

REPERCUSSIONS OF WAR: ASSESSING THE EFFECTS OF THE RUSSIA- UKRAINE CONFLICT ON INTERNATIONAL TRADE

By

***Likna, N. S., & **Thushara George**

**P.G. Student, Department of Economics and Centre for Research, St. Teresa's College (Autonomous), Ernakulam, Kerala, India.*

***Professor and Research Guide, Department of Economics and Centre for Research, St. Teresa's College (Autonomous), Ernakulam, Kerala, India.*

Abstract

This study examines the effect of the Russia-Ukraine war on international trade. It analyses global impact, import and export between Russia and Ukraine and the impact on sanctions and trade restrictions. This study focuses on five major economies China, US, UK, Europe and Russia to explain the global impact of the Russia-Ukraine war. The export and import data between Russia and Ukraine from 2020-2024 have been considered for analysis. To examine the impact on sanctions and trade restrictions, and to compare pre-sanction and post-sanction trade flows of Russia. The trade relationship between Russia and Ukraine changed due to the war. Both nations are adapting to new trade relationships with other nations.

Keywords: *Russia, Ukraine, imports, exports, and sanctions.*

Introduction

The Russian invasion of Ukraine, which began in February 2022, has had a significant economic impact globally. The invasion has disrupted supply chains, especially in energy and agriculture, leading to increased prices and inflation worldwide. In February 2022, the Russian invasion of Ukraine marked an eight-year-old conflict. It started with Russia's annexation of

Crimea. The invasion had started in 2014. It caused hundreds of thousands of military casualties and tens of thousands of Ukrainian civilian casualties. The period between 2014 and 2021, to take control over the two regions of Donetsk and Luhansk, also known as Donbas. On 24 February 2022, Russia launched missiles on Ukraine by land, air, and sea. From 2023, Russian attacks and Ukrainian

counterattacks gained only a small amount of territory. In August 2024, Ukrainian backed-forces, among them a cross-border attack into Russia's Kursk region. Russian troops occupy about 20 percent of Ukraine in 2025.

The Russian invasion of Ukraine has had affecting both domestic economies and global market. The war affected global trade, causing disruptions in various sectors like energy markets, food supply chains and critical metal industries. The impact on Ukraine, lost 30-35 percent of GDP. The growth rate is minimal at 0.5%. Sanctions caused Russia's GDP to fall to 4.3 percent. During the Russia-Ukraine conflict, international energy prices increased due to sanctions. Russia's GDP reduced by 5.5 percent because of the decline in both household income and spending.

Review of Literature

Michelle Kilfoyle (2023), in his article 'Ukraine: What's the global economic impact of Russia's invasion,' discusses the economic consequences of Russia's invasion of Ukraine, focusing on Ukraine's economy, rebuilding efforts, Russia's economy, and the global

impact. The first year of the war led to a 30-to-35% GDP decline, causing Ukraine's worst economic recession. 7.1 million people pushed into poverty. Before the war, 55% of Ukraine's land was used for farming, agriculture employed 14% of the population, and 45% of exports came from agriculture. But now, Ukraine is the most food-insecure country. About 15% of Ukraine's pre-war population, leading to a severe labour shortage. Migration has provided some economic relief, as refugees gain education, new language, and skills abroad. In March 2022, 79% of Ukraine's businesses had collapsed, but by the end of the year, those numbers had dropped to 32%. It indicates a faster recovery of Ukraine's economy. In Russia's 2022 budget, one-third of spending was allocated to military and internal security, with smaller portions for health (9%), education (2%), infrastructure (24%), and industry (19%). By mid-2022, sanctions began significantly affecting Russia, leading to a budget deficit of 2400 billion in early 2023. The conflict worsened global food security. Sanctions on Russia led to higher energy prices worldwide, increasing economic strain globally.

Ebru ORHAN (2022) studied the Russia's invasion of Ukraine has created a humanitarian crisis and stability of geopolitical relations. The article provides an overview of the economic consequences of the Russia-Ukraine war. It focuses on commodity markets, inflation, GDP growth, energy security, policy responses, and global impact. Russia and Ukraine are major exporters and producers of food items, energy, and minerals. Prices of these commodities have increased. The first year, it reduced global GDP growth by more than 1 percentage point, and it caused a deep recession in Russia. Around 2.5 percentage points of global consumer price inflation. The war highlights the risks of dependence on Russian energy. The policymakers ensure energy security and green transitions. The central bank should focus on inflation control. Higher fuel, food, and fertilizer prices are worsening global economic conditions.

