СЕКЦІЯ 5.
АНГЛОМОВНІ ЕКОНОМІКО-ПРАВОВІ ДОСЛІДЖЕННЯ

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IMPLICATIONS OF THE WAR IN UKRAINE ON WORLD TRADE

The whole world feels the consequences of the war in Ukraine in the economic sphere. Due to Russia's military aggression, pressure is exerted on world commodity prices, and disruptions in supply chains are increasing. The world economy has lost a trillion dollars in 2022 alone. Such a conclusion can be drawn based on the calculations of The Economist [1].

It can be argued that the whole world is interested in solving this problem as soon as possible and improving the situation. In particular, this is related to the export of grain from Ukraine. This, in turn, is more than 10% of annual consumption for 15 countries of the world [2].

The World Trade Organization conducted an analysis of the consequences of the war for Ukraine. In particular, this is noticeable due to a sharp increase in the prices of essential products, energy sources and a sharp reduction in the availability of goods, the main exporter of which is Ukraine.

Africa and the Middle East will suffer the most due to their vulnerability. They cover more than half of their grain needs thanks to Ukraine. In some African countries, the population faces the possibility of a 50-85% increase in grain prices due to difficulties in supplying grain as a result of Russian aggression [2].

The possibility of a food crisis worries the most. The next most important issue is the increase in energy prices. Due to the increase in natural gas prices, a decrease in yield should be expected, since it is the main component of ammonia fertilizers. In this case, the food shortage will progress.

As for interventions in trade policy, they can harm the situation that has developed at the moment. Subsidies and liberalization measures can increase demand, while export restrictions will have the opposite effect [3].

The war and related sanctions severed Russia's ties with the world, which directly caused the deterioration of trade. As for the aggressor country, its connections with the ports of Europe were cut off. Cargo transportation carried out by aviation has changed in order to avoid Russian airspace. As for Ukraine, there are not enough ways and means of export. This is caused by the blockade or occupation of the Black Sea ports.

It is accepted to distinguish 3 main categories of goods: energy, agriculture, metals. The war affected all the mentioned spheres. As inflation progresses, there is a shift in demand as people become less able to pay and cannot afford what they used to buy.

The decrease in the availability of agricultural products affects further price growth and competition for alternative sources. Impaired access to the markets of Ukraine and Russia has become an acute problem for the export of perishable goods, for example, fresh vegetables and fruits. A certain amount of these goods can be redistributed among other European countries, but despite this, exporters will not be able to avoid excess supply. This will lead to a decrease in prices, while the increase in prices for electricity and fertilizers will contribute to an increase in the cost of production [4].

Because of uncertainty over the course of the Ukraine conflict and lack of hard data on its economic impact, WTO economists have used simulations to make “reasonable assumptions” about trade. They explain that growth of world merchandise trade volumes in 2022 “could be as low as 0.5% or as high as 5.5%”.

In a crisis, the WTO says more trade is needed – not less – so everyone can get essential supplies. It is calling on governments and partner organizations to work together to facilitate trade.

Therefore, Russia's war against Ukraine creates serious risks for food and energy security not only for Ukraine, but also for the whole world. It also causes difficulties in supply chains and creates problems with logistics, which, in turn, leads to a sharp increase in prices and inflation. Russian aggression and the sanctions imposed against it and Belarus have a significant impact on world trade

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