

## US-China trade war a boon for Europe, UN study says

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The US levied additional duties of between 10-25 percent on Chinese goods last year [Reuters]

Other countries, particularly EU ones, will take on more than \$200bn of China's exports after planned US tariff hikes.

A US plan to hike tariffs on [China](#) next month could trigger an economic downturn and allow other countries to take over about \$200bn of Beijing's exports, a United Nation's report said on Monday.

The [United States levied additional duties](#) of between 10 and 25 percent on Chinese goods last year as punishment for what it called unfair trade practices. The 10 percent tariffs are set to climb to 25 percent unless there is significant headway on a trade deal by March 1.

"The implications are going to be massive," Pamela Coke-Hamilton, head of international trade at the UN Conference on Trade and Development, told a news conference on Monday.

"The implications for the entire international trading system will be significantly negative."

She said the US tariff hike and a retaliatory move by China would trigger an economic downturn because of instability in the commodities and financial markets, while company moves to adapt would put pressure on global growth.

"There'll be currency wars and devaluation, stagflation leading to job losses and higher unemployment and more importantly, the possibility of a contagion effect - or what we call a reactionary effect - leading to a cascade of other trade distortionary measures."

Smaller and poorer countries would struggle to cope with such external shocks, said Coke-Hamilton.

### **EU to benefit**

The UN's report, titled *The Trade Wars: The Pain and the Gain*, said: "bilateral tariffs alter global competitiveness to the advantage of firms operating in countries not directly affected by them".

The higher cost of US-China trade would prompt companies to shift away from current eastern Asian supply chains, but the impact of the tariffs would not primarily benefit US companies, according to the report.

American firms would capture only six percent of about \$250bn of the affected Chinese exports, while Chinese companies would retain 12 percent, despite the higher cost of trade, the study said.

Other countries would acquire an estimated 82 percent of the value of the Chinese exports and 85 percent of \$85bn of US exports hit by the tariffs.

The study predicted the [European Union](#) would be the biggest winner, taking home some \$70bn in additional trade thanks to the trade war.

"The EU will capture \$70bn of the US-China trade. Japan, Mexico and Canada will capture over \$20bn each," the report said.