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Chapter 3. International activity in the context of trade wars: opportunities and challenges for Ukraine

In recent years, the global economy has become increasingly interconnected, and international trade plays a vital role in the growth and development of many countries. However, this interdependence has also led to increased trade tensions and conflicts, and trade wars between major economic powers have significant implications for the global economy. For Ukraine, as a country that is heavily dependent on international trade, these trade wars can have a significant impact on its international activity.

This study aims to explore the opportunities and challenges for Ukraine's international activity in the context of trade wars. In particular, the study will analyze the impact of trade wars on Ukraine's export-oriented industries and explore potential opportunities for Ukraine to diversify its trade relations and enter new markets as a strategy to mitigate the negative impact of trade wars on the country's economy. In addition, the study will consider geopolitical considerations and potential risks associated with participation in international trade, especially in light of the ongoing Russian-Ukrainian war.

The object of the study is Ukraine's international activity, its opportunities and challenges in the context of trade wars that affect the global economy and international relations.

The subject of the study is practical tools to counteract the impact of trade wars on Ukraine's international activity, as well as the opportunities and challenges that arise for Ukraine in the context of such conflicts.

The study will consider the theoretical aspects of the impact of trade wars on the country's international activity, the analytical aspect of studying this impact on Ukraine, and the practical aspects of the impact of trade wars on the country's international activity.

The information basis for the study was provided by Ukrainian and foreign websites and articles with information and data for calculations, including the websites of the Verkhovna Rada of Ukraine, the State Customs Service of Ukraine, the State Statistics Service of Ukraine, The New York Times, Trade Map, and others.

Trade wars have become a common phenomenon in the global economy, affecting countries' international activity and creating significant challenges for international trade. The term "trade wars" refers to economic conflict between countries. This leads to both countries implementing protectionist policies in the form of trade barriers against each other. These barriers can be established in various ways, including, but not limited to, the following:

- Tariffs (according to the Law "On the Customs Tariff of Ukraine") are a list of import duty rates, systematized in accordance with the Ukrainian classification of goods of international activity, which are levied on goods imported into the customs territory of Ukraine [1]. When one country imposes tariffs on imports from another country, this can make certain goods more expensive for consumers in the importing country and also make it more difficult for exporters from the country on which the tariffs are imposed to compete.

- Quotas are the maximum volume of a certain category of goods that may be exported from the territory of Ukraine (imported into the territory of Ukraine) during a specified period and which is determined in physical or value units, in accordance with the Law "On International Activity" [2].

- An embargo is a ban (restriction) on the export of goods to countries specified in relevant UN Security Council resolutions [3].

- Subsidized imports – the importation into the customs territory of the importing country of goods (or products) that benefit from subsidies granted for the production, processing, transportation, or export of such goods [4].

- Devaluation – a decrease in the exchange rate of the national currency against foreign currencies or international currency units (before the abolition of gold parities – against gold) as a result of an exchange rate imbalance [5].

Trade wars often start when one country's government believes that another country is engaging in unfair trade practices that are harming the markets of the first country. In an effort to protect domestic industry or create jobs, a government may impose a trade barrier, such as a tariff on a key product imported from another country. When each country imposes a trade barrier, the other country responds with another policy. This creates the concept of a “war”. Common causes include:

- protectionist policies – countries may impose tariffs or other trade barriers to protect domestic industries from foreign competition;
- unbalanced trade relations – a trade deficit or surplus can lead to tension between countries, as one of them may feel that it is being exploited or treated unfairly;
- intellectual property disputes – countries may accuse each other of intellectual property theft or unfair trade practices related to patents, trademarks, or copyrights;
- currency dumping – devaluing the national currency in order to increase exports of goods at prices below world prices. Currency dumping allows countries to capture markets. For it to be successful, the national currency must be devalued by more than the decline in its purchasing power on the domestic market [6]. Countries can manipulate exchange rates to gain advantages in international trade, leading to accusations of unfair practices. Thus, the Figure 1 shows export volumes and how they changed during currency crises and against the backdrop of political situations.
- Political tensions – trade can become a weapon in political disputes between countries, as exemplified by the trade war between the US and China [7].

Trade wars hurt consumer sentiment and business in both countries, negatively affecting various aspects of both countries' economies. On the other hand, some proponents argue that trade wars protect national interests and are beneficial to domestic businesses. A trade war that starts in one sector can spread and affect other sectors. Similarly, a war that starts between two countries can affect other countries that were not initially involved in the trade war [8].

