The Trump administration’s introduction of sweeping import tariffs on steel and aluminum raises the real possibility of a global trade war. The effects would be felt everywhere, but especially in the world’s poorest countries, and everything from the current global recovery to the Sustainable Development Goals could now be in jeopardy.

According to an old African proverb, “When elephants fight, it is the grass that suffers.” The same is true for full-blown trade wars: when major economies clash, developing countries will be among the hardest hit.

On June 1, the US administration imposed import tariffs of 25% on steel and 10% on aluminum. The levies will affect not just China, but also Canada, Mexico, and the countries of the European Union. As Cecilia Malmström (https://www.project-syndicate.org/columnist/cecilia-malmstrom), the EU Commissioner for Trade, observed at a recent event held by the United Nations Conference on Trade and Development (UNCTAD), “We are not in a trade war, but we could be.” It is a situation that should concern everyone.

We know from history that nobody “wins” in a trade war. Tariff hikes by major trading countries represent a reversal of efforts since the end of World War II to eliminate trade barriers and facilitate global commerce.

Since the General Agreement on Tariffs and Trade took effect in 1947, the average value of tariffs in force around the world has declined by 85%. That is no coincidence; rather, it is the result of multilateral cooperation (https://www.project-syndicate.org/onpoint/js-multilateralism-finished-by-
zaki-laidi-2018-05?barrier=accesspaylog), and eight rounds of global trade negotiations, first under the GATT, and then under its successor, the World Trade Organization.

Tariff reductions, together with technological advances, drove the extraordinary expansion of global trade that we have witnessed just in our lifetimes. In 1960, trade as share of world GDP stood at 24%; today it is nearly 60%.

The expansion of trade has fueled economic growth, created jobs, and increased household incomes around the world. It is a key factor behind the rise of the global South, where dozens of developing countries have experienced strong economic growth and positive societal change. And it made possible one of the most remarkable achievements in human history: lifting one billion people out of poverty in the space of just two decades.

Yet trade expansion has not benefited everyone equally. And in some cases, it has resulted in environmental degradation and economic displacement, with many people now feeling left behind. These are serious and legitimate issues that must be addressed. But unilateralism is not the way to do it. Global challenges demand global solutions.

Unfortunately, current trade actions augur a situation in which everyone will lose. In a trade war, companies across a wide range of sectors will lose profits, and workers will lose jobs. Governments will lose revenue, and consumers will have fewer product choices available. And, no matter where they are, firms, governments, and households will incur higher costs.

Even worse, a global trade war might jeopardize the multilateral trading system itself. It would no doubt result in tariff increases greater than anything we have seen in recent history. UNCTAD research (/en/pages/PublicationWebflyer.aspx?publicationid=778) shows that average tariffs could rise from negligible levels to as high as 30% for US exporters and 35% and 40% for EU and Chinese exporters, respectively. So, even if the “elephants” have sufficient economic weight to withstand a trade war, they would not benefit from one.

And, of course, developing countries that played no role in starting the conflict would be even less able to afford it. On average, tariffs applied on developing countries’ exports could rise from 3% to 37%. But whereas average tariffs affecting countries like Nigeria and Zambia probably would not go above 10%, those against Mexico could reach as high as 60%. Likewise, countries like Costa Rica, Ethiopia, Sri Lanka, Bangladesh, and Turkey could face average tariffs of 40–50%.

Moreover, a trade war would be a severe blow to the world’s poorest countries, and to the hope of doubling (http://stats.unctad.org/Dgf2016/partnership/goal17/target_17_11.html) “least developed countries’ share of global exports” by 2020 under the Sustainable Development Goals (SDGs). It would compromise the fragile economic recovery since the global financial crisis a decade ago, thus undercutting growth and development around the world. And it would limit the extent to which trade could be used to advance global goals.

The harm caused by a full-on trade war would be felt well beyond the realm of international commerce. Today’s trade climate reflects a disturbing global trend toward nationalist unilateralism. The countries that helped reshape our world for the better through trade are now abandoning international cooperation, and that shift may have serious implications for other areas such as global efforts to combat climate change and ensure peace and prosperity for all. The easiest way to win a trade war is to avoid it altogether.