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Trump's trade attack on China – who laughs last?

by Gabriel Felbermayr and Marina Steininger

This policy brief uses a modern general equilibrium trade model to simulate the effects of the Chinese-American trade dispute. It finds that the tariffs and counter-tariffs implemented as of today cost the US €2.6 billion and China €5.7 billion of GDP. Both economies lose, but China loses absolutely and relatively much more. Europe, in contrast, could register a GDP gain of €345 million. Chinese exports to the US go down by €52.1 billion, while US exports to China fall by €37.1 billion, so the US trade balance slightly improves.

A full-blown tariff war, where both parties tax all imports by additional 25%, would lower US GDP by € 9.5 billion and Chinese GDP by €30.4 billion. If the objective of President Trump is to use trade policy to increase the economic distance with China, an escalation helps.

Such a trade war would increase value added in the US manufacturing sector by 0.6% while the agri-food sector would shrink by 1.22%. In China, manufacturing would decline by 0.8%. Chinese exports to the US would fall by a whopping €171.3 billion, while US exports to China would contract by €51.0 billion. So, the bilateral trade balance of the US with China improves; however, with the EU it deteriorates.

Hence, while Europe may benefit slightly from trade diversion effects, its trade surplus with the US becomes even larger – foreboding further transatlantic conflict.

The dispute about trade related issues between China and the US dates back to times when Trump most likely did not even think about becoming the next president of the United States. Under President Barack Obama, China was challenged 16 times on issues including harmful dumping of products onto the US market, export restrictions on raw earths, overcapacities in the solar panel and steel industries, and regarding illegal taxes on American steel and cars. But the approach to solving these issues was quite different from the most recent trade dispute. Barack Obama supported a

multilateral trade agreement, including rules about state-owned enterprises, currency manipulation issues and new guidelines on environmental and labor standards.[1]

Trump's strategy clearly deviates from his predecessor's. It began in late 2017, when the US trade commission publicly expressed concerns that imports of washing machines and solar panels from China damage US industries. The Sino-American trade dispute then escalated quickly in 2018 and China and the US found themselves in a spiral of never-ending tariff threats. A first constructive breakthrough was reached when both presidents declared a 90-day "ceasefire" on December 1st. Until March 1st, the US will not impose higher tariffs on Chinese imports, worth 200 billion USD. But despite these first signs of a more constructive Sino-American dialogue, the ongoing trade dispute remains largely unresolved. The US and China still have major differences to overcome.

After three days of negotiations in Beijing, China's trade ministry stated that the talks increased mutual understanding and created a basis to address the concerns of both sides. The Office of the American Trade Representative substantiated the need of an agreement that satisfies both economies. The Sino-American trade relations should be fair, reciprocal and balanced to reach a long-term equilibrium concerning issues, such as forced technology transfer, protection of intellectual property, non-tariff barriers, cyber-attacks and cyber theft of trade secrets. According to a statement of the US Trade Representative, China supposedly ensures to buy "significant quantities" of products from US agriculture, manufacturing and the energy sector and allows more services trade. Progress has also been made on topics, such as additional imports and the opening of China's market to U.S. capital. The Wall Street Journal states that the negotiations about additional imports and the opening of the Chinese market for US-capital advanced. But differences over more complicated issues, such as protection of intellectual property or subsidies to Chinese state-owned enterprises remained unresolved. China's Ministry of Commerce (MOC) reported that consultations on structural trade issues progressed. The MOC's spokesperson, Gao Feng, stated that the exchange of views was "broad, deep and meticulous". China will,

[1] The multilateral agreement, called the Trans-Pacific Partnership Agreement, initially excluded China, but the hope existed that China would eventually join.

for instance, open the market for five additional genetically modified grains, which was demanded by the US for several years.

This EconPol policy brief offers a quantitative analysis of the potential effects of the US-China trade dispute. China and the US are currently in the process of negotiating an exit from the escalation spiral set in motion last year. We quantify the consequences of different trade dispute measures for the United States, China, the EU28 and the rest of the world. How will this play out in the modern world of fragmented global value chains, and what are the stakes? Does this conflict matter for outsiders? How much of the global downturn in economic activity can be plausibly explained by the trade conflict? This report sheds light on these questions.