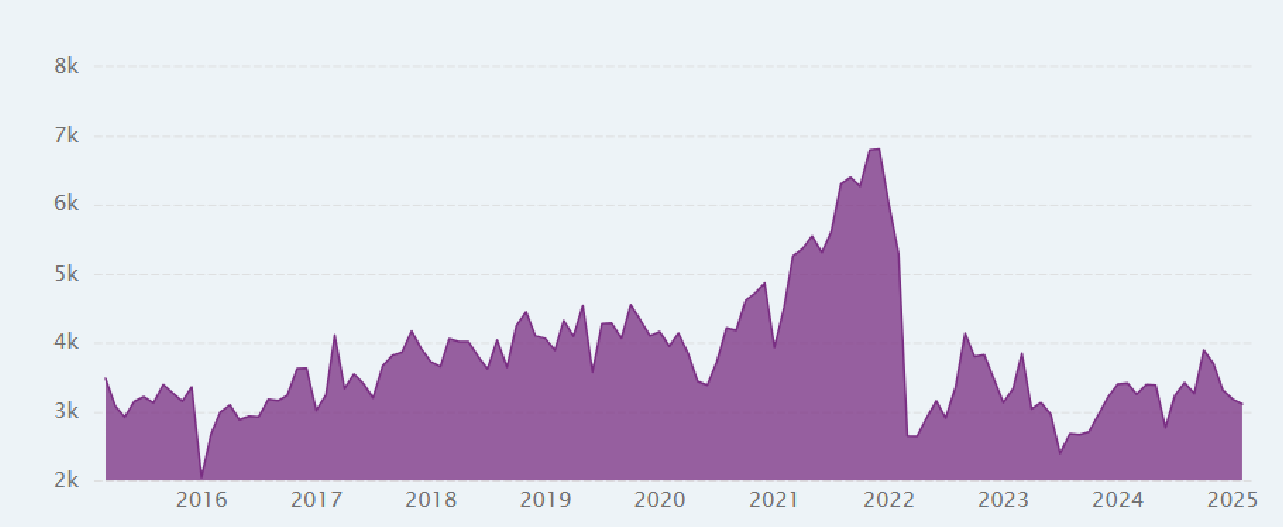

Figure 1. Total export of Ukraine 2015-2025*, USD bn

Source: compiled by the author based on data [37]

* for 2025, data for 9 months is presented

In recent years, trade wars have become a significant threat to global economic growth and stability, as numerous countries resort to trade restrictions and tariff increases. Trade wars have far-reaching consequences for the global economy. Countries engaged in trade wars can expect a number of significant consequences, including:

- Disruptions in trade flows. They can be seriously affected during trade wars, as countries may impose tariffs on imports from other countries. This can make imported goods more expensive, leading to lower demand and reduced trade volumes. As a result, Ukrainian exporters may face a decline in export volumes, which could have a negative impact on the country's economy;
- Disruptions in global supply chains. Trade wars can lead to a decline in global trade. As countries become more protectionist, it may become more difficult for companies to obtain components and raw materials from other countries. This can lead to increased costs, reduced efficiency, and production delays, which can ultimately lead to higher prices for consumers. This can have a domino effect, with the consequences being felt in many industries and countries;

- Reduction in trade volumes, as tariffs and other trade barriers make it more expensive to import and export goods. This could affect many industries and lead to job losses and economic decline;
- Trade diversion. When countries impose tariffs on imports from one country, importers may start sourcing goods from other countries where tariffs are lower. This can lead to changes in trade flows and a redistribution of trade patterns;
- Investors may also suffer from trade wars. Investors may be reluctant to invest in countries that are actively involved in international trade, as trade barriers can lead to lower profits and increased risks. This can slow economic growth, as FDI is an important driver of economic development.
- Higher government spending on measures to mitigate trade restrictions. Governments must spend more on measures to mitigate trade barriers, such as subsidies, tax breaks, and financial support for affected industries, to offset the negative impact of trade barriers and tariffs. This can lead to an increase in budget deficits and public debt, which can have long-term economic consequences. In addition, increased government spending on measures to mitigate trade barriers may divert resources from other public policy priorities, such as education, health care, and infrastructure, which could negatively affect social welfare and economic development.
- Negative impact on global efforts to reduce poverty and achieve sustainable development goals. Trade wars can reduce demand for exports, slow economic growth, and limit employment opportunities. This can lead to increased poverty, inequality, and social unrest. In addition, it could undermine international cooperation and solidarity, which are essential for achieving the SDGs, which require the collective efforts of all countries to address global challenges. Trade wars could weaken international institutions and disrupt global cooperation, making it more difficult to achieve the SDGs;
- Increased political tensions and potential diplomatic consequences between participating countries [9, 10].

In general, trade wars lead to increased uncertainty and volatility in financial markets, which can cause businesses to hold back on investment and consumers to cut back on spending. Some industries and countries may suffer more than others some countries will see a decline in exports, while others will see a decline in domestic industry. Although trade wars cause disruptions in the global economy, they can also lead to certain positive developments. For example, they can force countries to reevaluate their economic relations and diversify their trading partners. In addition, they can encourage some countries to invest more in domestic industry and reduce their dependence on imports.

As a country that actively participates in international trade, Ukraine may be significantly affected by trade wars on world trade. The consequences for Ukraine may be as follows:

- Decline in exports: if countries with which Ukraine has close trade relations introduce tariffs or other trade barriers, Ukrainian exports to these countries may decline, leading to a drop in export volumes and a potential slowdown in economic growth;
- Increased cost of goods: trade wars could lead to an increase in the cost of goods, which could affect both importers and exporters. This could lead to higher prices for Ukrainian consumers and a potential decline in the competitiveness of Ukrainian exporters;
- Decrease in foreign direct investment: trade wars may cause investors to hesitate to invest in countries that are actively involved in international trade, such as Ukraine. This could lead to a reduction in foreign direct investment and a potential slowdown in economic growth;
- Potential changes in trade patterns: if trade patterns change as a result of trade wars, Ukrainian exports may be redirected to other countries with lower tariffs, leading to a redistribution of trade patterns.
- Negative impact on domestic industry: industries that are heavily dependent on imports may face rising costs, while industries that are heavily dependent on exports may suffer from reduced demand.

Thus, the impact of trade wars on global trade can have significant consequences for Ukraine's international activity. The country's significant dependence on exports and participation in international trade means that disruptions in global trade flows can have far-reaching consequences for the Ukrainian economy [11].

In order to normalize and attempt to resolve the consequences of trade wars, the country's economic strategy must take into account the potential impact of wars on its economy, as well as its own economic strengths and weaknesses. Here are some possible features of the country's economic strategy and prospects in the context of a trade war:

1. Diversification of trading partners. Ukraine may seek to diversify its trading partners to reduce its dependence on any one country or region. This could involve expanding trade with countries that are not involved in the trade war or strengthening economic ties with countries that have not been directly affected by the trade war.

