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Trade War: GDP vs GNP
Developing vs Developed countries

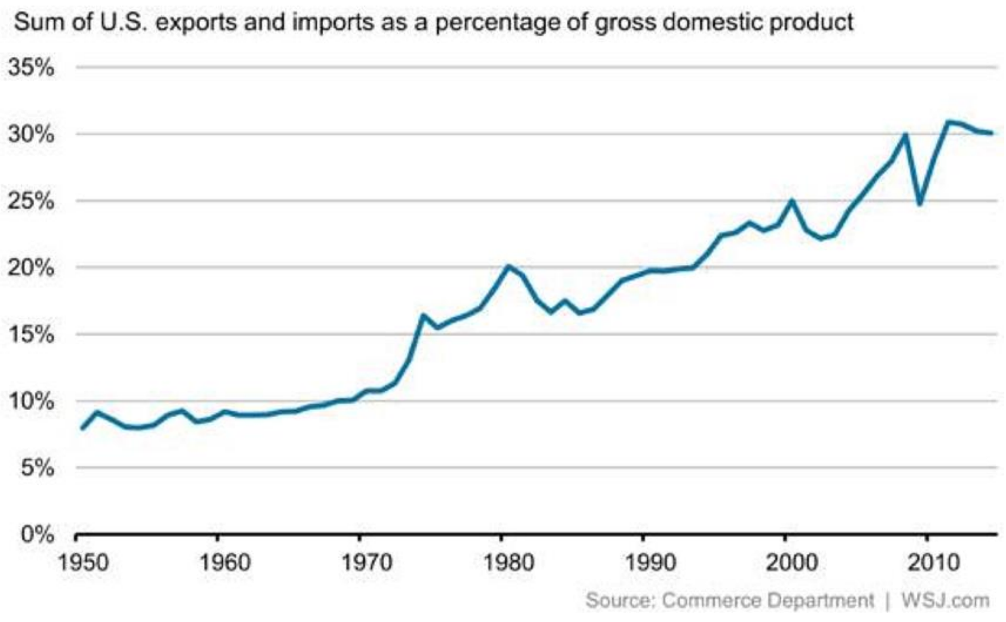
Gew-rae Kim, Ph.D.
Department of Finance, Ernest Trefz School of Business
University of Bridgeport, Bridgeport, CT

Abstract

GDP and GNP both try to measure the market value of all goods and services produced for final sale in an economy. The difference is how each term interprets what constitutes the economy. GDP refers to and measures the domestic levels of production in a country. It represents the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time. GNP measures the levels of production of all the citizens or corporations from a particular country working or producing in any country. Therefore, it includes the compensation and investment income received by nationals working or investing abroad. More closed economy impact negatively more on GDP. We see how New Trade War impact to GDP and GNP on developed and developing countries differently.

US Going Global

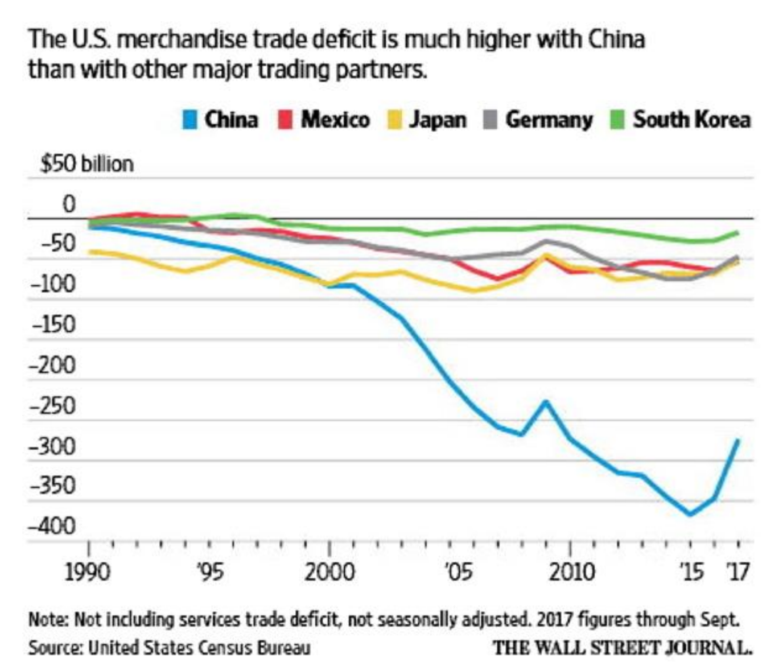
US Exports and Imports per GDP Grows and Stabilized.