Quantification of the trade dispute

The analysis is based on Aichele et al. (2014) und Aichele et al. (2016) and simulates two types of counterfactual scenarios. The first set of scenarios quantifies the effects of tariff measures that the US and China have already imposed. The second set of scenarios quantifies the consequences of further potential trade escalations. The first four scenarios (S1a to S4a) include different stages of unilateral US-tariff increases on Chinese products. The remaining four scenarios (S1b to S4b) additionally model different retaliation measures of China on US-products. Scenario 2b replicates the current trade dispute. The simulation analysis provides us with general equilibrium consistent effects on real income (i.e., GDP), bilateral trade, and sectoral value-added for the US, China and the EU28. The quantitative framework accounts for national and international production networks by incorporating a global input-output table. The analysis covers more than 90 percent of global value-added and trade. The main channels of the protectionist measures and their potential global impact can be analyzed.

We study the following scenarios based on unilateral actions by the US in goods trade.

Scenario 1a
25% tariff on 10% of US imports from China, worth ~50 billion USD (in place as of Feb 2019).
Scenario 2a
as Scenario 1a; plus a 10% tariff on 40% of US imports from China, worth ~200 billion USD (in place as of Feb 2019).
Scenario 3a
25% tariff on 50% of US imports from China, worth ~260 billion USD (threatened by US).
Scenario 4a
25% tariff on 100% of US imports from China, worth 520 billion USD (threatened by US).

We complement this analysis with scenarios that allow for Chinese counter measures.

Scenario 1b
As Scenario 1a, plus a 25% tariff on 40% of Chinese imports from the USA, worth ~50 billion USD (in place as of Feb 2019).
Scenario 2b
As Scenario 2a, plus a 25% tariff on 40% of Chinese imports from the USA, worth ~50 billion USD; additional 10% tariff on 50% of Chinese imports from the USA, worth 60 billion USD USD (in place as of Feb 2019).
Scenario 3b
As Scenario 3a, plus a 25% tariff on 90% of Chinese imports from the USA, worth ~100 billion USD (threatened).
Scenario 4b
25% tariff on 100% of US imports from China, worth 520 billion USD; 25% tariff on 100% of Chinese imports from the USA, worth 120 billion USD (threatened).

Economic costs

Table 1 shows the change in real income (i.e., GDP) for the US, China, the EU28 and the rest of the world. This number reflects factor income (such as wage income) as well as tariff income of the government. Scenarios 1a to 4a show that, under the assumption that China does not retaliate, the US can hope for an increase in GDP if it does not overplay its hand. The point is that unilateral US tariffs lead to an improvement of US terms-of-trade which benefits producers (but damages consumers and other users of imports) and raise US government income. Higher tariffs reduce the purchasing power of the households, which decreases the domestic consumption. But at the same time, higher import costs can lead to consumers substituting imported products with domestic products, which then increases domestic sales and decreases imports, which is the case in the scenarios (see also table 3). That gain amounts to €3.5 billion in S2a – which corresponds to the current status quo without Chinese retaliation, but turns negative when the US imposes high tariffs on all imports from China (scenario S4a). China, in contrast, loses €9.3 billion in GDP under scenario S2a; a loss, that would go up to a whopping €34 billion if the US covers all goods imports from China with tariffs of 25%.

Table 1: Change in Real Income, in Million Euro

	Change in Real Income, in Million Euro							
	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
Germany	-22	43	102	191	132	**264**	428	495
France	-3	74	103	217	9	**14**	123	193
Italy	93	108	215	352	103	**46**	239	347
Rest of EU	27	36	115	179	-12	**21**	74	149
EU28	95	260	534	939	233	**345**	864	1184
USA	**1697**	**3468**	**2864**	**-2236**	**-2911**	**-2585**	**-4032**	**-9458**
China	**-5197**	**-9298**	**-21282**	**-33749**	**-1920**	**-5698**	**-17789**	**-30350**
RoW	509	854	3083	5293	1097	**1428**	2481	5409

Source: ifo simulations. Scenario S2b models the status quo of the current trade conflict. The aggregate Rest of EU excludes Germany, Italy and France. The detailed results for all EU28 countries can be retrieved from the Appendix.