2. Protecting domestic industry. Ukraine could implement policies to protect domestic industry from foreign competition, for example through tariffs or subsidies. This could be done to support industries that are particularly vulnerable to the trade war or to encourage the growth of industries that the country considers strategically important.

3. Investing in innovation. The country may invest in research and development to create new products or technologies that are less affected by the trade war or give the country a competitive advantage in the global market.

4. Negotiations and diplomacy. A country may engage in negotiations and diplomatic efforts to resolve a trade war or mitigate its impact on the country's economy. These may include bilateral or multilateral negotiations with other countries or engagement with international organizations such as the World Trade Organization.

5. Stimulus measures. A country may implement stimulus measures to boost its economy during a trade war. These measures may include tax cuts,

increased government spending, or monetary policy measures such as lowering interest rates.

In general, a country's economic strategy in a trade war depends on a number of factors, including its own economic strengths and weaknesses, the nature of the trade war, and the policy instruments available to the country's policymakers. Moreover, a country's economic strategy during a trade war plays a decisive role in determining the impact of the trade war on its international activity. Developing a strategic plan aimed at diversifying markets, increasing local production, and expanding supply chains can help mitigate the negative effects of a trade war, while investing in research and development can lead to the creation of new products or technologies that are less affected by the trade war.

Ukraine's exports have been and remain an important driver of the country's economy, accounting for a significant part of its GDP and providing jobs for millions of people. The country's main exports were metals, chemical products, machinery, and agricultural products, particularly grains and oilseeds. In recent years, Ukraine has made significant efforts to diversify its export markets and increase the value of exports by moving up the value chain through increased innovation and technology adoption. However, with the start of Russia's full-scale armed invasion of Ukraine, everything changed and exports declined sharply.

According to data from Diia.Business and the State Customs Service of Ukraine, Ukrainian exports showed very positive dynamics in January and February 2022, with growth of 34% compared to the same period last year. However, exports collapsed in March, falling by 50%. In the first eight months of 2022, Ukrainian exports amounted to $29 billion. This is one-third less than in the same period last year (-31%). In real terms, Ukrainian exports amounted to 63 million tons, which is 59% less than last year. A slow recovery in exports began in May, and the largest volume of exports since the start of the large-scale war was recorded in August due to the unblocking of Ukrainian Black Sea ports (almost $3.4 billion) [12]. According to the overall results for 2022, Ukraine's exports amounted to US$44.1 billion, which is

35.1% less than in the previous year [13]. A visual comparison chart of Ukraine's exports in 2021-2022 is presented in Figure 2.

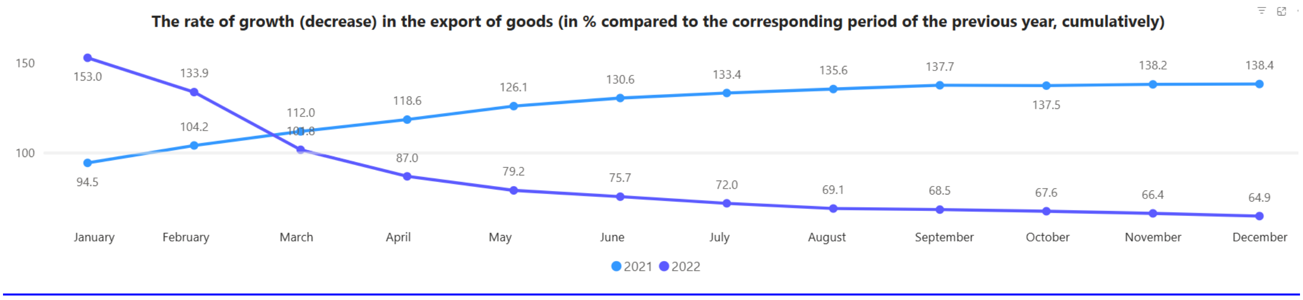

Figure 2. Visual comparison chart of Ukraine's exports in 2021-2022

Source: compiled by the author based on data [37]

In 2022 export of goods amounted to 44,148.8 million dollars. USA, or 64.9% compared to 2021, import - 55,273.5 million dollars, or 75.9%. The negative balance amounted to USD 11,124.7 million. (in 2021, it is also negative - 4,770.8 million dollars). The export-import coverage ratio was 0.80 (0.93 in 2021).

However, even without taking into account the current protracted armed conflict, Ukraine's export sector has been and remains vulnerable to external shocks, such as trade wars, which can disrupt supply chains, increase costs, and reduce demand for export products. Tariff and non-tariff barriers imposed by trading partners also limit Ukraine's access to important markets, which will further affect its export performance.

In recent years, Ukraine has faced trade barriers from several key trading partners, including:

- Reduction in export volumes. Trade wars can lead to a decline in demand for Ukrainian exports due to increased trade barriers, tariffs, and other trade restrictions imposed by trading partners. In 2018, Ukrainian exports to Russia fell by 15.4% due to the trade war between the two countries [14];
- Decrease in export prices for Ukrainian exports due to increased competition and excess supply in the market. For example, the trade war between the US and China led to a fall in world steel prices, which had a significant impact on the

Ukrainian metallurgical industry, which accounted for a significant share of Ukrainian exports. The US imposed tariffs on steel imports from several countries, including Ukraine, which led to a decrease in Ukrainian steel exports to the US [15];

