

Macro Roundup Article

Headline: [Xi, Biden and the \\$10 Trillion Cost of War Over Taiwan](#)

Article Link: <https://www.bloomberg.com/news/features/2024-01-09/if-china-invades-taiwan-it-would-cost-world-economy-10-trillion?srnd=premium&sref=U3dOGIDF>

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Tweet: Bloomberg estimates that a Sino-American War over Taiwan would reduce global GDP by 10.2% or \$10T almost 2x the impact of the Covid-19 pandemic. US GDP would drop 6.7% and the PRC would face a 16.7% loss.

Summary: Bloomberg Economics estimate the price tag [of a War over Taiwan] would be around \$10 trillion, equal to about 10% of global GDP. A suite of models is used to estimate the impact on GDP, taking account of the blow to semiconductor supply, disruption to shipping in the region, trade sanctions and tariffs, and the impact on financial markets. For the main protagonists, other major economies, and the world as a whole, the biggest hit comes from the missing semiconductors. Factory lines producing laptops, tablets, and smartphones — where Taiwan's high-end chips are the irreplaceable "golden screw" — would stall. Autos and other sectors that use lower-end chips would also take a significant hit. Barriers to trade and a significant risk-off shock in financial markets add to the costs.

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Primary Topic: China

Topics: Business Cycle, China, Database, GDP, News article, Security, Weekly

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