If the US overplays and imposes tariffs on intermediate goods' imports, such as in scenario 4a, it would face higher costs of domestic production. One consequence out of this is a loss of international competitiveness and a reduction of exports, which intensifies the negative effects on real income. It explains why the change in real income deteriorates from scenario 2a, 3a to 4a – even without retaliating measures of China. Additional effects, such as the deterioration of consumer or business confidence, for instance through increased uncertainty, could exacerbate the negative impact, but are not captured in our simulations. China's retaliating tariffs, however, then turn the American plus into losses of €2.6 billion, while China's loss narrows to €5.7 billion (see scenario S2b, the representation of the current status quo of the US-China trade conflict). Thus, Chinese real income is still shrinking about twice as much as that of the US.

The various scenarios have marginal effects on global economic activity only. However, a trade dispute escalation could have potentially larger global effects. The EU28 can be seen as the winner of this spiral of tariff increases; even though the gains are very small. Germany is the main country benefitting in the EU28. These effects are driven by the increase in EU28's exports towards the US and China. One should be aware that this analysis does not cover all relevant channels through which the trade conflict affects economic activity. But it does suggest that the trade dispute alone can only explain the current downturn of the global economy to a certain extent.

Table 2 shows the sectoral value-added changes of the USA, China and the EU28. Both the US and China will be confronted with a decrease in value-added in all scenarios. The negative extent increases in the number of products hit by a tariff increase (S1a to S4a). US value-added will additionally suffer from China's countervailing tariff increases (S1b to S4b). Similar to this trend, the Chinese value-added would be hit negatively when it retaliates against the USA. The tariffs that are already implemented as of today (S2b) increase US sectoral value-added in the manufacturing industry by 0.04 percent, while the agri-food sector's value-added shrinks by 0.48 percent and the services sector is confronted with a decrease of 0.04 percent. These trends increase with the extent of the retaliation scenario (S3b and S4b).

Table 2: Change in Sectoral Value-added, in Percent

	Change in Sectoral Value-added, in Percent							
USA	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
Manufacturing	0.09	0.21	0.42	0.75	-0.06	**0.04**	0.23	0.56
Services	-0.02	-0.03	-0.08	-0.16	-0.02	**-0.04**	-0.09	-0.17
Agri-Food	-0.15	-0.29	-0.62	-0.95	-0.30	**-0.48**	-0.88	-1.22
Total	**-0.01**	**-0.02**	**-0.06**	**-0.10**	**-0.04**	**-0.05**	**-0.10**	**-0.14**

	Change in Sectoral Value-added, in Percent							
China	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
Manufacturing	-0.10	-0.18	-0.41	-0.64	-0.19	**-0.30**	-0.55	-0.78
Services	-0.02	-0.04	-0.09	-0.14	-0.05	**-0.09**	-0.15	-0.20
Agri-Food	0.05	0.09	0.18	0.26	0.10	**0.16**	0.27	0.35
Total	**-0.03**	**-0.05**	**-0.12**	**-0.19**	**-0.06**	**-0.09**	**-0.18**	**-0.25**

	Change in Sectoral Value-added, in Percent							
EU28	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
Manufacturing	-0.01	-0.01	-0.03	-0.04	0.02	**0.02**	0.02	0.00
Services	0.00	0.00	0.01	0.02	0.00	**0.00**	0.01	0.01
Agri-Food	0.00	-0.01	-0.01	-0.02	-0.01	**-0.01**	-0.02	-0.03
Total	**0.00**	**0.00**	**0.01**	**0.01**	**0.00**	**0.00**	**0.01**	**0.01**

Source: ifo simulations. Scenario S2b models the status quo of the current trade conflict. The detailed value-added effects for all EU28 member states can be retrieved from the Appendix.

Next, one can take a closer look on the changes of the trade structure. The upper part of table 3 shows the change in bilateral trade between the USA, China and EU28. The lower part of the table shows the change in domestic sales of the respective countries and the EU28. The simulations suggest negative effects on US exports towards China in all scenarios (between -€1.4 billion and €51.0 billion). The retaliation measures of China decrease the exports even further. The US exports to the EU28 also shrink, but to a much lower extent than the ones towards China (between -€0.2 billion and -€11.3 billion.) Chinese exports to the USA decrease with the intensity of the trade dispute. A similar picture is evident on the import side. Retaliation measures worsen this downturn. China partly compensates the decrease of exports to the US with new trade linkages with the EU28. The USA can compensate the decrease in exports and imports with an increase in domestic sales. But the substitution towards domestic production

provides only limited compensation because the overall effects of higher tariffs imply that the real income decreases.