- Shifts in export markets, as countries seek new trading partners to compensate for the loss of trade with their traditional partners. For example, the trade war between the US and China has led to increased demand for Ukrainian soybeans from China as an alternative to American soybeans [15];
- Increased competition, making it difficult for Ukrainian exporters to maintain their market share. For example, the trade war between the US and China has led to increased competition for Ukrainian agricultural exports, as other countries seek to fill the void left by US agricultural exports to China [15];
- Disruption of supply chains, making it difficult for Ukrainian exporters to access the necessary resources and materials for their products. For example, the trade war between the US and China disrupted global technology supply chains, which affected Ukrainian electronics exports [15];
- Decrease in foreign investment. Trade wars can hinder foreign investment in Ukraine, affecting export-oriented industries. The trade war between the US and China has led to a decline in foreign investment in the Ukrainian metallurgical industry [15];
- Increased production costs for Ukrainian exporters due to higher tariffs and other trade barriers. Thus, in the trade war between the US and China, US tariffs on steel and aluminum imports increased production costs for Ukrainian steel exporters [15];
- Increased trade uncertainty. Trade wars can increase uncertainty and volatility in the global market, making it difficult for Ukrainian exporters to plan and make investment decisions. For example, the trade war between the US and China has created uncertainty in global financial markets, affecting Ukraine's ability to attract foreign investment [15];

However, trade wars can also create opportunities for the Ukrainian export industry. For example, as some countries seek to reduce their dependence on imports from countries involved in trade wars, they may look for new suppliers, including from Ukraine. This provides an opportunity for Ukrainian exporters to diversify their markets and expand their customer base. This is what happened during the trade war between the US and China which created new opportunities for Ukraine to export agricultural products to China.

The list of opportunities that may arise from trade wars includes:

- increased competitiveness;
- development of new industries;
- conclusion of trade agreements with other countries and expansion of export markets;
- development of new technologies that will help companies mitigate the negative impact of trade barriers;
- increased government support for export-oriented industries.

Thus, the impact of trade wars on Ukraine's export performance is complex, as they can create both challenges and opportunities. While trade barriers may lead to a decline in demand for Ukrainian exports, they may also create opportunities to enter new markets. It is therefore crucial for Ukraine to closely monitor trade tensions and develop strategies to mitigate any negative consequences for its export sector.

The Ukrainian import industry is a crucial aspect of the country's economy, as it provides access to goods and services that the country cannot produce domestically. The importance of some industry for Ukraine's economy is evident in its impact on employment and economic growth.

Let’s consider the total import dynamics through the last 10 years (Figure 3).

Ukraine’s annual imports fluctuated throughout 2015–2024, yet the overall trajectory remained upward, reflecting both structural economic changes and external shocks. The most pronounced surge occurred in 2023–2024, when the full-scale war fundamentally reshaped the country’s demand profile. Import dynamics in this period were largely driven by the urgent need to sustain critical infrastructure, maintain military resilience, and support essential civilian functions.

A significant share of the increase stemmed from the rising demand for energy equipment and fuel, as repeated attacks on Ukraine's energy system required constant replacement of transformers, generators, high-voltage equipment, and alternative energy components. At the same time, imports of defense and dual-use goods expanded sharply, including protective gear, surveillance technologies, drones, communication systems, and spare parts for military and humanitarian purposes.

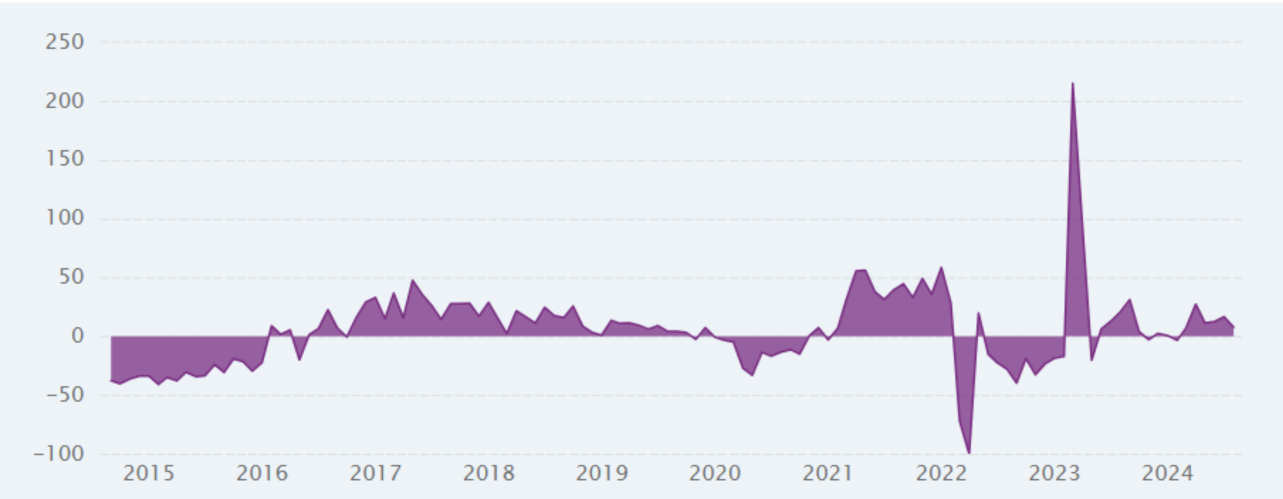

Figure 3. Total import of Ukraine 2015-2025, USD bn

Source compiled by the author based on data [37]

The need to stabilize industrial production and restore damaged facilities boosted imports of machinery, mechanical equipment, and transport components, while the healthcare system's heightened burden increased the inflow of medicines, medical devices, and hospital supplies. Additionally, the destruction of residential and industrial infrastructure created a steady demand for construction materials, such as cement, metal products, timber, and insulation materials. All of these categories were further influenced by higher logistics costs, insurance premiums, and global price volatility, which amplified the value of imports even when physical volumes grew more slowly.

