

Emerging Markets Finance and Trade >

Volume 54, 2018 - [Issue 7](#)

29,509 Views

176 CrossRef citations to date

11 Altmetric

Regular Articles

# Economic Impacts of the Possible China-US Trade War

Chunding Li, Chuantian He & Chuangwei Lin 

Pages 1557-1577 | Accepted author version posted online: 22 Mar 2018, Published online: 22 Mar 2018

 Cite this article

 <https://doi.org/10.1080/1540496X.2018.1446131>



Sample our  
Economics, Finance,  
Business & Industry Journals  
>> **Sign in here** to start your access  
to the latest two volumes for 14 days

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

Share

## ABSTRACT

This article uses a multi-country global general equilibrium (GE) model to numerically simulate the effects of possible China-US trade wars. We introduce an endogenous trade imbalance structure with trade cost into the model which helps to explore both tariff and non-tariff trade war effects. Our simulation results show that China will be significantly hurt by the China-US trade war, but negative impacts are affordable. The US can gain under unilateral sanction measures to China, but will lose if China takes retaliation measures. Comparing the effects under mutual trade war, China will lose more than the US. Introducing non-tariff barrier trade wars will intensify the negative effects, and comparatively negative effects to China are larger than to the US. Mexico's involvement in trade war with the US will strengthen the negative effects and comparatively hurt the US more. Under non-cooperative and cooperative Nash bargaining equilibrium, the US can gain more than China in trade war negotiation,

which means the US has stronger bargaining power than China. Additionally, trade wars between China and the US will hurt most countries and the world especially in GDP and manufacturing employment, but benefit their welfare and trade.

KEY WORDS:

China numerical general equilibrium trade war, U.S.

JEL CLASSIFICATION:

F51 C68 F13

## Notes

1. Data are from UN Comtrade database.
2. This border wall effects can be described as increased non-tariff barriers (NTB), and can use NTB change to explore this impact (Bergeijk [2014a](#), [2014b](#)).

## Additional information

### Funding

We are grateful to the Chinese National Social Science Foundation's major project "Constructing the Comprehensive Opening UP Pattern of Forming Land-Sea Type Internal and External Linkage, and East-West Type Two-Way Opening" (15ZDC017) for financial support.

### Related research

People also read

Recommended articles

Cited by  
176

[Understanding the U.S.-China Trade War >](#)

Tao Liu et al.

---

[Understanding the China-US trade war: causes, economic impact, and the worst-case scenario >](#)

---

Terence Tai Leung Chong et al.  
Economic and Political Studies  
Published online: 10 May 2019

---

[An analysis of the China-US trade war through the lens of the trade literature >](#)

---

Larry D. Qiu et al.  
Economic and Political Studies  
Published online: 9 May 2019

[View more](#)

## Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

## Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

## Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

## Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

## Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954  
5 Howick Place | London | SW1P 1WG



**Taylor & Francis**  
by informa