

CPA Domestic Market Share Index

Data Release

Release Series: 2022Q1

For Immediate Release: August 3, 2022

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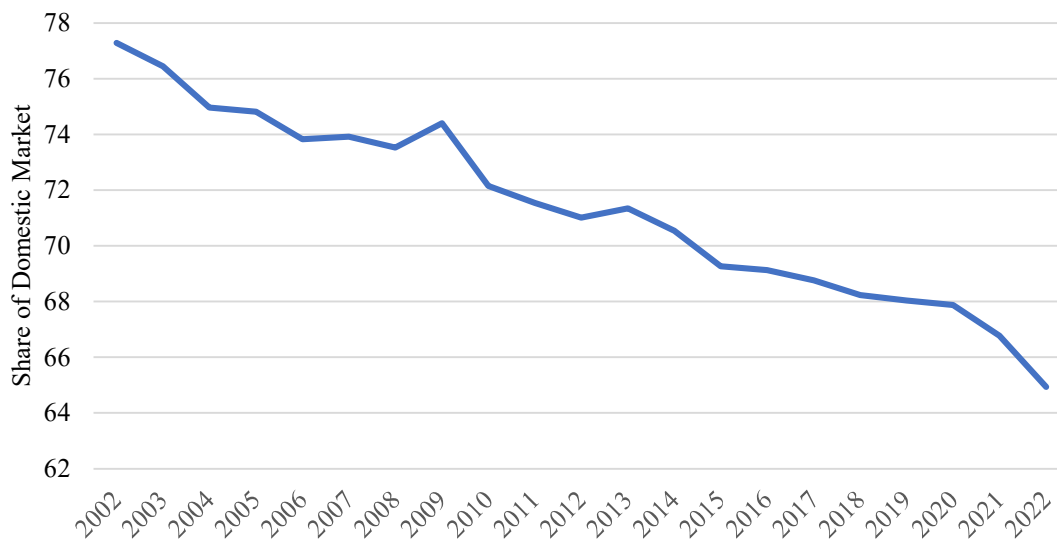
DMSI Falls to Lowest Level in Q1 2022 As U.S. Manufacturing Loses Share to Imports

The CPA Domestic Market Share Index (DMSI) fell to 64.9 in Q1 2022, down from 66.4 in the previous quarter, indicating that importers increased their share of U.S. consumption of manufactured goods in Q1 by 1.4 percentage points to 35.1%. This is the lowest domestic market share and highest import share since the beginning of the data series in 2005. The loss of domestic share in Q1 2022 was driven by notable declines in the U.S. share of chemical, computer, and machinery industries.

The CPA Domestic Market Share Index (DMSI) is a new indicator measuring the success of U.S. manufacturing producers in the U.S. home market. The U.S. market for manufactured goods is the world’s largest, worth over \$7 trillion last year. Over the past two decades, imports have gained a larger share in the U.S. market, leading to millions of lost jobs and industrial decline in many regions

On a full-year basis, the annual DMSI fell by a full percentage point from 67.9 in 2020 to 66.8 in 2021, its lowest annual level since data sources became available in 2002. The 2021 decline in domestic share, and rise in imports, was due to the shift of U.S. consumer spending in 2021 away from services and towards goods spending, including sectors where imports are dominant such as

Figure 1: U.S. Share of Domestic Manufacturing Market



Source: U.S. BLS, U.S. Census; CPA Calculations, 2022 data is for Quarter 1

The U.S. DMSI has declined by 2002 when the U.S. had 77.3% of the manufacturing base (earliest data available). Figure 1 above shows the general decline in U.S. share of manufacturing over time, a loss of over 10 percentage points equivalent to more than \$700 billion in today's dollars.

DMSI by Manufacturing Sub-Sectors

On a sectoral basis, several sub-sectors lost considerable share to imports in Q4 2021. The sectors that the U.S. lost the most share in are also the sectors the U.S. has the lowest shares of historically, indicating a near complete dominance of several U.S. markets by importers. The U.S. share of Apparel and Leather continues to fall, losing another 2 percentage points in the market to importers-- who now have 95% of the market. Computer and electronics fell by 5.3 points to 18.5, as the popularity of work-from-home, videoconferencing and video classrooms led U.S. consumers and U.S. network providers to purchase computer equipment which is predominantly imported from Asia. The U.S. share is approaching less than 50% in both the metal and chemical markets as each industry lost nearly 6 percentage points in the past quarter.

