

# The 2018 US-China Trade War and Trade Diversion: Evidence from Thai Customs Data

Nuwat Nookhwun\*  
Kittichai Saelee<sup>†</sup>

Jettawat Pattararangrong\*  
Wisarat Suwanprasert<sup>‡</sup>

1 July 2025

*Preliminary draft*

*Prepared for the Bank of Thailand's Academic Symposium 2025*

## Abstract

The 2018 U.S.–China trade war marked a major shift in global trade patterns, yet its effects on third-country exporters remain incompletely understood. We examine Thailand's export response to the trade war using transaction-level customs data on Thai exports from 2013 to 2023. Exploiting cross-product variation in the magnitude and timing of tariff changes across HS-6 products, we identify trade reallocation through substitution and spillover channels. We find that, in response to U.S. tariffs on Chinese products, Thailand experienced a substantial increase in exports to both the United States and ASEAN, consistent with trade diversion. The effects emerge with a delay and are particularly large for manufacturing goods in U.S. strategic sectors. We also find suggestive evidence of potential transshipment of Chinese goods to the United States. In contrast, Chinese retaliatory tariffs show limited spillover effects, with some delayed negative impact on Thai exports to China.

**Keywords:** Trade War, Trade Diversion, Tariffs, Supply Chains, Transshipment, Thailand, US, China

**JEL Classifications:** F13, F14

---

\*Puey Ungphakorn Institute for Economic Research, Bank of Thailand. Nookhwun: nuwatn@bot.or.th; Pattararangrong: jettawap@bot.or.th.

<sup>†</sup>Thammasat University. Email: kittichai.lee@econ.tu.ac.th.

<sup>‡</sup>Middle Tennessee State University. Email: wisarat.suwanprasert@mtsu.edu.