Looking ahead to 2025, Ukraine's imports are expected to remain at an elevated level. This trend will be supported by continued defense procurement, large-scale infrastructure repairs, expanded reconstruction programs, and increased access to international financing from partners and development institutions. As reconstruction accelerates, the structure of imports is likely to shift gradually toward building materials, industrial machinery, transport equipment, and technologies aimed at modernizing production and improving energy resilience. Overall, import intensity will remain a critical component of Ukraine's wartime and post-war economic recovery strategy.

Let's compare dynamics of total export and import in Ukraine (Figure 4).

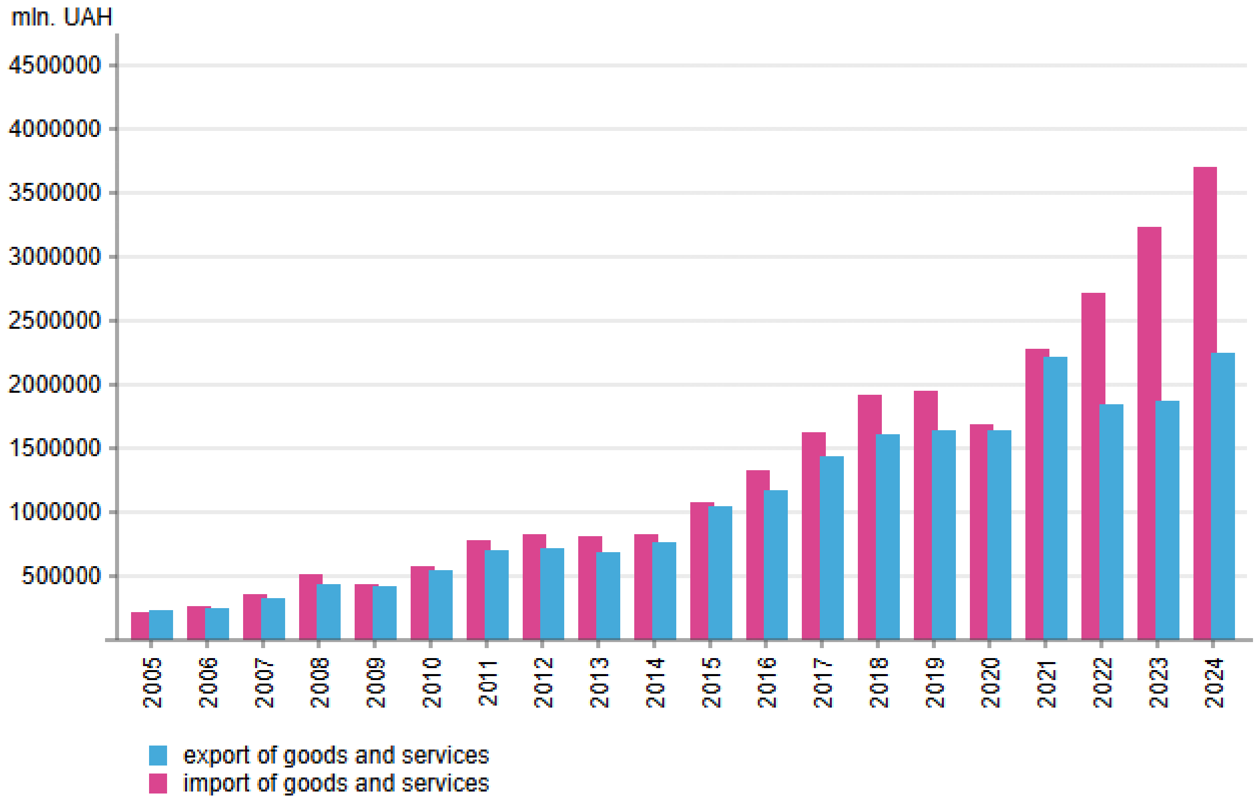

Figure 4. Total import and export of Ukraine 2005-2024, mln UAH

Source: compiled by the author based on data [37]

We can see that along with the growth of export-import operations, imports in Ukraine are chronically outstripping exports, and their difference is getting bigger and bigger.

Many businesses in Ukraine rely on imported goods for their operations. In addition, by importing goods, Ukraine increases its economic activity, as businesses gain access to the resources they need to expand their operations and compete in the global market.

According to data provided by the Ministry of Economy of Ukraine, the total volume of Ukraine’s imports in 2022 reached $55.3 billion, reflecting a 24.1% decline compared to the previous year. This sharp contraction was primarily driven by the profound disruptions caused by the full-scale invasion of the russian federation, which resulted in large-scale destruction of critical infrastructure, a reduction in domestic production capacity, temporary occupation of key industrial regions, and severe logistical constraints. The decline in household incomes and a contraction in consumer demand also contributed to the overall reduction in import volumes.

Despite these negative dynamics, certain categories of essential goods—such as energy equipment, fuel, medical supplies, and defense-related items—maintained or even increased their import share due to wartime necessities. Meanwhile, imports of consumer goods, industrial raw materials, and capital equipment decreased substantially as businesses and households adjusted to heightened uncertainty and operational risks.

For clarity and comparative analysis, Figure 5 presents a visual chart illustrating the dynamics of Ukraine’s imports in 2021–2022, highlighting the scale of the decline and the structural shifts in import composition observed during the first year of the full-scale war. This graphical representation enables a more precise understanding of the changes in external trade flows and their correlation with the broader macroeconomic environment.

