

Title: **“Global Reallocations in the US-China Trade War”**

Abstract: We study global trade reallocations in response to the United States-China trade war of 2018-19. We separately estimate the impacts of the tariffs imposed by China and the US on the product-level exports of the US, China, and every other major economy into the US, China, and the rest of the world. On average, countries in the rest of the world reallocated exports into the US and away from China in products with higher tariffs. Surprisingly, these countries strongly increased exports to the rest of the world. Aggregating these responses, we find that the trade war increased global trade rather than simply reallocating flows across destinations. The results suggest that most countries export products that complement the US and substitute China in demand, and that the products taxed by the US (China) operate along downward-sloping (upward-sloping) supplies. We find that the heterogeneity across countries in these elasticities, rather than differences in specialization across products targeted by tariffs, explain the ranking of winners and losers from the trade war.