Sandro Steinbach (2023) studied global trade implications of the Russian invasion of Ukraine. It highlights trade shifts, particularly in terms of Ukraine export losses and

Russian trade diversions. It emphasises trade reallocation, price dynamics, and the role of sanctions. In the period between February and August 2022, Ukrainian imports fell by 47.3%, which had a direct impact on Ukraine's export capacity. Russian trade gains in Europe and Asia are reinforced by higher prices for mineral products. The trade diversion benefited countries in North America and Europe. Economic sanctions imposed by western countries against Russia. It is limited to the Russian exports of mineral oil and other products. There are trade disruptions for agricultural products and base metals in Ukraine. It highlights the importance of foreign market access for Ukrainian exporters.

Peter Havlik (2014), in his article titled 'Economic consequences of the Ukraine conflict,' analysed the economic impact of the Ukraine conflict on various countries, especially Europe. It focuses on GDP losses, investment risks, and trade declines. Ukraine is the main victim of the conflict; the economy may decline by up to 8% this year. The conflict cost an estimated 1 percent of GDP in Russia

between 2014 and 2016; it was the result of higher investment risks. The effects on the EU countries differ depending on the Russian market: the Baltic states, Finland, and several other new EU member states are most affected. The impact on Austria is relatively low. The major five EU industries are affected. Textiles, pharmaceuticals, machinery, electrical equipment, and transport equipment—these are the industries. In Russia, there is a 10 percent loss in the export of goods and services. The estimated GDP loss in Lithuania and Estonia is less than 0.1 percent in Australia.

Theoretical Framework

Comparative Advantage Theory

The theory of comparative advantage was developed by David Ricardo. The first nation should specialize in the production and export of the commodity in which its absolute disadvantage is smaller and import the commodity in which its absolute disadvantage is greater. Russia's comparative disadvantage is greater in agriculture, industrial machinery, and steel production. These commodities

Russia imports from Ukraine. But Ukraine has a comparative disadvantage in commodities like oil, natural gas, coal, metals, and military equipment. Ukraine imports these commodities from Russia.

Objectives

1. To examine the global impact of the Russian- Ukraine war.
2. To analyse how the war has affected imports and exports between Russia and Ukraine.
3. Evaluate the impact of sanctions on Russia's trade.

Methodology

This study adopts secondary data analysis to examine the impact of the Russia-Ukraine war on international trade. It consists of literature reviews, news articles, and other publications. The data required for the study are taken from various resources. 1. Trading Economics 2. The Observatory of Economics Complexity 3. National Institute of Global Econometric Model (NiGEM) simulations. This analysis involves both descriptive and graphical methods to illustrate the objective. The

research focuses on the period from 2020 to 2024.

Analysis

Global Impact

GDP cost of the war for the global economy

1. The Russian invasion of Ukraine significantly impacted global GDP, especially during 2022 and 2023.
2. Russian GDP shifts from -11.92% in 2022 to -11.27% in 2023 due to sanctions, reduced trade, and restricted access to the global financial system.
3. The European Union and the UK experienced GDP declines in 2022 and 2023 due to energy supply, rising inflation, and supply chain issues. The European Union increased from -1.19% in 2022 to -1.48% in 2023. While the UK's GDP dropped from -0.71% in 2022 to -0.95% in 2023.
4. The US has a moderate impact on GDP change, from -0.48% in 2022 to -0.65% in 2023, due to its energy

independence and diversified economy.

5. China experienced a decline in GDP from -0.48% in 2022 to -0.59% in 2023 because of trade with Russia and economic slowdown.

The inflation cost of war

1. To analyse inflation trends in five major economies—China, the US, Europe, the UK, and Russia—for 2022 and 2023. All regions, except Russia, saw a decline in inflation growth in 2023 compared to 2022.
2. Due to tighter monetary policies by central banks, China's inflation dropped from 2.1% to 0.5%, Europe from 2% to 0.3%, and the UK from 1.2% to 0.9%.
3. Russia experienced deflation in the economy due to economic sanctions and a decline in oil revenues. The inflation fell from 7.8% in 2022 to -1.9% in 2023. Deflation results in weakening economic activity and reduced consumer spending and investments.