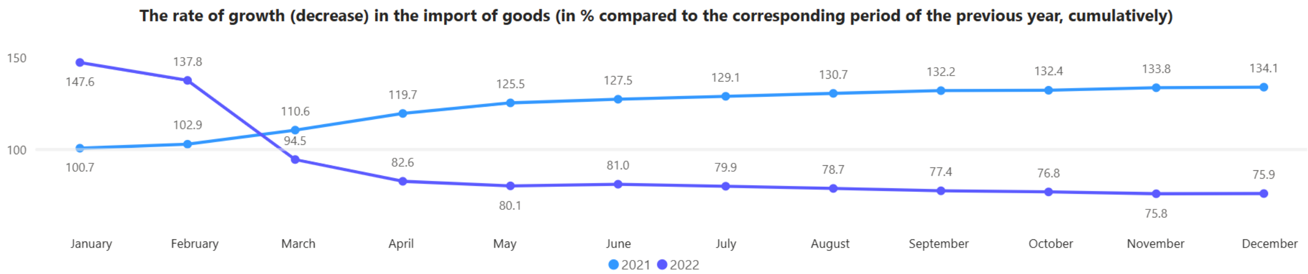

Figure 5. Visual comparison chart of Ukraine's imports in 2021-2022

Source: compiled by the author based on data [37]

These countries accounted for a significant share of Ukraine’s total import flows, reflecting both long-standing supply-chain linkages and the structure of Ukraine’s pre-war economic dependencies. China served as a key supplier of machinery, electronics, industrial components, chemical products, and consumer goods, maintaining its position as Ukraine’s largest individual import partner. Germany played a major role in supplying high-value-added products, including automotive components, mechanical equipment, pharmaceuticals, and technological goods.

Poland, meanwhile, acted as both a production partner and a logistics hub within the EU, supplying machinery, processed foods, household goods, and intermediate industrial products.

The distribution of these import partners in 2021 provides important context for understanding how the full-scale war later forced Ukraine to reorient its external trade structure, diversify supply channels, and reduce dependence on markets tied to the aggressor states. Figure 6 visually illustrates the relative shares of these countries in Ukraine’s total imports during the last full pre-war year.

Ukraine imports a wide range of goods, including machinery, electronics, chemicals, vehicles, and food products. However, the country is particularly dependent on imports in certain sectors, including energy and industry. In terms of energy, Ukraine imports significant amounts of natural gas, oil, and coal to meet its energy needs.

Trade wars can have significant consequences for Ukraine's ability to import essential goods and services, which in turn can affect the country's economy, including the following:

- Higher tariffs on imported goods, making them more expensive for Ukrainian consumers. For example, in 2018, the US imposed tariffs on steel and aluminum imports from several countries, including Ukraine. This increased the cost of these materials for Ukrainian manufacturers, which could potentially lead to higher prices for consumers and lower demand for these products [15];

- Disruption of supply chains, as businesses will try to avoid tariffs and find new suppliers. For example, in 2018, China and the US started a trade war, which led to disruptions in the global soybean market. This had a ripple effect on Ukraine, which is a major soybean producer and exports significant volumes to China. As demand for Ukrainian soybeans fell, farmers and exporters were left with excess supply and reduced incomes [15];
- Reduced access to markets in response to tariff increases by other countries. For example, in 2019, Russia banned imports of certain Ukrainian food products, including meat, dairy products, and certain fruits and vegetables [18];
- Currency fluctuations, which can affect the cost of imported goods. For example, in 2018, the US imposed tariffs on Chinese goods, leading to a depreciation of the Chinese yuan. This made imports from China more expensive for Ukraine, leading to higher prices for consumers and lower demand for these goods;
- Decrease in foreign investment, as businesses become more cautious about investing in countries involved in trade disputes. For example, the US imposed tariffs on Chinese goods, which led to a reduction in Chinese investment in Ukraine's infrastructure and energy sectors [15];
- Increased inflation, as the cost of imported goods rises. For example, in 2014, Russia imposed a ban on food imports from several countries, including Ukraine. This led to higher food prices in Ukraine, as demand for food increased while availability decreased [19].

In general, the impact of trade wars depends on many factors, including the specific goods involved, the intensity and duration of the trade war, and the country's ability to adapt to changing market conditions.

Nevertheless, trade wars can create both challenges and opportunities for the Ukrainian import industry. While the challenges were discussed in the previous paragraphs, here are some potential opportunities:

- Introduction of tariffs and trade barriers may force Ukrainian importers to look for new suppliers in other countries. This could lead to the development of new trade relations and diversification of the Ukrainian import market, reducing dependence on a single country or region;

- Increased competitiveness. Trade wars can create opportunities for Ukrainian businesses to invest in new technologies and products, making them more competitive in the global market. This can help Ukrainian businesses offer better products at lower prices, making them more attractive to foreign buyers.
- Expansion into new markets. If Ukraine does not participate directly in a trade war, it can take advantage of new opportunities to export goods to countries affected by the conflict. For example, if China and the US are in a trade war, Ukrainian exporters will be able to sell more goods to China as an alternative supplier.
- Innovation and growth. The challenges posed by trade wars may force Ukrainian businesses to innovate and seek new avenues for growth and expansion. This could lead to the development of new products and services, which would increase the competitiveness of the Ukrainian economy as a whole.
- Stimulating domestic production If trade wars lead to shortages or higher prices for imported goods, Ukrainian businesses may be incentivized to invest in domestic production, leading to the development of new industries and the creation of new jobs.

Overall, while trade wars can pose significant challenges for Ukraine's import industry, they can also create opportunities for businesses to expand their markets and increase their competitiveness. The key is to remain vigilant, be flexible and adaptive, and continue to seek out new opportunities as they arise.

Increased tensions in global trade have led to the introduction of trade barriers and tariffs, which have negatively affected the economies of many countries. Ukraine, as a country that is heavily dependent on international trade, is not immune to these effects. To address this, various policy measures are being considered that Ukraine could take to mitigate the negative effects of trade wars. In particular, the effectiveness of trade diversification, trade agreements, and trade facilitation as potential solutions.

