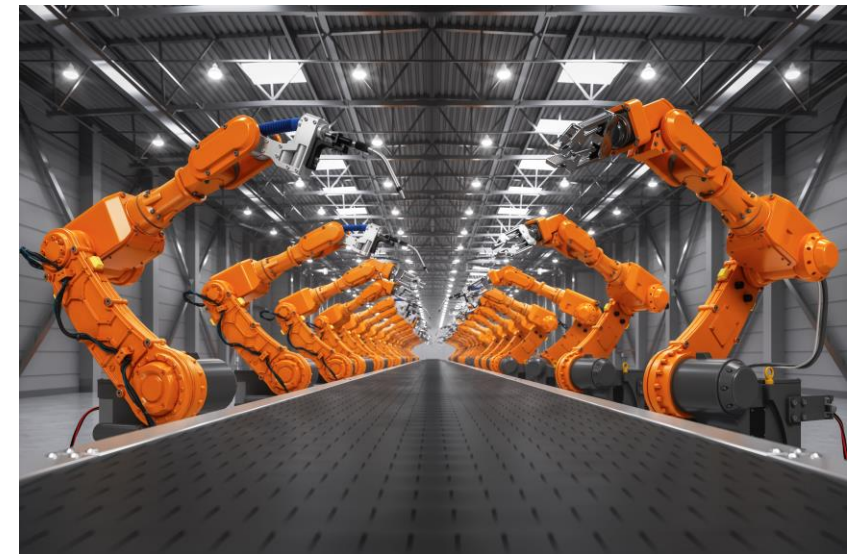
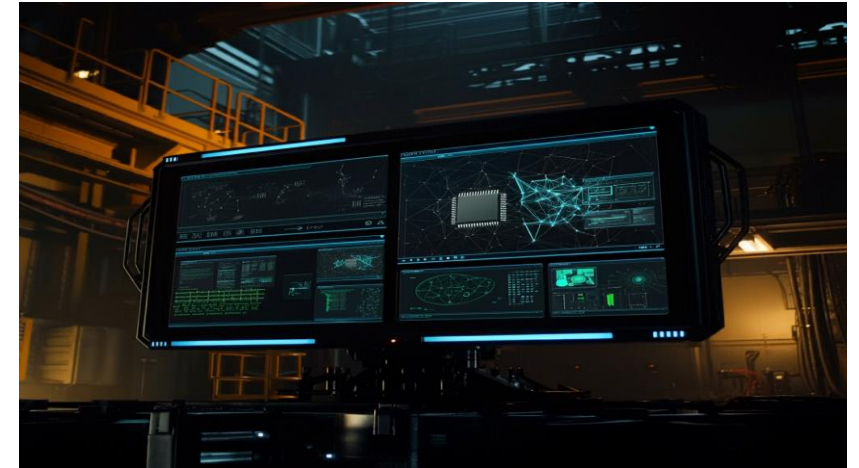