Imports and Exports between Russia and Ukraine

Ukraine exports to Russia from 2020 to 2024

1. 2020–2021: Ukraine’s value of exports to Russia increased, rising from \$2.71 billion in 2020 to \$3.35 billion in 2021. This shows stable trade relations before the war between them.
2. 2022–2023: Russia’s full-scale invasion of Ukraine in 2022, the trade dropped to \$493 million in both 2022 and 2023. It reflects the severe impact of the conflicts on economic relations.
3. 2024: Detailed information on specific Ukraine exports to Russia for 2024 might be limited. The reason for limited data is ongoing conflict and data collection challenges. But reports indicate that Ukraine’s total export is \$41.7 billion. Despite the ongoing war, some trade persisted between the two countries.

Ukraine’s imports from Russia between 2020 to 2024

1. 2020–2021: Ukraine’s imports from Russia increased from \$4.55 billion to \$5.85 billion, showing growth in imports. It indicates strong trade relations before the conflict.
2. 2022: Russia’s invasion—imports from Russia dropped to \$1.54 billion. Decline in imports caused by leading to economic sanctions, trade restrictions, and disruption in supply chains. Ukrainian government’s ban on various goods.
3. 2023: Imports further plummeted to \$4.56 million, reflecting a complete halt in trade with Russia.
4. 2024: Data is not available, remaining only trade with third countries and specific exemptions.

Ukraine Exported Services to Russia – 2020

1. The value of total exported services is \$2.62 billion. It consists of three major categories, such as transportation, other business

services, and royalties & licensing fees.

2. The first category, transportation services, accounted for 92.4 percent of total export services, that is, \$2.43 billion.
3. Other business services included IT services, financial services, consulting, etc. Fees accounted for 3.4 percent, or \$89.6 million, of total export services.
4. The last category, royalties & licensing fees, consists of patents and trademarks. That means 1.6 percent, or \$42.9 million, of total export services.

Russia's Exported Services to Ukraine - 2020

1. Russia's total export services are \$630 million.
2. Russian travel services accounted for 80 percent of total service exports to Ukraine. Due to the impact of war, travel between the two countries collapsed.
3. Other business services and transportation include 11.7 percent

and 6.1 percent of total service exports.

Russia products exported to Ukraine - 2023

1. Russia exported products worth \$4.56 million to Ukraine in 2023. The main products that Russia exported to Ukraine are railway freight cars, petroleum gas, and tugboats.
2. The exports of Russia to Ukraine have decreased from \$4.55 billion in 2020 to \$4.56 million. The 90 percent total export accounts for railway freight cars.
3. The remaining total export split in petroleum gas and tugboats. It accounted for 7.7 percent and 2.3 percent of the total exports from Russia to Ukraine.
4. In 2023, Ukraine exported \$493M to Russia. The main products that Ukraine exported to Russia were not accessible.
5. Over the past 5 years, the exports of Ukraine to Russia have decreased at an annualized rate of

35.6%, from \$4.46B in 2018 to \$493M in 2023.

Russia products exported to Ukraine – 2022

1. Russia's total product export to Ukraine amounted to \$149.3 million. The total export of Russia to Ukraine is divided into five product categories.
2. The \$69.2 million accounted for refined petroleum. The impact of the war in Ukraine shifts petroleum exports from Russia to EU suppliers.
3. 28.3 percent of coal briquettes are exported from Russia to Ukraine. Ukraine imported Russian coal indirectly through intermediaries.
4. Ukraine is a large agricultural producer. Ammonia is essential for fertilizer production. Russia exported \$13.5 million of ammonia to Ukraine.
5. The total exports of 8.9 percent and 7.4 percent accounted for petroleum gas and iron ore. In

2023, petroleum gas and iron ore exports from Russia to Ukraine nearly disappeared. After the war, Ukraine's imports from Russia shift to other countries.

Products imports of Russia from Ukraine

1. Russia imported approximately \$92.62 million worth of goods from Ukraine. Russia mainly imports industrial and raw materials from Ukraine.
2. Russia is the world's largest aluminum producer. Ukraine exports \$44.8 million worth of aluminum oxide to Russia.
3. Russia imported \$20.9 million of hot-rolled iron used in construction and machinery industries.
4. Russia is a major coal producer, but Ukrainian coal is high-quality coal used for steel production. The 10.5 percent total imports accounted for coal briquettes. The amounts of \$9.06 million and \$8.13 million

accounted for iron blocks and locomotive parts.

