

Manufacturing After the 2026 Midterms: What Business Leaders Should Know

Nov 10, 2026

Categories:

Federal Lobbying & Public Policy
Presidential Administration Impacts
Publications

Authors:

David J. Pascrell
Trey Grayson
Alexandra C. Hayes

The 2026 midterm elections delivered one of Washington's most significant political realignments in nearly a decade. Democrats reclaimed control of the House and mounted a stronger-than-expected Senate performance, reshaping the congressional landscape heading into the final two years of President Trump's term. For manufacturers, however, the election results may be less important than the issues driving them.

The voters who reshaped Congress did so largely over concerns about affordability, inflation, healthcare costs, energy prices, and economic uncertainty. Those same concerns now sit at the center of the manufacturing agenda. While election outcomes affect committee leadership, oversight policies, and the discourse around policymaking, the most significant challenges facing manufacturers remain consistent: trade policy, energy availability, workforce constraints, technological disruption, and regulatory uncertainty.

For manufacturers, the critical question is no longer who won on Election Day. The question is how the new political environment will influence the operating conditions that determine manufacturers' competitiveness, profitability, and future investment decisions.

Washington Will Generate More Oversight Than Legislation

The most immediate consequence of the midterm results won't necessarily be a wave of new laws. Instead, House committees will likely devote significant attention to tariff policy, labor practices, environmental enforcement, industrial incentives, energy policy, and the administration's use of executive authority. Industries that benefited from tariffs, reshoring incentives, infrastructure spending, or regulatory changes may find themselves subject to hearings, investigations, information requests, and public scrutiny.

2026 FBT Gibbons LLP. All rights reserved. ADVERTISING MATERIAL.

FBT Gibbons

This means manufacturers need to think beyond compliance and begin preparing for visibility. Companies should understand how they would explain:

- The impact of tariffs on pricing and employment
- Commitments regarding reshoring and domestic investment
- Public claims surrounding sustainability and emissions reductions
- Artificial intelligence (AI) deployment and workforce impacts
- Use of federal grants, incentives, or tax benefits

Trade Remains the Biggest Wild Card

Tariffs remain one of the largest sources of uncertainty for the manufacturing sector. While intended to strengthen domestic production, tariffs can increase the cost of imported components, machinery, and raw materials. Domestic suppliers often raise prices in response, creating cost pressures throughout the production chain that could contribute to broader affordability challenges.

Manufacturers have spent the past several years adapting through supplier diversification, inventory management, and reshoring initiatives. Those efforts are likely to continue regardless of the Democratic control of Congress.

One area to watch is growing bipartisan interest in congressional oversight of tariff authority. Lawmakers from both parties have raised concerns about the concentration of trade authority within the executive branch, creating the possibility of future reforms aimed at increasing congressional involvement in trade decisions.

Energy Has Become a Competitive Advantage

Reliable and affordable power is rapidly becoming a critical differentiator in manufacturing site selection and expansion decisions. Demand growth from data centers, AI infrastructure, electrification, and advanced manufacturing are placing increased pressure on utility systems throughout the country.

2026 FBT Gibbons LLP. All rights reserved. ADVERTISING MATERIAL.

Manufacturers evaluating new investments should look beyond tax incentives and consider:

- Utility rates
- Interconnection timelines
- Transmission constraints
- Reliability risks
- State permitting processes
- Community acceptance of new projects

In many cases, access to power at the state level may prove more important than federal policy changes when determining where new production capacity is located. As a result, energy policy is increasingly becoming manufacturing policy.

Workforce Pressures Continue to Challenge Growth

While immigration dominated much of the national political conversation during the campaign, manufacturers continue to face a broader workforce challenge. Labor shortages persist across skilled trades, advanced manufacturing, logistics, and technical occupations. At the same time, rising healthcare costs, housing affordability issues, and childcare expenses continue to affect recruitment and retention.

Although federal action may be limited, states are increasingly pursuing their own approaches to workforce development, training programs, paid leave requirements, childcare initiatives, and labor regulations. As a result, workforce strategy is becoming more geographically dependent. For manufacturers operating in multiple states, understanding these diverging policies will be essential to maintaining a competitive labor strategy.

The conversation is also evolving beyond labor availability toward workforce transformation. As AI and automation become more deeply integrated into manufacturing operations, policymakers are placing greater emphasis on workforce retraining, apprenticeship programs, and skills development initiatives. The challenge for

2026 FBT Gibbons LLP. All rights reserved. ADVERTISING MATERIAL.

manufacturers is not simply finding workers, but ensuring workers are prepared for workplaces increasingly driven by new technology. The companies that successfully integrate workforce development into their technology strategy will be better positioned to remain competitive.

AI May Be Regulated in 50 Different Ways

Despite growing attention to AI, comprehensive federal legislation remains unlikely in the near term. Instead, manufacturers should prepare for a rapidly expanding patchwork of state laws governing privacy, automated decision-making, employee monitoring, data governance, and cybersecurity.

As manufacturers deploy AI for predictive maintenance, quality control, scheduling, logistics optimization, and factory-floor automation, governance considerations will become increasingly important. Organizations should establish clear policies regarding:

- Data ownership
- Vendor management
- Human oversight
- Safety validation
- Record retention
- Incident response procedures

The challenge is no longer whether a company will use AI. The challenge is managing AI governance while maintaining innovation and operational efficiency.

States Matter More Than Ever

Perhaps the most important lesson of the post-election environment is that many of the decisions affecting manufacturers are increasingly made outside Washington. Site selection, utility regulation, economic development incentives, environmental permitting, workforce programs, AI policy, and energy infrastructure are all heavily influenced by state governments. Governors, legislatures, utility commissions, attorneys general, and local governments often have more direct influence on manufacturing

2026 FBT Gibbons LLP. All rights reserved. ADVERTISING MATERIAL.

operations than Congress.

This trend is particularly significant as states pursue different economic strategies. Some are investing aggressively in advanced manufacturing, energy infrastructure, and workforce training. Others are focusing on environmental initiatives, technology regulations, or restrictions on large-scale industrial development. For manufacturers, this means political analysis should begin with the states and communities where facilities operate or where investment decisions are being considered.

Looking Ahead

The 2026 midterm elections changed the political map, but they did not fundamentally alter the challenges facing manufacturers. New committee chairs, shifting congressional priorities, and heightened oversight will influence policy debates over the next two years. But for manufacturers, the fundamentals remain largely unchanged.

Trade policy uncertainty continues to affect costs. Energy availability is becoming a defining competitive issue. Workforce shortages persist. AI is creating both enormous opportunities and complex regulatory questions. And states are playing an influential role in deciding how businesses operate and grow.

The manufacturers best positioned for success in 2027 will be those that focus less on predicting political outcomes and more on preparing for multiple scenarios. Building resilient supply chains, maintaining flexibility in contracts and sourcing strategies, investing in workforce development, and closely tracking state-level policy developments are likely to deliver greater value than trying to guess the next twist in Washington. In an era of political volatility, operational readiness remains the most reliable competitive advantage.

For additional information on manufacturing policy, please contact the authors or any attorney in FBT Gibbons' Lobbying & Public Policy practice group.

© 2026 FBT Gibbons LLP. May be considered attorney advertising in some jurisdictions.

2026 FBT Gibbons LLP. All rights reserved. ADVERTISING MATERIAL.

FBT Gibbons