

Macro Roundup Article

Headline: [The Taiwan Catastrophe](#)

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Tweet: A successful Chinese invasion and annexation of Taiwan may drive a strategic realignment in East and Southeast Asia nations representing 1/3 of global GDP (2X the US share), leading to slower US growth. @AndrewSErickson

Summary: Chinese attempts to hive off Asia, the world's largest, most dynamic economic region, would deal a devastating blow to U.S. economic interests. East Asia and the Pacific account for one-third of global GDP in purchasing power parity terms, a share roughly twice that of the United States. The region's vibrant, open trading networks would likely degenerate into more of a hub-and-spoke system, with China as the hub and subjugated countries at the end of the spokes. In the worst-case scenario, the United States could lose access to trade volumes with its nine largest Asian trade partners other than China. This group's two-way goods trade with the United States was nearly \$940 billion in 2023—about 60 percent larger than the U.S. goods trade with China itself. U.S. investors might also lose out. In Asian countries besides China, particularly in Southeast Asia, the United States is one of the largest sources of invested capital. Americans have plowed untold sums into factories, data centers, and real estate properties throughout the region. Because these and other brick-and-mortar infrastructure are physically immovable, they would be vulnerable to forced changes of ownership under Chinese coercion. Related: Xi, Biden and the \$10 Trillion Cost of War Over Taiwan and Xi Jinping Says He Is Preparing China for War and China's Age Of Malaise

Primary Topic: Security

Topics: GDP, Op-Ed/Blog Post, Security, Trade (not deficits)

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