizations rebalance from China, they are increasing their presence in India, followed closely by Vietnam, Mexico, and Canada, underscoring a broader reconfiguration of global supply chains around diversified ecosystems. The US is also attracting increased foreign investment, with a large majority (nearly 85%) of EU-based organizations investing in US manufacturing to benefit from direct market access and navigate trade policy. At the same time, around two-thirds of organizations (64%) plan to maintain or increase investments in China over the next three years, highlighting a pragmatic, rebalancing of operations and supply chain across industries and markets.

Selective investment and long-term value take precedence over scale-driven expansion

According to the report, organizations operating in non-critical sectors increasingly favor more flexible alternatives in order to decouple access to industrial capacity from asset ownership and greenfield projects. To preserve strategic control while limiting capital intensity, organizations are increasingly turning to models such as multi-product manufacturing assets, contract manufacturing partnerships and shared infrastructure.

The report further finds that reindustrialization decisions are being evaluated through a more holistic economic lens. A clear majority of organizations say supply-chain resilience justifies reindustrialization decisions, with strong expectations for revenue growth over the next three years. Nearly eight in ten anticipate economies of scale will lower unit costs over time, underscoring a shift toward long-term strategic value over short-term savings.

Technology, especially AI, acts as a catalyst

Technology is playing a growing role in sustaining effective reindustrialization execution. The report finds that a large majority (87%) of organizations plan to invest in advanced manufacturing technologies, notably AI, automation, and digital twins, to help offset higher production costs closer to end markets.

AI, including generative and agentic, is seen as essential for boosting efficiency. Execution-critical use cases are concentrated in areas such as production planning and optimization, supply-chain risk modeling and location selection, where AI directly supports faster, more informed industrial decision-making.

However, talent shortages remain a common constraint to scaling reindustrialization for a large majority, particularly in skills related to advanced manufacturing engineering, automation, AI and digital technologies, reinforcing the need to align technology deployment with workforce transformation.

Methodology of the report

From January 2 to February 3, 2026, the Capgemini Research Institute surveyed 1,208 executives employed at organizations with annual revenue exceeding $1 billion (or $500 million for the defense sector), across the US, the UK, and continental Europe (France, Germany, Italy, the Netherlands, the Nordics, and Spain). Surveyed organizations operate across 13 key industries. Executives surveyed are at director level and work across diverse business-, technology-, and manufacturing-related functions. In addition to the survey, The Capgemini Research Institute also interviewed supply-chain and manufacturing executives and experts at large global organizations.

The findings are validated through extensive secondary research, with information incorporated up to 26th March 2026; subsequent changes may not be reflected.

Definitions of key terms used in the report:

- **Friendshoring**: Relocating part of the manufacturing/production/supplier base/service providers to countries that are geopolitical or trade allies of the organization's home country
- **Nearshoring:** Relocating part of the manufacturing/production/supplier base/service providers to a nearby or neighboring country.
- **Reshoring:** Bringing part of the manufacturing/production/supplier base/service providers back to the home country.

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