Table 3: Change in Trade, in billion Euro

		Change in bilateral trade, in bn. Euro							
Exports	**Imports**	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
USA	China	-1.4	-2.6	-5.6	-8.7	-29.0	**-37.1**	-47.5	-51.0
USA	EU28	-1.9	-3.4	-7.4	-11.3	0.7	**-0.2**	-3.4	-7.4
China	EU28	2.3	4.1	9.5	15.4	0.1	**1.4**	6.0	11.6
China	USA	-25.8	-46.8	-105.6	-167.9	-30.4	**-52.1**	-110.7	-171.3
EU28	China	-2.2	-4.0	-9.1	-14.2	0.4	**-0.6**	-4.9	-10.0
EU28	USA	4.0	7.1	16.3	26.1	0.4	**2.5**	10.5	19.9

	Change in domestic sales, in bn. Euro							
	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
USA	45.2	81.0	180.7	280.2	1.3	**25.4**	110.6	207.3
China	-52.5	-94.1	-214.2	-339.3	8.6	**-16.8**	-118.1	-239.0
EU28	-1.8	-3.6	-6.5	-8.8	8.8	**9.7**	10.0	8.1

Source: ifo simulations. Scenario S2b models the status quo of the current trade conflict. The results for all EU28 member states can be retrieved from the Appendix.

The bottom line: in the status quo situation (scenario S2b) the US trade deficit in goods with China falls by about 15 billion USD (4 percent of current deficit) a full-fledged trade war, the US trade deficit in goods with China in goods goes down by some 120 billion USD (33% of current deficit).

Conclusion

China and the US are currently in the process of negotiating an exit from the escalation spiral set in motion last year. If there is no agreement by March 1st, the threat of an escalating trade dispute could hit China, the USA and third regions, such as the European Union. Our quantitative analysis of the potential effects of the Sino-American trade dispute reveals a number of insights.

First, the tariffs and counter-tariffs implemented as of today cost the US €2.6 billion and China €5.7 billion of GDP. Both economies lose, but China loses absolutely and relatively much more. Europe, in contrast, could register a GDP gain of €345 million; a positive, but statistically negligible, number. Chinese exports to the US go down by €52.1 billion, while US exports to China fall by €37.1 billion, so that the US trade balance slightly improves.

Second, a full-blown tariff war, where both parties tax all imports by additional 25%, would lower US GDP by €9.5 billion and Chinese GDP by €30.4 billion. If the objective of President Trump is to use trade policy to increase the economic distance with China, such an escalation helps. But, as is the case with every war, such a strategy comes with high costs.

Third, a full-blown trade war would increase value added in the US manufacturing sector by 0.6% while the agri-food sector would shrink by 1.22%. In China, manufacturing would decline by 0.8%. Again, Trump could hail victory as the US manufacturing sector grows while the Chinese one shrinks. Also, the bilateral trade balance of the US with China improves: Chinese exports to the US would fall by a whopping €171.3 billion, while US exports to China would contract by €51.0 billion.

Fourth, while Europe may benefit slightly from trade diversion effects, its trade surplus with the US becomes even larger – foreboding further transatlantic conflict.