Global Export and GDP

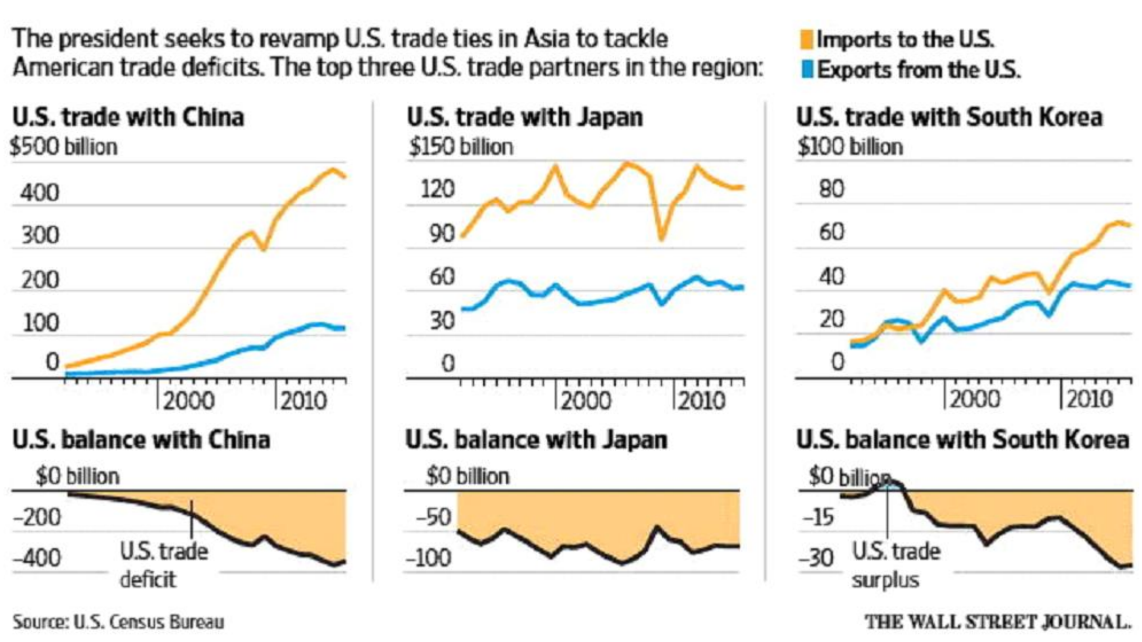
US Trade and Deficit

China, Mexico, Japan, Germany, and South Korea

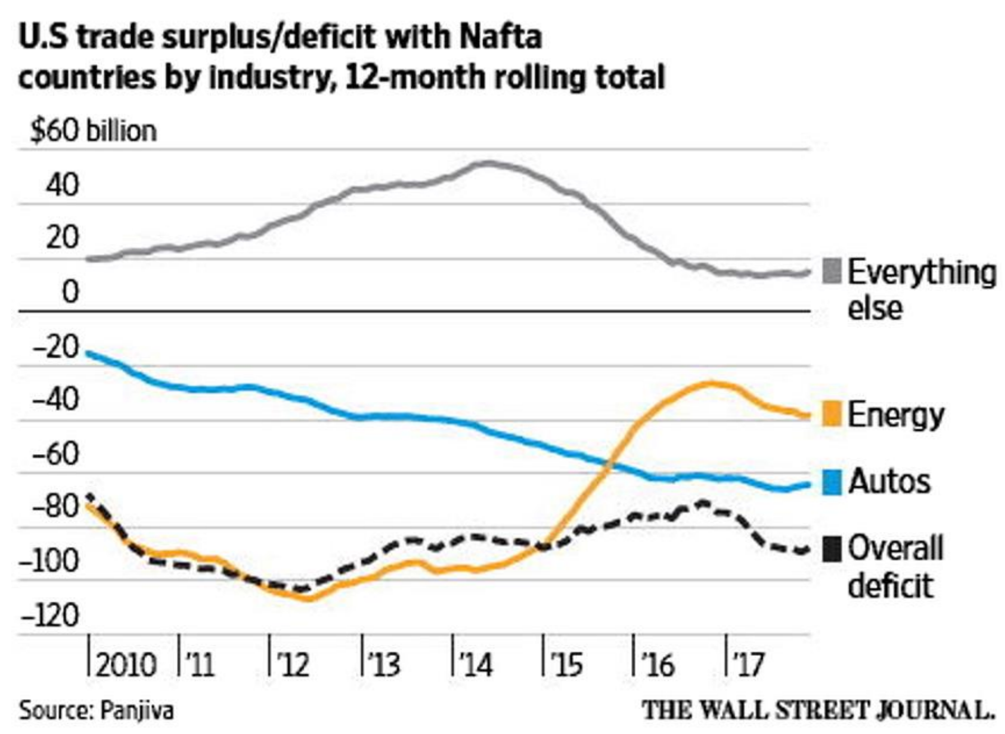


China, Japan, and South Korea

US Trade Deficit with China, Japan, and South Korea. China and South Korea's exports to US increase rapidly, so does increase US Trade Deficit with these countries.