Table 1: U.S. Domestic Market Share by Sector, Change

| Sector | Latest Quarter | Previous Quarter | Full Year | Previous Year |
|--------------------------------|----------------|------------------|-----------|---------------|
| | 2022 Q1 | 2021 Q4 | 2021 | 2020 |
| Manufacturing | 64.9 | 66.4 | 66.8 | 67.9 |
| Apparel and leather | 5.2 | 7.3 | 8.1 | 9.2 |
| Chemical | 61.2 | 67.1 | 67.1 | 68.2 |
| Computer/electronics | 18.5 | 23.8 | 28.2 | 31.6 |
| Electrical equipment | 29.5 | 35.2 | 35.3 | 36.9 |
| Fabricated metals | 79.0 | 80.1 | 79.8 | 81.5 |
| Food and beverage and tobacco | 87.8 | 88.5 | 88.8 | 89.9 |
| Furniture | 51.8 | 55.6 | 54.4 | 60.0 |
| Machinery | 54.3 | 58.4 | 57.6 | 59.9 |
| Miscellaneous manufacturing | 39.4 | 42.0 | 44.3 | 50.7 |
| Motor Vehicles | 65.7 | 67.0 | 66.2 | 65.7 |
| Nonmetallic minerals | 81.5 | 81.7 | 81.9 | 84.8 |
| Other transportation equipment | 71.0 | 73.0 | 73.7 | 73.0 |
| Paper | 87.5 | 87.8 | 88.6 | 89.6 |
| Petroleum and coal | 90.8 | 90.1 | 89.1 | 89.7 |
| Plastics and rubber | 73.6 | 75.6 | 74.8 | 77.5 |
| Primary metals | 55.5 | 61.0 | 60.0 | 55.5 |
| Printing/related activities | 92.7 | 91.9 | 92.7 | 93.8 |
| Textiles | 47.1 | 49.4 | 49.5 | 44.7 |
| Wood | 77.8 | 81.8 | 79.4 | 83.2 |

Source: U.S. BLS, U.S. Census; CPA Calculations

DMSI by Sources of Imports

On an import source basis, many major nations and regions exporting manufactured goods to the U.S. increased their share of the U.S. market last in Q1 of 2022 as U.S. businesses and consumers

increased spending on industrial and consumer goods. China continued to rank first as the leading source of U.S. manufacturing imports, with a 7.3% share of the U.S. market in Q1. Ireland, Japan, and Korea's share all increased about with share gains concentrated in the chemical, motor vehicles, and electrical equipment manufacturing markets.

Table 2: Sources of U.S. Manufactured Imports with Largest U.S. Market Share

| Location | Latest Quarter <i>2022 Q1</i> | Previous Quarter <i>2021 Q4</i> | Full Year <i>2021</i> | Previous Year <i>2020</i> |
|----------------|----------------------------------|------------------------------------|--------------------------|------------------------------|
| China | 7.3 | 8.0 | 7.3 | 7.2 |
| European Union | 6.4 | 6.5 | 6.7 | 6.6 |
| Mexico | 5.3 | 5.3 | 5.3 | 5.1 |
| Canada | 3.6 | 3.7 | 3.6 | 3.4 |
| Japan | 2.0 | 1.9 | 2.0 | 2.1 |
| Germany | 1.7 | 1.9 | 2.0 | 1.9 |
| Vietnam | 1.6 | 1.6 | 1.5 | 1.4 |
| Korea | 1.5 | 1.4 | 1.5 | 1.3 |
| Taiwan | 1.2 | 1.3 | 1.2 | 1.0 |
| Ireland | 1.1 | 0.9 | 1.0 | 1.1 |

Source: U.S. BLS, U.S. Census; CPA Calculations

The CPA DMSI is based on the value of production, imports, and exports in U.S. manufactured goods. It is calculated as the inverse of the import share: $DMSI = 100 * (1 - (\text{imports} / (\text{output} + \text{imports} - \text{exports})))$. For more detailed information on the U.S. DMSI including downloadable data please see <https://prosperousamerica.org/domestic-market-share-index/>.