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Appendix

Table A1: Change in Real Income of EU28 member states, in Million Euro

	Change in Real Income, in Million Euro							
	S1a	**S2a**	**S3a**	**S4a**	**S1b**	**S2b**	**S3b**	**S4b**
Austria	-0.07	0.07	0.49	0.84	0.62	**0.23**	0.67	1.10
Belgium	0.14	0.28	0.48	0.83	0.40	**0.91**	1.25	1.59
Bulgaria	0.01	0.03	0.09	0.15	-0.03	**-0.02**	0.03	0.09
Croatia	0.02	0.02	0.06	0.10	0.00	**0.01**	0.02	0.07
Cyprus	0.00	0.01	0.02	0.03	0.00	**0.00**	0.01	0.01
Czech Republic	0.34	0.25	0.82	1.62	0.53	**0.48**	1.08	1.78
Denmark	0.07	0.28	0.53	0.95	0.25	**0.28**	0.70	1.07
Estonia	0.00	0.01	0.02	0.03	0.00	**0.00**	0.01	0.03
Finland	0.14	0.18	0.29	0.54	0.28	**0.10**	0.42	0.53
France	-3.30	74.14	102.77	217.33	9.25	**13.58**	122.86	192.71
Germany	-21.74	42.67	102.10	190.67	131.59	**264.35**	428.02	495.47
Greece	0.31	0.51	0.86	1.36	-0.11	**0.22**	0.23	0.85
Hungary	0.18	0.39	0.91	1.37	0.16	**0.22**	1.03	1.43
Ireland	-0.14	-0.42	-1.01	-1.35	1.05	**1.18**	0.95	0.46
Italy	92.57	107.63	214.60	351.80	103.49	**46.38**	239.35	346.92
Latvia	0.00	0.01	0.02	0.03	-0.01	**0.00**	0.01	0.02
Lithuania	0.01	0.02	0.05	0.09	0.00	**0.01**	0.04	0.07
Luxembourg	-0.02	-0.04	-0.09	-0.13	0.02	**0.01**	-0.02	-0.06
Malta	0.00	0.00	0.00	0.01	0.00	**0.00**	0.00	0.00
Netherlands	1.54	2.23	6.31	11.44	2.55	**5.59**	9.29	13.80
Poland	2.90	4.12	9.38	14.79	2.51	**5.16**	7.62	12.60
Portugal	0.24	0.19	0.48	0.85	-0.19	**0.13**	0.26	0.46
Romania	0.08	0.64	1.24	1.54	0.28	**0.90**	0.93	1.77
Slovakia	0.01	0.01	0.05	0.09	0.05	**0.06**	0.15	0.18
Slovenia	0.01	0.03	0.06	0.10	0.01	**0.03**	0.05	0.09
Spain	11.95	10.87	30.19	32.43	1.62	**15.58**	13.90	29.17
Sweden	0.15	0.19	0.58	1.04	0.90	**0.93**	1.51	2.00
United Kingdom	9.36	15.90	63.08	110.40	-22.69	**-10.84**	33.39	79.74
EU28	**95**	**260**	**534**	**939**	**233**	**345**	**864**	**1184**

Table A2: Change in Sectoral Value-added of EU28 members states, in Percent

	Change in Sectoral Value-added, in Percent							
	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
Austria	0.001	0.002	0.004	0.007	0.005	**0.001**	0.005	0.007
Belgium	0.000	0.000	0.000	-0.001	0.000	**0.002**	0.002	0.003
Bulgaria	0.000	0.000	0.002	0.003	-0.001	**-0.001**	0.001	0.003
Cyprus	0.004	0.007	0.017	0.027	0.001	**-0.002**	0.008	0.016
Czech R.	0.003	0.005	0.012	0.021	0.005	**0.002**	0.011	0.020
Germany	0.001	0.001	0.003	0.006	0.002	**0.003**	0.007	0.009
Denmark	0.002	0.004	0.009	0.015	0.001	**0.001**	0.008	0.013
Spain	0.003	0.005	0.010	0.014	0.001	**0.004**	0.007	0.012
Estonia	0.005	0.007	0.016	0.028	0.002	**0.004**	0.012	0.023
Finland	0.001	0.002	0.005	0.007	0.005	**0.002**	0.006	0.010
France	0.000	0.001	0.003	0.006	0.002	**0.000**	0.005	0.006
UK	0.001	0.003	0.009	0.015	-0.002	**0.000**	0.006	0.012
Greece	0.001	0.002	0.005	0.009	-0.003	**0.002**	0.003	0.006
Croatia	0.002	0.003	0.007	0.011	-0.001	**0.001**	0.003	0.008
Hungary	0.003	0.005	0.015	0.026	0.005	**0.005**	0.015	0.024
Ireland	-0.009	-0.016	-0.035	-0.052	0.012	**0.011**	-0.004	-0.020
Italy	0.001	0.003	0.006	0.012	0.005	**0.001**	0.006	0.011
Lithuania	0.002	0.005	0.010	0.017	-0.002	**0.001**	0.006	0.013
Luxembourg	-0.015	-0.029	-0.062	-0.093	0.009	**0.002**	-0.03	-0.05
Latvia	0.002	0.003	0.008	0.013	-0.002	**0.000**	0.003	0.010
Malta	0.003	0.007	0.015	0.025	0.001	**0.006**	0.013	0.023
Netherlands	0.002	0.005	0.012	0.020	0.001	**0.006**	0.013	0.019
Poland	0.003	0.005	0.012	0.021	0.001	**0.005**	0.009	0.016
Portugal	0.000	0.001	0.003	0.006	-0.001	**0.002**	0.003	0.005
Romania	0.001	0.002	0.005	0.008	0.003	**0.004**	0.004	0.008
Slovakia	0.000	0.001	0.002	0.004	0.002	**0.002**	0.007	0.007
Slovenia	0.004	0.007	0.017	0.027	0.002	**0.006**	0.012	0.021
Sweden	0.000	0.001	0.002	0.004	0.004	**0.003**	0.006	0.007

