

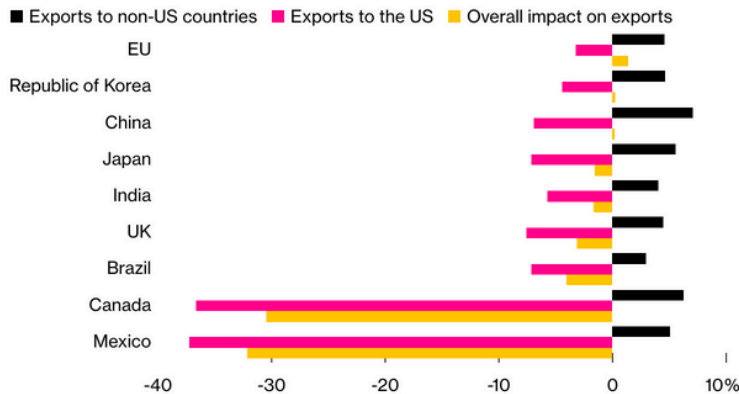


CHINA UPDATE

NOVEMBER | 2024

How Other Countries Would Respond to US Tariffs

They'd trade more with each other.



Source: Bloomberg Economics

Note: Forecast of percentage change relative to estimated baseline. Assuming 60% tariffs on China, 20% on other countries, and retaliation by trading partners.

TRADE AND TARIFFS

As US-China trade tensions escalate, the stakes for global economic stability have never been higher. The way these two economic superpowers navigate the next chapter of their relationship will not only shape their respective futures but also influence the broader global order.

In a worst-case scenario, the collapse of the World Trade Organization (WTO) or the emergence of competing geopolitical blocs could unleash severe economic disruptions worldwide. Projections suggest such a breakdown could shrink the EU GDP by up to 0.5%, with Germany facing an even sharper contraction of 3.2%. However, the greatest economic impact would fall on China, which is expected to experience the most substantial losses ([IFW](#)).

Conversely, a [Bloomberg Economics](#) analysis highlights that even under the pressure of Trump-era tariffs, many countries could offset trade losses with the US by strengthening partnerships with alternative trading partners. This suggests that globalization may persist, albeit in a transformed state – one where the US is no longer the central pillar.

THEMEN

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