

US trade**US manufacturers struggle to benefit from Trump's
tariffs**

Call for US-made goods seems to boost demand but trade deals may undercut pricing

Sun Yu in New York

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Michelle Feinberg is betting on immigrant workers from Brooklyn's Chinatown and homeless shelters — not Donald Trump's tariff war — to kick-start her newly launched personal protective equipment factory in New York.

The 53-year-old founder of New York Embroidery Studio, a fashion contract manufacturer, has built a 300-person workforce — including dozens of Latino immigrants living in shelters and more than 200 first-generation Chinese women — to produce everything from isolation gowns to Navy working uniforms for the federal government.

Feinberg welcomes Trump's tariff hikes, which have "immediately" led to "two to three calls a day" from private clients even as NYES continues to rely overwhelmingly on government contracts that will run out by 2027.

Yet she worries that her PPE business may not survive beyond that date as the uncertain outlook for the trade war complicates efforts to break into the commercial market.

The struggle by NYES to stay afloat underscores the challenges faced by the Trump administration to revive US manufacturing through the biggest trade war in decades.

While tariff hikes are supposed to benefit domestic PPE makers known for their razor-thin margins, a host of uncertainties — from labour shortages to future import duties — may prevent the industry from reaping the intended gains.

"If Trump really wants to build a strong manufacturing sector, you'd need steady, established tariffs that don't change on a whim," said Eswar Prasad, a professor of trade policy at Cornell University.

"You'd also need more stable government procurement and immigration policies that make it easier to secure the inputs manufacturers need. On all of those dimensions, we're seeing a lot of volatility and uncertainty."



Feinberg welcomes Trump's tariff hikes, which have 'immediately' led to 'two to three calls a day' from private clients © Sasha Maslov/FT

Few industries carry as much symbolic importance as PPE when the US grappled with a severe shortage during Covid outbreak due to a suspension of imports from China. The crisis prompted the Biden administration to pass legislation in 2021 requiring federal agencies to stockpile PPE by purchasing from domestic factories.

Feinberg seized the opportunity after the pandemic put her fashion business under stress. She has won multiple contracts for isolation and surgical gowns, worth more than \$100mn, from the US military and the Department of Health and Human Services and National Institutes of Health.

Manufacturing labour, already in short supply across the US, poses a major challenge for NYES that struggles to compete with Chinese counterparts with significantly lower wages.

Feinberg sought to address the problem by setting up her factory in Sunset Park, a neighbourhood with a large Chinese immigrant population that created “a giant labour pool” for NYES.

The strategy paid off as more than two-thirds of workers at NYES are Chinese immigrant women who lack English language proficiency and professional skills to secure other jobs.

“It is very difficult to find a job,” said Vicky Yan, a Chinese packaging worker who joined NYES in December after being unemployed for three years, “I came across this opportunity and I took it.”

Another solution to the labour shortage is to hire immigrant workers from homeless shelters. NYES has since April recruited 27 people from shelters across the city and plans to increase that number to 150 next year.

“Manufacturing has always been an immigrant game,” said Mike Saxon, NYES’ general manager. “A lot of people who are in shelters are legal to work and they are happy to work in a factory and have a steady job.”

Polina, a 33-year-old single mother from Venezuela, said she joined NYES as an embroidery machine operator in early April after living in a shelter in Long Island City, a New York neighbourhood, for more than six months.

“I didn’t have any single skill when I came here,” said Polina, who makes the New York minimum wage of \$16.50 an hour. “I learned on the job.”

NYES has since April recruited 27 people from shelters across the city and plans to increase that number to 150 next year © Sasha Maslov/FT

Feinberg has mixed feelings about Trump's trade war. The imposition of 145 per cent tariffs against Chinese goods last month, she said, would bring NYES to "within spitting distance of an import price." Yet uncertainties over the outcome of the US-China trade negotiations have made it difficult for her to commit.

"If the tariffs are at 145 per cent and we know they are going to stay at 145 per cent, we will make one set of investments," she said. "If it goes to 25 per cent, that is a different set of investments."

Many US manufacturers across industries are facing a similar challenge as they struggle to make business plans amid the tariff war. Carl Porter, president of WGN Flag & Decorating Co. in Chicago, said the trade tensions have created "mass confusion" that prevented him from planning on price adjustments or making new hires.

"Everything that Trump says is that we're going to have these big tariffs. Now we're going to have no tariffs. Now we've got a deal. Now we don't have a deal, this was a terrible day," said Porter. "We just don't know what to expect and when to expect it."

A bigger problem is whether tariff hikes will enable NYES to expand into the more lucrative commercial market once its government contracts expire in two years.

Feinberg said while trade war had "jump-started" her conversation with private clients, "everyone is waiting to see where we settle".

Analysts are cautious about NYES' outlook. Sanjiv Bhaskar, vice-president of research in PPE at Frost & Sullivan, a Texas-based consultancy, said Chinese PPE makers, which account for more than half of the US market, will continue to undercut their American competitors even after the tariff hikes.

“You need to create an entire ecosystem for the PPE industry to become cost competitive and it takes time for the US to build one,” said Bhaskar.

NYES’ growing reliance on foreign workers from shelters, many of whom entered the US without proper documentation, has also raised concerns following Trump’s crackdown on illegal immigration that triggered a surge in deportations.

“Trump administration’s policy on immigration is reducing whatever labour supply is easily accessible to these small manufacturers,” said Prasad of Cornell University.

Feinberg is aware of the risks as she is ready to fold her PPE business if commercial orders do not come in as late as next year.

“We have a very short timeframe to make it work,” she said. “Our competitive advantage is simply that we exist and can make medical PPE. This is not a durable advantage.”

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