

## Macro Roundup Article

**Headline:** [Hidden Exposure: Measuring U.S. Supply Chain Reliance](#)

### Article

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Author(s)	Richard Baldwin, Rebecca Freeman, and Angelos Theodorakopoulos
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**Tweet:** After accounting for Chinese inputs into industrial imports from other countries, US exposure to China in 2018 was 4x the headline level. @BaldwinRE @freeman\_reb @Angel\_\_Theo

**Summary:** US exposure to foreign supply chains is much bigger than it appears at face value, but it is not that big on the macro level. By any measure, the US buys at least 80% of all industrial inputs from domestic sources. Thus, at an aggregate level, its foreign exposure is hardly alarming. However, while this may be reassuring, it is important to note that supply chain disruptions rarely occur at the macro level. The 80% figure was not relevant when the US auto sector shuttered factories due to a lack of semiconductors, or when buying home office electronics became problematic due to a demand surge and logistic snarls. Taking account of the Chinese inputs into all the inputs that American manufacturers buy from other foreign suppliers – what we call look through exposure – we see that US exposure to China is almost four times larger than it appears to be at face value. Related: [Setser On Rumors Of Decoupling and How America Is Failing To Break Up With China](#) and [US-China Trade is Close to a Record, Defying Talk of Decoupling](#)

**Primary Topic:** Trade (not deficits)

**Topics:** Academic paper, Database, GDP, Trade (not deficits), Weekly

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