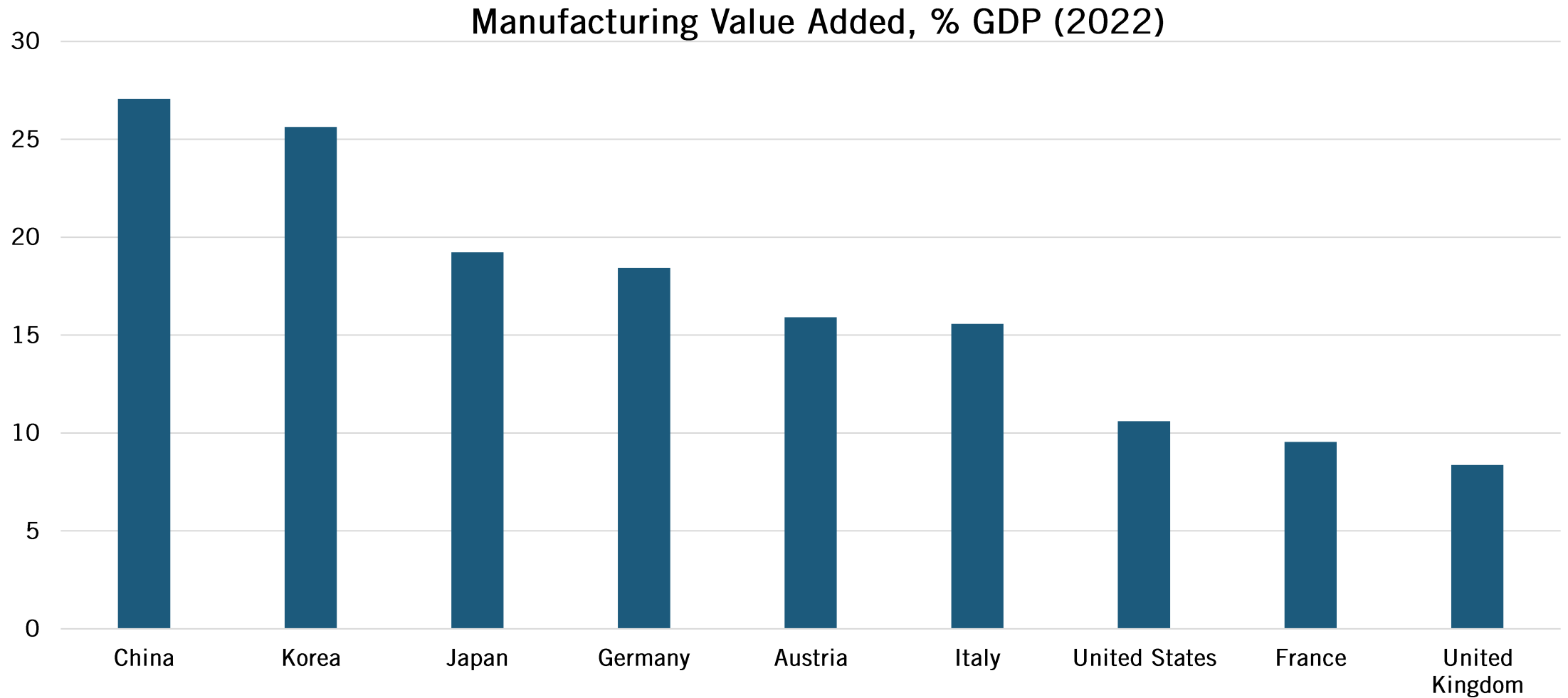