Source: ifo simulations. Scenario S2b models the status quo of the current trade conflict.

Table A3: Change of EU28 Exports to USA, in billion Euro

	Change of EU28 Exports to the USA, in billion Euros							
	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
Austria	0.10	0.18	0.41	0.66	0.02	**0.08**	0.28	0.52
Belgium	0.14	0.25	0.57	0.91	-0.03	**0.04**	0.31	0.63
Bulgaria	0.00	0.01	0.02	0.03	0.00	**0.00**	0.01	0.03
Cyprus	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00
Czech R.	0.04	0.08	0.17	0.27	0.01	**0.04**	0.12	0.22
Germany	1.30	2.25	5.38	8.61	0.18	**0.82**	3.55	6.64
Denmark	0.08	0.16	0.34	0.54	0.01	**0.06**	0.21	0.41
Spain	0.13	0.23	0.53	0.85	-0.01	**0.05**	0.30	0.61
Estonia	0.01	0.01	0.02	0.03	0.00	**0.01**	0.02	0.03
Finland	0.07	0.14	0.30	0.49	0.01	**0.06**	0.20	0.38
France	0.36	0.66	1.49	2.39	0.02	**0.23**	0.94	1.80
UK	0.57	1.04	2.33	3.70	0.01	**0.33**	1.42	2.73
Greece	0.01	0.01	0.02	0.04	0.00	**0.00**	0.01	0.03
Croatia	0.01	0.01	0.02	0.03	0.00	**0.00**	0.01	0.02
Hungary	0.05	0.09	0.21	0.34	0.01	**0.04**	0.15	0.27
Ireland	0.22	0.42	0.91	1.43	-0.01	**0.12**	0.53	1.03
Italy	0.44	0.77	1.86	3.03	0.10	**0.33**	1.29	2.42
Lithuania	0.01	0.02	0.05	0.09	0.00	**0.00**	0.03	0.06
Luxembourg	0.00	0.00	0.01	0.01	0.00	**0.00**	0.00	0.01
Latvia	0.00	0.00	0.01	0.01	0.00	**0.00**	0.00	0.01
Malta	0.00	0.00	0.00	0.01	0.00	**0.00**	0.00	0.01
Netherlands	0.17	0.32	0.71	1.12	0.00	**0.11**	0.43	0.83
Poland	0.04	0.08	0.18	0.29	0.01	**0.03**	0.12	0.23
Portugal	0.03	0.04	0.11	0.18	0.00	**0.02**	0.07	0.13
Romania	0.02	0.03	0.07	0.12	0.00	**0.02**	0.05	0.09
Slovakia	0.01	0.02	0.06	0.10	0.00	**0.01**	0.04	0.07
Slovenia	0.01	0.01	0.03	0.04	0.00	**0.01**	0.02	0.03
Sweden	0.13	0.23	0.52	0.83	0.03	**0.11**	0.35	0.65

Source: ifo simulations. Scenario S2b models the status quo of the current trade conflict. Further bi-lateral trade changes can be retrieved from the authors.