Impact on Sanctions and Trade Restrictions

Russia's export and import trends: Compare pre-sanction and post-sanction trade flows from 2020 - 2024

1. In 2020, Russia's exports and imports declined compared to 2019. Exports dropped by \$381.07 billion, a 20.84 percent decrease, and imports declined by 13.3 percent to 305.26 billion, especially due to the global economic slowdown caused by the Covid-19 pandemic.
2. In the pre-sanction year 2021, Russia's total exports were approximately \$548.80 billion, and imports were around \$376.56 billion, resulting in a trade surplus.
3. Despite sanctions in 2022, exports increased to \$635.07 billion due to high oil and gas prices. But imports dropped by \$345.18 billion, reflecting the impact of trade restrictions.

4. In 2023, exports decreased to \$466.60 billion due to the impact of sanctions and reduction in energy prices. With the adoption of new trading partners and routes, imports rise from \$345.18 billion to \$378.93 billion.
5. Data on 2024 is not available, due to complexities introduced by the conflict. The imposition of sanctions on Russia and the decline in exports and imports initially dropped and subsequently recovered.

Russia's Trade Surplus - 2020-2024

1. In 2020, the trade surplus value was approximately \$89 billion. With the higher energy prices and export volumes experienced by Russia in 2021, the trade surplus increased by \$190 billion.
2. In 2022, the rising global prices resulted in an increase in fossil fuel revenues; it reached a record trade surplus of \$315.6 billion. The reduction in energy exports and impact of international sanctions caused the trade surplus to decline by \$140 billion in 2023.

3. In December 2024, the monthly surplus indicating slow growth was reported at \$12 billion. From this data we understand the impact of global market dynamics and geopolitical developments that caused fluctuations in Russia's trade balance over the past five years.

Changes in Russia's Trade Volumes with China, India and EU

1. The influence of geopolitical events and economic policies shifts the trade volumes of China, India, and the European Union.
2. The energy products exports from Russia and manufactured goods from China. The trade between Russia and China, imports and exports, increased 46.9 percent and 12.7 percent compared to 2022.
3. Russia is the second-largest supplier to India, with 42.9 percent of imports from Russia. The exports to Russia also increased \$4 billion.
4. The trade between the EU and Russia is affected due to the

sanctions imposed. In 2023, EU exports and imports have declined. Compared to 2022, Russia's exports decline from 9.5% to 1.9%, and imports decline from 3.8% to 1.4%. The EU's imported products are minerals, and its exported products are manufactured goods.

Changes in prices of Russia's Export Commodity

1. The key Russian exporting commodities are oil and natural gas. After sanctions imposed from 2023 to early 2025, fluctuations in commodity prices.
2. Oil prices: Russian oil and Urals crude prices are changed during this period. In 2025, trading at \$65.53 per barrel, it increased \$70.41 per barrel in the first quarter of 2025.
3. Natural gas prices: In January 2025, revenue from natural gas exports was approximately 687 million euros per day. The export volume increased 2 percent, and the price was stable during the period.

Findings

The war between Russia and Ukraine has drastically impacted trade between both nations. After the invasion, Ukraine cut economic ties with Russia, leading to a total collapse in bilateral trade. Ukraine banned the imports of Russian goods and dropped trade volume between the two nations. To prevent economic dependence, Ukraine imposed trade restrictions and banned Russian goods. Russia restricted exports to Ukraine and redirected its trade to other countries. Ukraine has increased trade with the EU, the US, and other allies. Russia has to replace Ukrainian imports with products from China, India, and other nations.

Suggestions

Through this study, the war between Russia and Ukraine was found to have caused a total collapse in trade between both countries. So, researcher recommend establishing a peace

agreement with both nations. It will be helpful in rebuilding trade relations between Russia and Ukraine. And gradually withdraw trade restrictions and sanctions on Russia. It will be helpful for both countries to recover from the damage caused by the war.

Conclusion

The purpose of this project was to analyse the trade relationship between Russia and Ukraine. Trade relations between Russia and Ukraine changed due to the war, leading to a decline in export and import, disruption in key industries, and long-term economic consequences for both nations. We are analysing export and import between Russia and Ukraine in the pre-war and post-war periods and the impact of sanctions on the Russian economy. Both nations are adapting new trade relationships. But the future remains uncertain; peaceful resolutions and economic cooperation will be essential for restoring trade relations in the long run.

