



Insight

The Benefits of Imports

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Discussion of trade benefits in the U.S. almost exclusively centers on the economic value of exports, neglecting a significant and important benefit of free trade—imports. Imports are often maligned as job killers, and opponents of free trade bemoan cheaply made foreign consumer goods, often specifically referring to goods made in China. However, imports provide strong economic value to the U.S. and improve the quality of life for many Americans.

Due to global supply chains, few goods and services are pure imports or pure exports. Many goods made overseas use components produced in the U.S. Similarly, many domestically produced goods contain parts imported from outside the U.S. Some imports begin as ideas in the U.S.—[60% of all U.S. merchandise exports came from IP-intensive industries in 2012](#).

Even assuming an import was created entirely in another country, the retail price paid does not go directly to the country that produced the good. The retail price of an import gets spread around to the many domestic companies that transported, marketed, and sold that imported good. It is this economic activity that drives job creation in the United States from imports.

A [2011 study by the Federal Reserve Bank of San Francisco](#) provides an excellent analysis of this process. Looking at personal consumption expenditures in the U.S., the study shows that a full 36 percent of the retail price of an imported good goes to domestic companies and workers. Looking at goods specifically from China, the share of the price that goes to U.S. companies is even higher at 55 percent.

[The Heritage Foundation performed a similar analysis](#) in 2012 that examined the number of jobs supported by imports. The study evaluated a narrow set of imports—clothing and toys from China—and found that in 2010 these imports helped support over 500,000 American jobs.

Imports have non-economic benefits, too. We rely on imports to provide fresh fruits and vegetables that we cannot produce in the U.S. or in large enough quantities—such as bananas and other tropical fruits—as well as supplementing the produce we grow domestically and providing fresh produce that is off-season. As this [USDA graphic](#) shows, we are increasingly relying on imports to meet our demand for fresh produce. The U.S. imports about 25 percent of the fresh vegetable supply each year.

Fresh produce is not the only food product imported. Wines, cheeses, coffees, and other specialty products help meet the growing demand for a variety of food choices.

Like exports, imports are economically beneficial, supporting thousands of American jobs. Additionally, imports provide consumers with choices they would not have otherwise. Failing to acknowledge these benefits allows harmful myths to persist.