

# GLOBAL TRADE: RESILIENT YET DIVERTED

## THE SUBSTITUTION EFFECT OF THE US-CHINA TRADE FEUD



- Looking at the U.S., EU28 and China, goods' export gains YTD reached EUR29bn in May 2019. This compares to EUR22bn in the same period of 2018.
- A trade diversion is at play and Europe benefits:
  - Goods that have not been exported from the U.S. to China have been almost compensated by EU28 exports to China.
  - Goods that have not been exported from China to the US have been almost compensated by EU28 exports to the U.S.
- The sectors that experienced the highest expansions are chemicals (incl. pharmaceuticals), machinery and transport equipment (incl. car and aircraft components) and agrifood.