# JCB and Novartis expand US operations amid wider manufacturing slowdowns



The UK-based construction equipment manufacturer JCB is significantly expanding its operations in the United States, highlighting a contrasting trend amid a wider slowdown in clean energy and technology manufacturing projects. Anthony Bamford, chairman of JCB, announced plans to double the size of the company’s factory in San Antonio, Texas, to an expansive 1 million square feet. The firm attributes this decision to the trade policies introduced under President Donald Trump’s administration, particularly the tariffs, which have made local production more favourable.

In a similar vein, the Swiss pharmaceutical giant Novartis has committed to a substantial expansion within the U.S., intending to invest $23 billion over five years. This expansion includes the construction of six new factories, the expansion of three existing ones, and the establishment of a new research and development hub across multiple states including Florida, Texas, New Jersey, and California.

Despite these notable investments, these examples are exceptions rather than the norm. Ken Simonson, chief economist at the Associated General Contractors of America, suggested that these expansion plans “are likely to be outweighed by the value of projects that are cancelled.” The trend is reflected in data from ConstructConnect, a Cincinnati-based construction analytics firm, which showed an increase in project cancellations in March, with private projects being impacted more heavily than public ones.

The electric vehicle (EV) sector, once a beacon of robust construction activity, exemplifies this shift. Electrical machinery construction, encompassing EV battery facilities, made up nearly half of all manufacturing construction in 2023. However, the momentum has recently slowed, with U.S.-based EV and battery producers cancelling more projects in the first quarter of 2025 than in the previous two years combined. Sophie Latham, policy associate at Atlas Public Policy, a consultancy in Washington, D.C., identified tariff uncertainties, changes in federal tax credits, and unclear Department of Energy funding timelines as key factors complicating project financing. “In some cases, these tax credits are the difference between a company investing in the U.S. and abroad, so changes to them could motivate more cancellations,” Latham explained.

Furthermore, a BloombergNEF report predicted that nearly half of the $30 billion worth of clean tech factories planned for 2025 might face delays or cancellations. Notable projects that have been halted include KORE Power’s $1.25 billion lithium-ion battery plant in Buckeye, Arizona—initially approved for an $850 million federal loan—which the company decided to pause in favour of retrofitting an existing facility. Chip manufacturer Intel postponed its Ohio semiconductor plant due to escalating construction costs and lower-than-expected chip demand. Microsoft also cancelled multiple data centre projects across the U.S., citing a downturn in regional cloud service demand. Such cancellations include a $1 billion data centre outside Columbus, Ohio, and projects in Illinois, North Dakota, and Wisconsin.

The volatility surrounding tariffs poses complex challenges for contractors, who must navigate an intricate web of trade rules and overlapping tariff regimes. Julian Beach, special counsel at the New York-based law firm Pillsbury, commented on the difficulty contractors face in adjusting procurement strategies within a rapidly changing policy environment. Stephan Becker, also a Pillsbury partner, highlighted the complexity that importers encounter in determining whether their products are subject to various tariffs or exemptions. He indicated that the current framework includes reciprocal tariffs layered atop Section 232 duties on materials like steel and aluminium.

However, the scope of tariff exemptions remains limited. Materials with a minimum of 20% U.S. content might qualify for reduced tariffs, yet many contractors must assess their exposure individually for each project. Becker cautioned against attempting to circumvent tariffs by routing goods through third countries without significant processing, describing such actions as customs fraud. He added that the origin of products is assessed under the legal standard of substantial transformation, an evaluation that is highly case-specific.

To mitigate tariff impacts, some contractors are considering strategies such as using customs bonded warehouses or foreign trade zones, which allow the storage of imported goods without immediate payment of duties until the materials are deployed. Such strategic planning is becoming increasingly vital as federal trade and tax policies continue to evolve.

The repercussions of this shifting landscape were also felt by International Recycling Group (IRG), which abandoned a $300 million recycling plant project in Pennsylvania. The company cited the Trump administration’s tariffs and the Department of Energy’s refusal to issue a $182 million loan as significant reasons behind the decision. IRG’s Co-founder and CEO Mitch Hecht expressed his disappointment, stating, “I am personally devastated after 18 years of working to bring this vision to a reality that we have failed to overcome these challenges,” as reported in Utility Dive.

These developments illustrate a mixed picture within the construction and manufacturing sectors, where a few companies are advancing with significant investments, while many others grapple with uncertainties stemming from evolving tariff policies, tax credit adjustments, and funding difficulties. The construction industry continues to adapt in an environment marked by fluctuating trade regulations and economic considerations.

Source: [Noah Wire Services](https://www.noahwire.com)

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