

University of Nebraska - Lincoln

DigitalCommons@University of Nebraska - Lincoln

---

Yeutter Institute International Trade Policy  
Re policy

---





countries were forced to negotiate exemptions or quota systems, such as South Korea, Brazil, and Argentina.

The tariffs increased costs and lowered the quality of the goods.

## Results

The results show both the United States and China suffer losses from the 2018 tariffs, with US losses equivalent to \$81.3 billion and \$63.3 billion for China (table 2). Imposing a 60% tariff on China and 10% tariff on everyone else unequivocally leads to additional losses for the United States. As a technical note, the economic model evaluates policies based on changes in household welfare, so we can interpret the \$81.3 billion loss for the United States as the dollar value of the extra consumption that private households could have had in the absence of the tariffs.

### *United States*

Specifically, with a 60% tariff on China, US losses grow to \$560.7 billion; and, if China retaliates, US losses are \$665.4 billion. If the United States were to impose the 60% tariff on China and a 10% tariff on everyone else, US losses are \$511.0 billion; and, if everyone retaliates in kind, US losses grow000&ses for the United

*Other countries*

Other countries such as Canada, Mexico, South Korea, and the rest of the world mostly experience net gains from a US-China trade war. Canada and Mexico, however, experience losses when the United States imposes 10% tariffs on all other countries and they retaliate in kind, reflecting the tightly knitted supply chains in

*Figure 1. Economic impact of a global trade war.*

Source: Authors' calculations. The figures show the effects of the United States 8.8% tariff on the rest of the world. The figures show the effects of the United States 8.8% tariff on the rest of the world. The figures show the effects of the United States 8.8% tariff on the rest of the world.