U.S. Labor Manufacturing Productivity Faltering

2014-2023	2004-2013	Manufacturing Sectors
15%	-46%	Apparel
-38%	6%	Beverages and tobacco products
-13%	14%	Chemicals
1%	52%	Computer and electronic products
-10%	11%	Electrical equipment and appliances
-3%	5%	Fabricated metal products
-7%	4%	Food manufacturing
-10%	9%	Furniture and related products
4%	34%	Leather and allied products
-11%	13%	Machinery
-5%	20%	Manufacturing sector
-8%	19%	Miscellaneous Manufacturing
-3%	-1%	Nonmetallic mineral products
-9%	8%	Paper and paper products
7%	9%	Petroleum and coal products
-6%	2%	Plastics and rubber products
-23%	29%	Primary metals
1%	16%	Printing and related support activities
-14%	24%	Textile mills
-12%	-6%	Textile product mills
-15%	20%	Transportation equipment
-11%	14%	Wood products



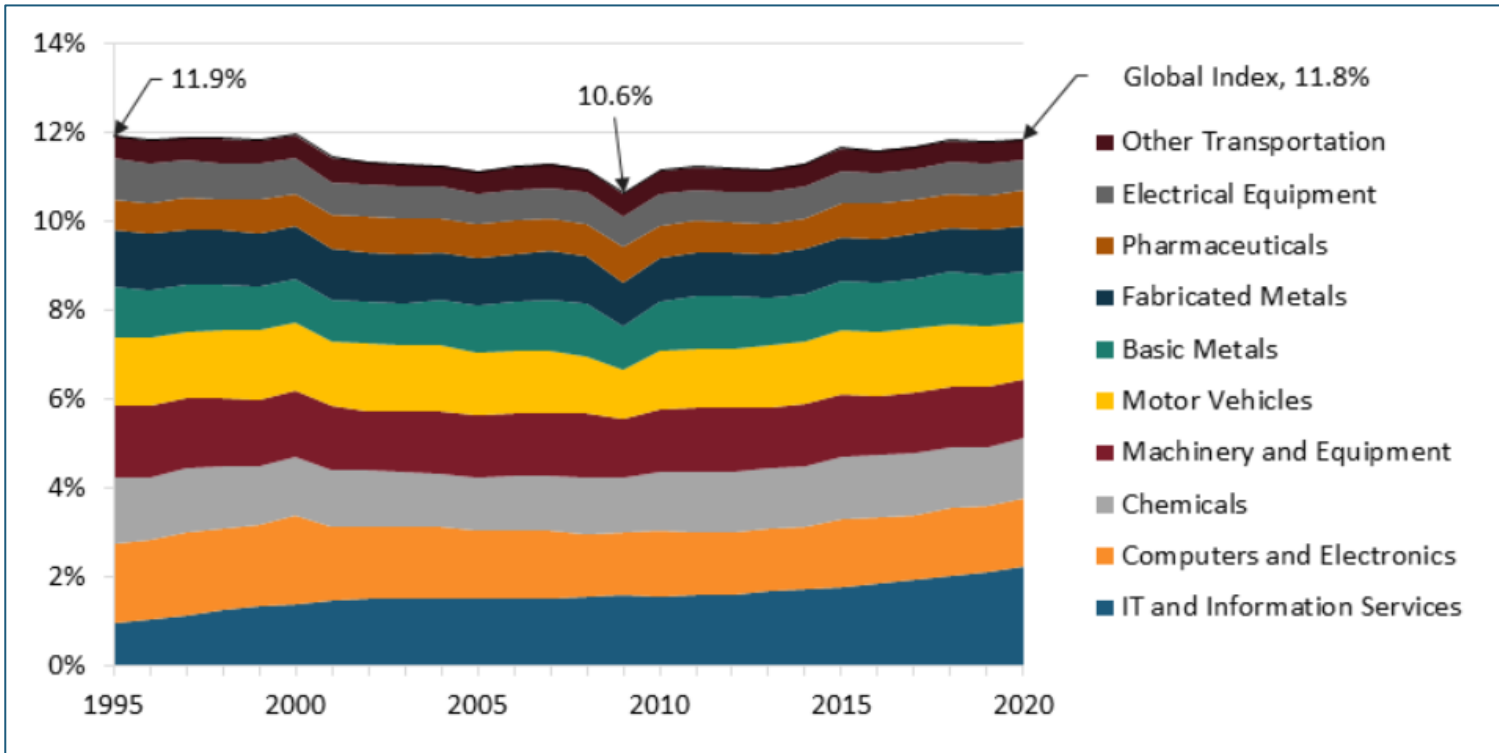
Other Countries More Manufacturing Intensive



Source: The World Bank, National Accounts Data (Manufacturing, value added (% of GDP)); accessed September 2024). (Note: U.S. data 2021)

ITIF's "The Hamilton Index, 2023" Report

Examines 40 countries' "location quotients." An industry's share of a country's economy divided by the global industry's share of the global economy.



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The Hamilton Index, 2023: China Is Running Away With Strategic Industries

