How will an external threat from Asia affect racial relations in the United States? While Americans’ sense of shared adversity during the COVID-19 pandemic has the potential to unite people across racial and national lines, research also suggests that perception of threat increases racially biased behaviors and may have spillover effects on intergroup relations. Using an experiment that combines behavioral game and survey methods (N = 1,987), we examine the impact of disease threat from Asia on Americans’ prosocial behavior towards racial in-group and out-group members. We find that white and Asian Americans react in the opposite ways to the pandemic threat. Compared to whites in the baseline group, whites exposed to the Asia threat exhibited greater in-group bias, increasing donations to only white recipients. This pattern was reversed among Asian Americans who, when under the threat, contributed significantly more to Black recipients than to in-group members. We also find that Black Americans displayed the most generosity among the three groups and contributed a similar amount to others regardless of the treatment condition and the race of the recipients. Overall, results highlight the importance of considering the broader context that groups are situated when we examine inter-group relations.