References

- Al Jazeera. (2022, February 24). Putin orders military operations in eastern Ukraine as UN meets. Al Jazeera. <https://www.aljazeera.com/news/2022/2/24/putin-orders-military-operations-in-eastern-ukraine-as-un-meets>
- Centre for Research on Energy and Clean Air. (2025, January). January 2025: Monthly analysis of Russian fossil fuel exports and sanctions. <https://energyandcleanair.org/january-2025-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/>
- Economics Observatory. (2022, March 4). Ukraine: What's the global economic impact of Russia's invasion? Retrieved from <https://www.economicsobservatory.com/ukraine-whats-the-global-economic-impact-of-russias-invasion>.
- Economics Observatory. (n.d.). Ukraine: What's the global economic impact of Russia's invasion? Retrieved March 24, 2025, from <https://www.economicsobservatory.com/ukraine-whats-the-global-economic-impact-of-russias-invasion>
- Havlik, P. (2014). Economic Consequences of the Ukraine Conflict. Policy Notes and Reports, No. 14, The Vienna Institute for International Economic Studies (wiiw), Vienna.
- Interfax. (2024, March 27). Russian oil exports to India dropped 40% in February – Kpler. https://interfax.com/newsroom/topstories/98338/?utm_source=chatgpt.com
- International Crisis Group. (2021, June 8). The conflict in Ukraine's Donbas: A visual explainer. International Crisis Group. <https://www.crisisgroup.org/content/conflict-ukraines-donbas-visual-explainer>
- Masters, J. (2022, February 14). Ukraine: Conflict at the crossroads of Europe and Russia. Council on Foreign Relations. <https://www.cfr.org/background>

der/ukraine-conflict-crossroads-europe-and-russia

high-surg-ing-to-65-bln-in-2023-612443.html?utm_source=chatgpt.com.

Observatory of Economic Complexity.

(n.d.). Ukraine-Russia trade relations. Retrieved from <https://oec.world/en/profile/bilateral-country/ukr/partner/rus>

Steinbach, S. (2023). The Russia-Ukraine war and global trade reallocations. *Economics Letters*, 226, 111075. <https://doi.org/10.1016/j.econlet.2023.111075>

Orhan, E. (2022). The Effects of the Russia-Ukraine War on Global Trade. *Journal of International Trade, Logistics and Law*, 8(1), 141-146.

The Russia-Ukraine conflict, soaring international energy prices, and their impact on global economies. *Heliyon* <https://doi.org/10.1016/j.heliyon.2024.e34712>

Rother, B., Pierre, G., Lombardo, D., Roos, E., & Topalova, P. (2022). The long-lasting economic shock of war. International Monetary Fund, March 2022, <https://www.imf.org/en/Publications/fandd/issues/2022/03/the-long-lasting-economic-shock-of-war>

Trading Economics. (n.d.). Urals oil. Trading Economics. Retrieved April 4, 2025, from <https://tradingeconomics.com/commodity/urals-oil>

Sputnik News. (2024, February 20). India-Russia trade hits record high, surging to \$65 bln in 2023. <https://sputniknews.in/20240220/india-russia-trade-hits-record>

Wikipedia contributors. (n.d.). Russian invasion of Ukraine. Wikipedia, The Free Encyclopedia.

Wikipedia contributors. (n.d.). Russo-Ukrainian War. Wikipedia, The Free Encyclopedia.

To cite this article

Likna, N. S., & Thushara George. (2025). Repercussions of War: Assessing the Effects of the Russia-Ukraine Conflict on International Trade. *John Foundation Journal of EduSpark*, 7(3), 40-53.

ABOUT THE AUTHORS



Likna, N. S. completed her undergraduate and postgraduate studies in Economics at St. Teresa's College, Ernakulam, Kerala, India. Her areas of interest include international finance and economic research. She has actively participated in various workshops and seminars related to Economics and allied fields.



Dr Thushara George is a distinguished academician currently serving as a Professor in the Department of Economics at St. Teresa's College (Autonomous), Ernakulam, Kerala, India. With over 28 years of research experience and more than 22 years of teaching experience, she brings extensive expertise and scholarly insight to the field of Economics. She earned her Doctoral Degree from the Dr John Mathai Centre (Department of Economics, University of Calicut), with her research focused on the domain of financial markets. Her academic contributions include the publication of eight books and numerous research papers in reputed national and international journals. She has also presented extensively at various academic conferences and seminars across the country. Dr Thushara George is a recognized Research Guide under Mahatma Gandhi University, Kottayam, and is actively supervising doctoral candidates in diverse areas of economic research.