Trade diversification is a policy measure that involves expanding the range of goods and markets to which a country exports, reducing dependence on a single market or commodity. This approach helps to spread risks and minimize the impact of trade wars on a country's economy. When a country is overly dependent on a single market or commodity, any disruptions in trade, such as the imposition of tariffs or trade barriers, can have a significant impact on the economy. The goal of mitigating the effects of trade wars is to maintain economic stability and competitiveness. By implementing a trade diversification policy, a country can potentially reduce the negative impact of trade disruptions on its economy, thereby maintaining economic stability. In addition, trade diversification can help a country remain competitive in the global market by expanding its customer base and developing new export opportunities [20].

The potential advantages of trade diversification include reduced dependence on a single market or commodity and access to new markets, but the disadvantages include costs, as entering new markets can be expensive and require investment in new infrastructure, marketing, and supply chains, as well as difficulties in finding new markets.

An example of such a measure is Canada's response to the trade war between the US and China. The country has focused on diversifying its trade relations, especially in Asia. In 2018, Canada signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which opened up new export opportunities in Asia [21].

Thus, trade diversification can be an effective policy measure to mitigate the negative effects of trade wars, but it also has potential drawbacks that must be carefully considered when designing and implementing diversification strategies.

Next are trade agreements. Trade agreements are formal agreements between two or more countries that regulate their trade relations. These agreements typically involve reducing or eliminating tariffs and other trade barriers, as well as establishing rules governing trade in goods and services, intellectual property, and investment [22].

Trade agreements can help mitigate the effects of trade wars in several ways. First, they can provide a framework for stable and predictable trade relations between countries, reducing uncertainty and the risk of trade disputes. Second, trade agreements can open up new markets for exports, providing countries with new opportunities for economic growth and diversification. Third, trade agreements can help reduce the negative impact of tariffs and other trade barriers by ensuring that trade in goods and services is governed by a set of rules that promote fair competition and market access.

For Ukraine's economy, trade agreements can be an important policy measure to mitigate the effects of trade wars. In recent years, Ukraine has signed several trade agreements, including the Association Agreement with the European Union [23] and the Free Trade Agreement with Canada [24]. By providing a basis for stable and predictable trade relations with other countries, trade agreements can help Ukraine overcome the negative effects of trade wars and maintain its economic competitiveness.

Finally, trade facilitation should be mentioned. Trade facilitation refers to policies and measures aimed at reducing the costs, time, and complexity of trade transactions between countries. This includes measures such as simplifying customs procedures, improving transport infrastructure, and upgrading information and communication technology systems [25].

Trade facilitation can help mitigate the effects of trade wars in several ways. First, by reducing the time and cost of trade transactions, trade facilitation measures can help businesses maintain their competitiveness in the face of trade disruptions. Second, by improving the efficiency of customs procedures and reducing the risk of delays or errors, trade facilitation measures can help minimize the negative impact of tariffs and other trade barriers. Third, by promoting transparency and predictability in trade operations, trade facilitation measures can help reduce uncertainty and the risk of disputes between countries.

In the context of Ukraine, trade facilitation can be an important policy measure to mitigate the effects of trade wars. In recent years, Ukraine has made progress in improving trade facilitation measures, including through the introduction of a new electronic customs system and improvements in transport infrastructure. These measures have helped reduce the time and cost of trade transactions, making Ukrainian businesses more competitive and better able to withstand the negative effects of trade disruptions. By continuing to invest in trade facilitation measures, Ukraine can further enhance its competitiveness and resilience in the face of trade wars.

Thus, the government's response to trade wars can have a significant impact on the country's ability to mitigate the negative effects of these shocks on its economy. Taken together, these measures can help Ukraine maintain its economic competitiveness and resilience to withstand the negative effects of trade wars.

Trade wars are not an invention of modern society. Such battles have been going on since states began trading with each other. For example, in the 17th century, colonial states fought each other for the right to trade exclusively with overseas colonies.

The British Empire has a long history of such trade battles. An example is the 19th-century Opium Wars with China.

The Opium Wars were a series of armed conflicts that took place between 1839 and 1860 between these countries. The wars were provoked by China's attempt to stop the illegal opium trade conducted by British merchants, who had been selling opium produced in India to Chinese consumers for years. China's efforts to ban the drug were met with resistance from the British, who had significant economic interests in the opium trade. Attempts to resolve the conflict were unsuccessful, and the emperor eventually sent troops to confiscate the drugs. The conflict consisted of several naval battles and land battles, each of which was won by the British.

Thanks to their military superiority, the British were able to force China to sign a series of unequal treaties that opened the way for China to expand its international trade and influence. These treaties also led to the transfer of Hong Kong to British control and forced China to pay large sums of money to the British as reparations for the conflict. The Opium Wars had a profound impact on China, leading to the loss of sovereignty and territorial concessions, as well as exacerbating social and economic unrest. For the British Empire, the wars led to expanded access to Chinese markets and increased economic and political influence in East Asia [26].

In 1930, the United States passed the Smoot-Hawley Tariff Act, which raised tariffs to protect American farmers from European agricultural products. This law increased already high import duties to nearly 40%. In response, several countries imposed their own higher tariffs, leading to a decline in global trade worldwide. When America entered the Great Depression, which was largely contributed to by destructive trade policies, President Roosevelt began to pass several laws aimed at reducing trade barriers, including the Reciprocal Trade Agreements Act [26].

The chicken war began in mid-1962 when six member countries of the Common Market — France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg — raised the common external tariff on poultry meat to 13.43 cents per pound. In Germany, the largest market for American chicken exports, the tariff was 4.8 cents per pound. For American poultry farmers, the tariff increase meant the effective elimination of their lucrative export market in European regions.