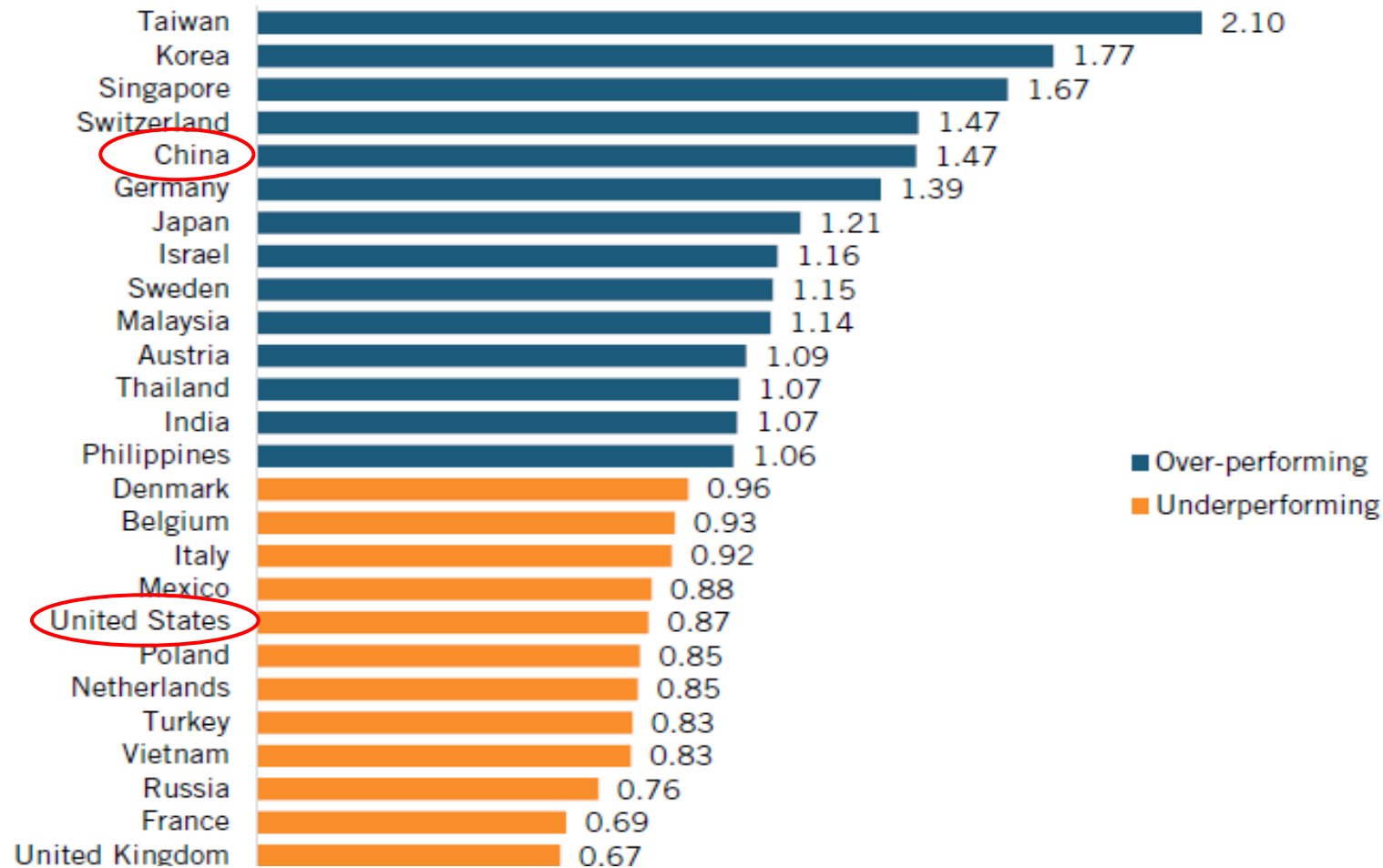
ROBERT D. ATKINSON AND IAN TUFTS | DECEMBER 2023

China now dominates the strategically important industries in ITIF's Hamilton Index, producing more than any other nation in absolute terms and more than all but a few others in relative terms. Its gains are coming at the expense of the United States and other G7 and OECD economies, and time is running short for policymakers to mount an industrial comeback.

