



Emerging Markets Finance and Trade >

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

28,868 161

Views

CrossRef citations to date

7

Altmetric

Regular Articles

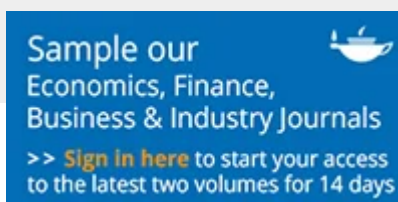
# Economic Impacts of the Possible China-US Trade War

Chunding Li, Chuantian He & Chuangwei Lin

Pages 1557-1577 | Published online: 22 Mar 2018

Cite this article

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



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 161
------------------	----------------------	-----------------

## 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 © 2025 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)

 **Taylor & Francis Group**  
an informa business

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