Table A4: Change of EU28 Imports from USA, in billion Euro

	Change of EU28 Imports from the USA, in billion Euros							
	S1a	S2a	S3a	S4a	S1b	**S2b**	S3b	S4b
Austria	-0.03	-0.05	-0.10	-0.16	0.01	**0.00**	-0.05	-0.11
Belgium	-0.11	-0.21	-0.45	-0.69	0.04	**-0.01**	-0.21	-0.45
Bulgaria	0.00	-0.01	-0.01	-0.02	0.00	**0.00**	-0.01	-0.01
Cyprus	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00
Czech R.	-0.02	-0.03	-0.07	-0.10	0.00	**0.00**	-0.03	-0.07
Germany	-0.39	-0.72	-1.55	-2.40	0.13	**-0.06**	-0.75	-1.58
Denmark	-0.02	-0.04	-0.09	-0.14	0.01	**0.00**	-0.04	-0.09
Spain	-0.08	-0.15	-0.31	-0.48	0.03	**-0.01**	-0.15	-0.32
Estonia	0.00	0.00	-0.01	-0.01	0.00	**0.00**	0.00	-0.01
Finland	-0.02	-0.04	-0.10	-0.15	0.01	**0.00**	-0.04	-0.09
France	-0.28	-0.51	-1.10	-1.69	0.10	**-0.03**	-0.51	-1.10
UK	-0.32	-0.59	-1.27	-1.96	0.09	**-0.07**	-0.63	-1.31
Greece	-0.01	-0.01	-0.03	-0.04	0.00	**0.00**	-0.01	-0.03
Croatia	0.00	0.00	-0.01	-0.01	0.00	**0.00**	0.00	-0.01
Hungary	-0.02	-0.03	-0.06	-0.10	0.01	**0.00**	-0.03	-0.06
Ireland	-0.11	-0.19	-0.42	-0.64	0.07	**0.03**	-0.15	-0.37
Italy	-0.11	-0.20	-0.44	-0.67	0.04	**-0.01**	-0.21	-0.44
Lithuania	0.00	0.00	-0.01	-0.01	0.00	**0.00**	0.00	-0.01
Luxembourg	-0.04	-0.07	-0.15	-0.23	0.02	**0.01**	-0.05	-0.13
Latvia	0.00	0.00	0.00	-0.01	0.00	**0.00**	0.00	0.00
Malta	0.00	0.00	-0.01	-0.01	0.00	**0.00**	0.00	-0.01
Netherlands	-0.21	-0.38	-0.83	-1.28	0.08	**-0.02**	-0.39	-0.83
Poland	-0.02	-0.04	-0.09	-0.15	0.01	**-0.01**	-0.05	-0.10
Portugal	-0.01	-0.01	-0.02	-0.04	0.00	**0.00**	-0.01	-0.02
Romania	-0.01	-0.01	-0.03	-0.04	0.00	**0.00**	-0.01	-0.03
Slovakia	0.00	-0.01	-0.02	-0.03	0.00	**0.00**	-0.01	-0.02
Slovenia	0.00	0.00	-0.01	-0.01	0.00	**0.00**	0.00	-0.01
Sweden	-0.05	-0.08	-0.18	-0.28	0.02	**0.00**	-0.08	-0.18

Source: ifo simulations. Scenario S2b models the status quo of the current trade conflict. Further bi-lateral trade changes can be retrieved from the authors.

EconPol Europe

EconPol Europe – the European network for economic and fiscal policy research – is a network of 14 policy-oriented university and non-university research institutes across 12 countries, who contribute scientific expertise to the discussion of the future design of the European Union. The network's joint interdisciplinary research covers sustainable growth and best practice, reform of EU policies and the EU budget, capital markets and the regulation of the financial sector, and governance and macroeconomic policy in the European Monetary Union.

The network was founded in spring 2017 by the ifo Institute, along with eight renowned European research institutes. A further five associate partners were added to the network in January 2019.

Our mission is to contribute our research findings to help solve the pressing economic and fiscal policy issues facing the European Union, and to anchor more deeply the idea of a united Europe within member states.

With our cross-border cooperation on fiscal and economic issues, EconPol Europe promotes growth, prosperity and social cohesion in Europe. In particular, we provide research-based contributions to the successful development of the European Economic and Monetary Union (EMU).

Our joint interdisciplinary research covers:

- Sustainable growth and best practice
- Reform of EU policies and the EU budget
- Capital markets and the regulation of the financial sector
- Governance and macroeconomic policy in the European Monetary Union

We will also transfer our research results to the relevant target groups in government, business and research, as well as to the general public.