KEY TAKEAWAYS

- As of 2020, China was the leading producer in seven of the ten strategically important industries in ITIF's Hamilton Index. Overall, China was producing more than any other nation—and more than all other nations outside of the top 10 combined.
- Hamilton Index industries accounted for approximately the same share of the global economy in 2020 (11.8 percent) as in 1995 (11.9 percent), underscoring how the race for global advantage in these industries is a zero-sum competition.
- China's gains have come at the expense of the United States and other G7 and OECD economies. From 1995 to 2020, China also captured more than 80 percent of non-OECD countries' gains.
- China is 70 percent more specialized than America in advanced industries. To match China's specialization, U.S. output would have to expand by \$1.5 trillion (69 percent), which would require doubling output from all Hamilton industries except IT services.
- Time is running short to turn around U.S. advanced industry fortunes. The 2020s are likely to be the decisive decade because once China captures sufficient global market share, U.S. and allied nations' production risks being permanently weakened.
- Congress should make closing this massive advanced-industry output gap its overarching economic policy goal, including through tax, trade, and other elements of a comprehensively focused national industry strategy.

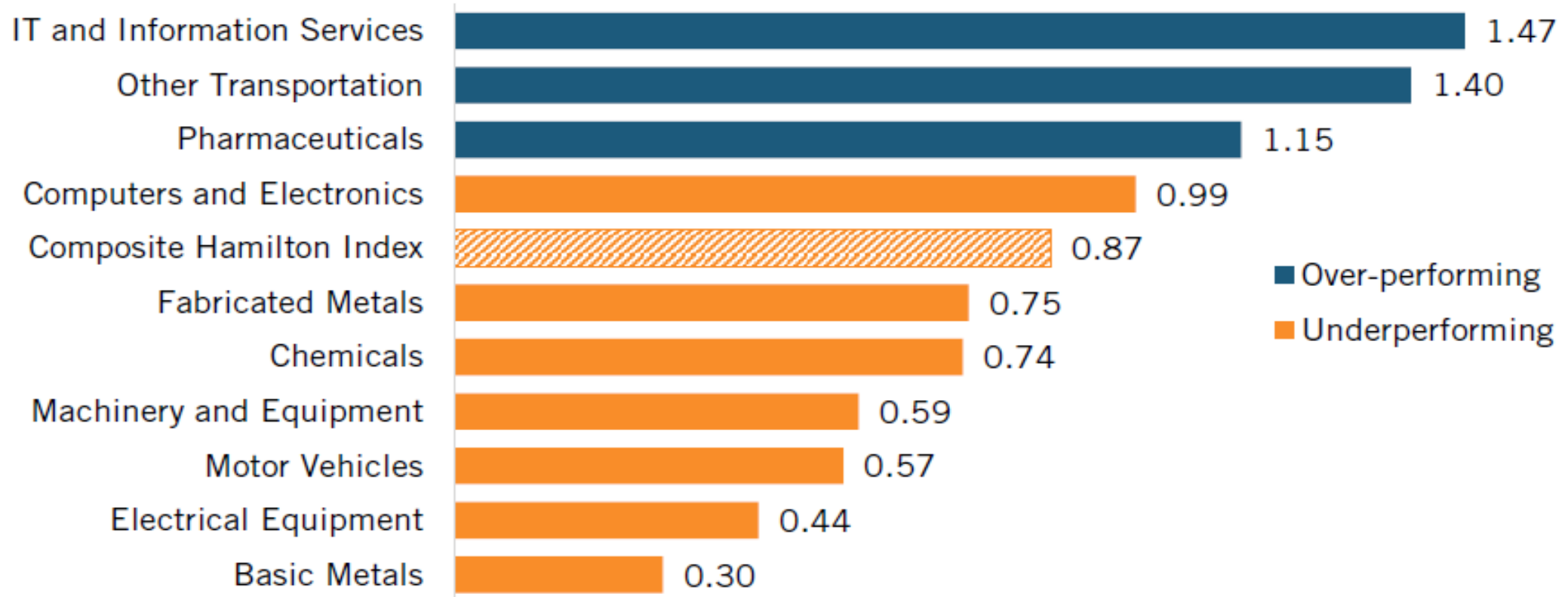
Countries' Relative National Performance in the Hamilton Index



Source: ITIF, "The Hamilton Index, 2023: China Is Running Away With Strategic Industries"

