

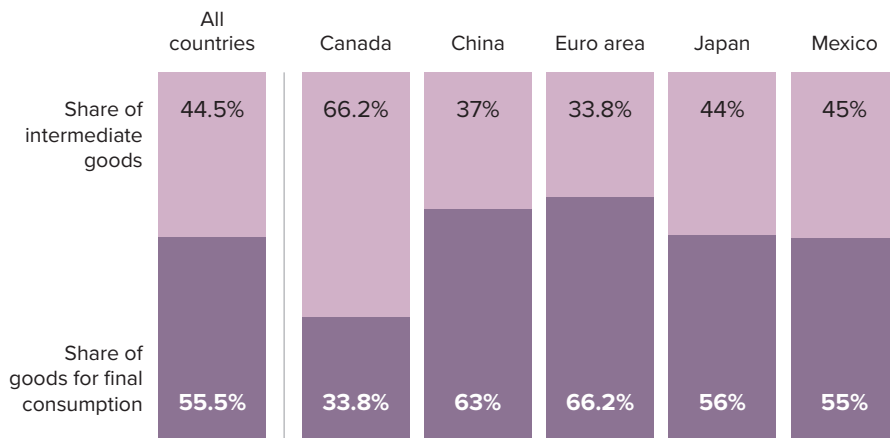
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How Spending on Imports Stays in the U.S.

Research published by the Federal Reserve Bank of San Francisco shows about 43 percent of domestic consumer spending on imported goods remains in the United States, including 56 percent of spending on imported goods from China. Tariffs on imported intermediate goods — products, such as aluminum and steel, that are used to manufacture a finished good — could have a cascading effect on the price of finished goods produced in the United States.

“The relatively sizable role of imported intermediates means that, by raising producers’ costs, tariffs could boost not only the prices of imported goods but also the prices of domestically produced goods,” the report’s authors write.

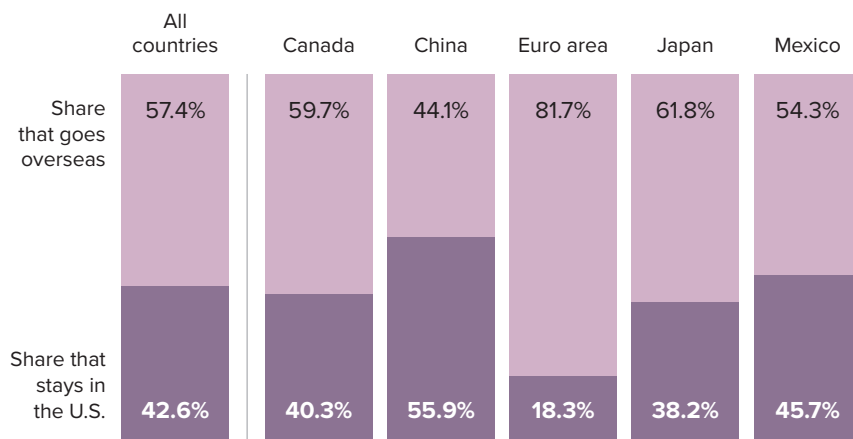
Imports of final consumption and intermediate stage goods



While many goods imported to the United States are sold directly to consumers, many are also used in the production of goods within the U.S.

Of the countries shown, Canada leads for U.S. imports of intermediate goods: 66.2 percent of imported goods from Canada are intermediate products.

Spending on imports of goods for final consumption



The report’s authors cite a 2014 study for an example of how spending on imported goods may remain in the U.S. economy: When a consumer buys a pair of \$100 Nike sneakers, \$50 of that sale is kept by the U.S. retailer selling the shoes and \$21.50 to Nike for other expenses. Ultimately, \$25 goes to the overseas factory that made the shoe and \$3.50 covers shipping.

About 43 percent of all spending on imported goods remains in the U.S. About 56 percent of spending on Chinese imports remains in the U.S., the most of the countries shown.

Source: Federal Reserve Bank of San Francisco

By Taylor Miller Thomas, POLITICO Pro DataPoint

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