

## *The Impacts of the Trade War and the COVID-19 Epidemic on China-U.S. Economic Relations\**

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### *Abstract*

The China-U.S. trade war reduced the Chinese growth rate from 6.9 percent in 2017 to 6.1 percent in 2019. The COVID-19 epidemic has lowered the rate further to 1.8 percent in the first half of 2020 and to a projected 3.4 percent for 2020 as a whole. The trade war caused only a very slight decline in the U.S. growth rate in 2019, but the COVID-19 epidemic has resulted in a projected contraction of 5.3 percent in 2020. Assuming that half of the Chinese exports to the United States were halted, it would imply a total loss of Chinese GDP of almost 1 percent, or approximately US\$135 billion (in 2019 prices). Assuming that half of U.S. exports of goods to China were halted, it would imply a loss of U.S. GDP of 0.22 percent, or approximately US\$47 billion. The costs of the trade war are higher for China than for the United States both absolutely and relatively. The loss of Chinese GDP due to COVID-19 in 2020 may be estimated as 3.5 percent of its 2019 value, or US\$0.5 trillion. The corresponding loss of U.S. GDP may be estimated as 8.1 percent of its 2019 value, or US\$1.73 trillion.

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\* The author is grateful to Mrs. Ayesha Macpherson Lau, Mr. Junjie Tang, Prof. Yanyan Xiong, and two anonymous referees for their most helpful advice. Responsibility for any errors remains with the author.