U.S. Hamilton Index Performance

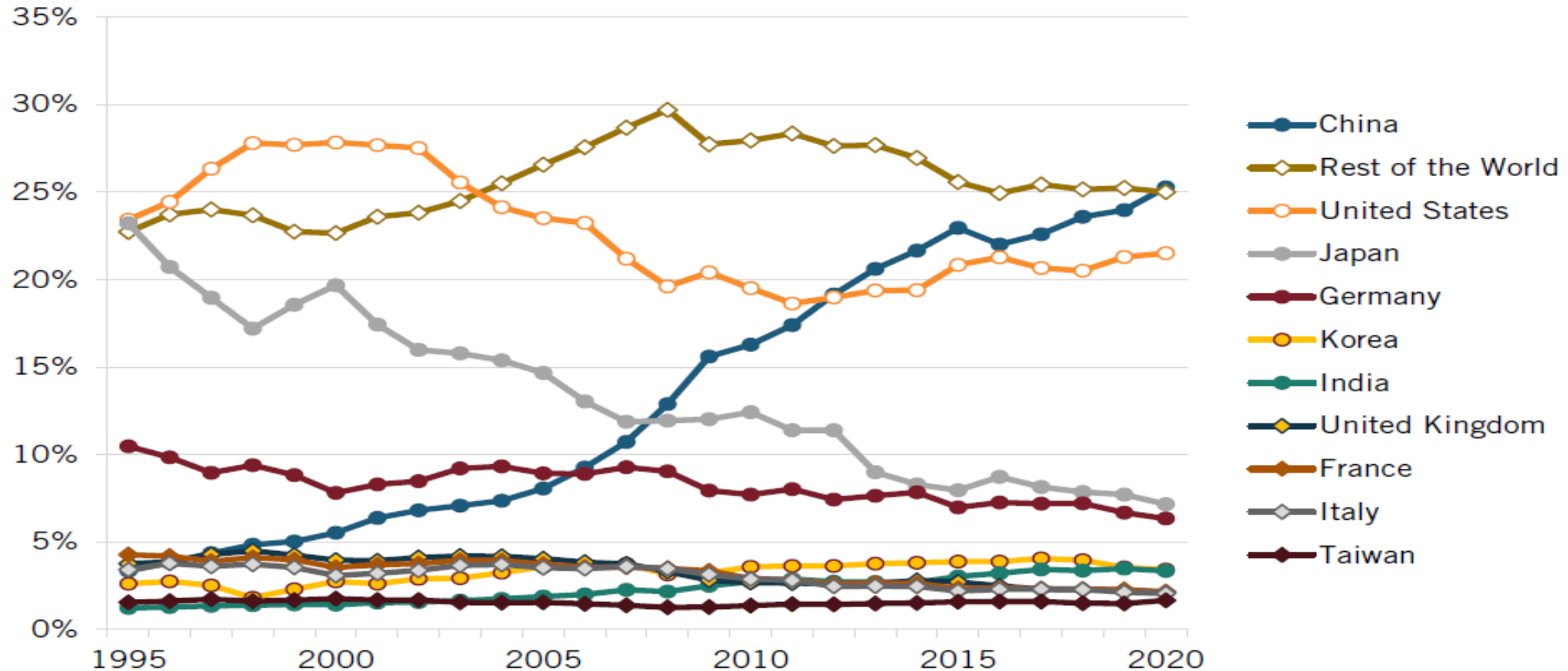
America's Relative Performance in Hamilton Index Industries (LQ 2020)



Source: ITIF, "The Hamilton Index, 2023: China Is Running Away With Strategic Industries"

China's Growth In These "Hamilton Industries" Extraordinary

Top Ten Producers' Share of Global Output in Hamilton Industries, 1995-2020



Source: ITIF, "The Hamilton Index, 2023: China Is Running Away With Strategic Industries"

Policy Responses

- ✓ Expand Manufacturing USA
- ✓ Triple the research and experimentation tax credit
- ✓ Institute a 7-year, 25 percent investment tax credit
- ✓ Restore first-year expensing
- ✓ Establish a national industrial development bank
- **Read more at itif.org**