As shown below, US has increasing Trade Deficit with Labor intensive Auto industry in NAFTA countries.



GDP, GNP of Large Surplus

What will be the impact on GDP and GNP of Largest Trade Surpluses versus the US will be examined.

G-Cubed Model

How much will Trade-war Tariff affect GDP negatively on all countries.

Table 2: GDP changes by Tariff Trade War in first year

	Source of Trade War/Tariff Change					
	Global	**USA**	**Japan**	**Euro**	**China**	**India**
US	-1.3	-0.3	-0.1	-0.3	0.0	0.0
Japan	-1.7	-0.4	-0.6	-0.1	-0.1	0.0
UK	-2.1	-0.3	0.0	-1.5	0.0	0.0
Germany	-3.8	-0.3	0.0	-2.6	0.0	0.0
Euro	-2.9	-0.3	0.0	-1.8	0.0	0.0
Canada	-2.2	-1.8	0.0	-0.3	0.0	0.0
Australia	-1.4	-0.3	-0.2	-0.3	-0.1	0.0
China	4.3	-0.9	-0.3	-0.3	-1.1	0.0
India	-1.5	-0.2	0.0	-0.2	0.0	-0.6
Other Asia	-3.9	-1.0	-0.2	-0.3	-0.4	0.0
Latin America	-1.6	-1.3	0.0	-0.3	0.0	0.0
OPEC	-4.4	-0.9	-0.4	-1.0	-0.2	-0.1

Notes: Source G-Cubed Model from McKibbin and Stoeckel (2009)

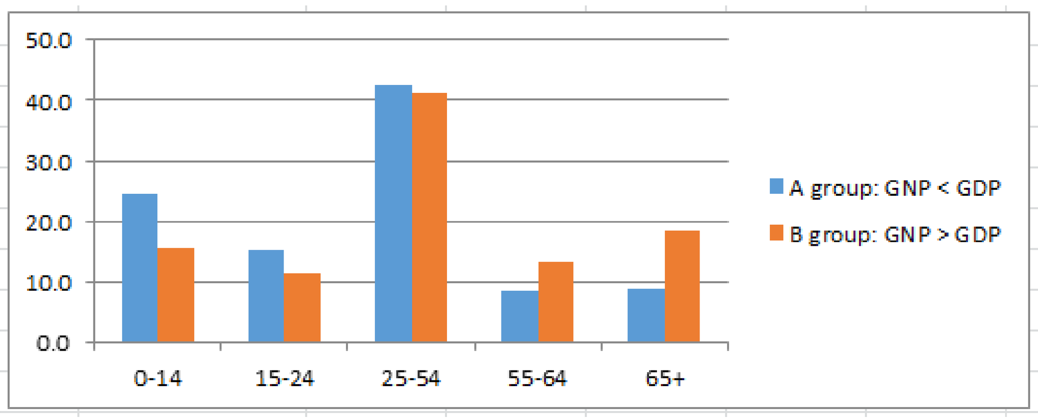
GNP vs GDP
Developing vs Developed

Developed	Developing
Canada	China
Denmark	India
Finland	Brazil
France	Nigeria
Germany	Russia
Hong Kong	Mexico
Italy	Vietnam
Japan	Iran
Netherlands	Thailand
New Zealand	Kenya
South Korea	Argentina
Spain	Poland
Switzerland	Peru
Taiwan	Chile
United Kingdom	Portugal
United States	Greece

Partial list of Developed and Developing countries. We define Emerging markets based on their economic growth,but there are other differences in their economic status, for example their GDP and GNP differences.

We observe that developed countries have more older population and emerging countries have more younger population. We define countries as Developed countries whose GNP is greater than GNP, Developing countries as GDP is bigger than GDP.

GDP < > GNP	Age				
	0-14	**15-24**	**25-54**	**55-64**	**65+**
A group: GNP < GDP	24.5	15.4	42.5	8.6	9.0
B group: GNP > GDP	15.5	11.5	41.2	13.2	18.6



CONCLUSION

We found Developed countries have bigger GNP than GDP, and Emerging countries have higher GDP than GNP. This is mainly emerging countries invite foreign capital for economic development. Surprisingly, advanced countries have significantly bigger older population percentage, but working age (25 – 54) group has almost the same population percentage as developing countries. So current Trade War will have more negative impact to these developing countries.