The tariff was intended to stimulate the development of German poultry farmers and promote the agricultural self-sufficiency of the European Economic Community, thereby destroying the price advantage of American poultry farmers, and their exports began to fall rapidly. The American poultry industry protested strongly. Complaints reached Washington, because this was much more than just a loss of chicken exports. Administration officials feared that the chicken war was the first step in a protectionist agricultural policy by the European Economic Community.

In early 1963, the United States called on the Common Market countries to change their tariffs on poultry meat. The market's proposal to reduce the tariff by 10 percent was rejected as insufficient. The United States, in turn, threatened to impose retaliatory tariffs worth $46 million. France and West Germany reacted angrily to this threat. Doubts grew that the chicken war could be contained.

Then, in early autumn, the United States agreed to arbitration by a panel of experts convened under the General Agreement on Tariffs and Trade. The panel ruled that the losses incurred by the United States due to Common Market tariffs amounted to $26 billion.

Shortly after taking office, President Johnson announced tariff increases on trucks, brandy, dextrin, and potato starch totaling about $26 million. The new tariffs affected West German trucks, French cognac, and Dutch potato products.

Thus, a truce was reached in the chicken war. Both sides claimed victory, with the United States on the principle of retaliation and the Common Market on the underestimation of US losses. However, few were truly satisfied with this decision [27].

The Cod War (1958-1961) between Iceland and Great Britain. The Cod War was a series of disputes between Iceland and Great Britain that took place between 1958 and 1961. The conflict centered on fishing rights in the North Atlantic, as Iceland sought to establish control over its territorial waters and the fishing grounds located within them.

At the time, fishing was a vital industry for Iceland, and the country was concerned about overfishing by foreign vessels, particularly from the United Kingdom. In 1958, Iceland extended its fishing s from three miles to four miles, and then to 12 miles in 1959. This move was met with resistance from the British, who argued that waters beyond the three-mile zone were international waters and that they had the right to fish there.

The Cod War led to a series of clashes between Icelandic coast guard vessels and British fishing trawlers, with each side using different tactics to defend its position. Iceland even threatened to leave NATO and join the Soviet Union if their demands for greater control over their fishing grounds were not met.

The conflict was finally resolved in 1961 when the British agreed to recognize Iceland's extended fishing limits and compensate Iceland for lost revenue as a result of their withdrawal from the disputed waters. The Cod War had a significant long-term impact on the fishing industry in the North Atlantic, leading to the creation of exclusive economic zones and the development of new laws and regulations governing international fishing rights [28].

In summary, analysis of examples of trade wars has shown that trade tensions and disputes have a significant impact on world trade and individual countries, including Ukraine.

Trade wars affect almost all regions of the world. They have a powerful impact on other countries that are not directly involved in these battles. In general, they all have similar consequences, both positive and negative.

In recent years, Ukraine has taken significant steps in developing its international activity policy and strategy. The country is actively seeking to integrate into the global economy and is taking a number of measures to promote trade and investment.

One of the key elements of Ukraine's international policy is the diversification of its trade relations. After the annexation of Crimea in 2014 and the subsequent conflict in the territories of Ukraine, the state has tried to reduce its dependence on Russia as a trading partner. As part of these efforts, Ukraine has signed free trade agreements with the European Union, Canada, and Israel, among others. These agreements have opened up new markets for Ukrainian exporters and helped increase trade with other countries. Diversification can be achieved by exploring new markets and expanding the range of products exported. By diversifying its trade relations, Ukraine can reduce its dependence on a few key trading partners, which can help mitigate the impact of trade wars.

In addition to diversifying its trade relations, Ukraine is working to improve its business environment and attract foreign investment. The country has implemented a series of reforms aimed at reducing corruption, improving the rule of law, and simplifying bureaucratic procedures. These reforms have helped create a more favorable environment for foreign investors and contributed to an increase in foreign direct investment in the country.

Optimizing the trade process and reducing trade costs can make Ukrainian exports more competitive in the global market. To achieve this, Ukraine needs to implement trade facilitation measures such as simplifying customs procedures, reducing administrative barriers, and improving trade infrastructure. This will help reduce trade costs and make it easier for businesses to trade with international partners.

Also, concluding trade agreements that can give Ukraine access to new markets, reduce trade barriers, and create a stable and predictable trading environment. Ukraine should focus on negotiating and signing trade agreements with key partners to secure market access and protect its interests in international trade.

Encouraging domestic production of goods and services can help Ukraine reduce its dependence on imported goods and mitigate the impact of trade wars. This can be achieved by creating favorable conditions for the development of domestic business and increasing investment in domestic production.

In summary, developing resilience to the challenges and opportunities created by trade wars requires a combination of measures, the implementation of which will help Ukraine maintain the stability of its international activity and increase its competitiveness in the global market.

In conclusion, although Ukraine has made progress in developing its international activity policy and strategy, the country continues to face significant challenges. Continued efforts to diversify trade relations, improve the business environment, and attract foreign investment will be critical to Ukraine's economic development and long-term stability.

After conducting an in-depth analysis of international activity in the context of trade wars, it can be concluded that Ukraine faces both significant opportunities and challenges in this area.

One of the key opportunities for Ukraine in this context is the potential to diversify trade relations and expand export markets. Trade wars between major economic powers can lead to changes in global trade, allowing countries such as Ukraine to gain access to new markets and increase their global competitiveness. In addition, increased control of global supply chains may create opportunities for

Ukrainian businesses to fill gaps and become new suppliers of certain goods and services.

However, trade wars can also create significant problems for Ukraine's economy. Higher tariffs, trade barriers, and other protectionist measures could lead to lower demand for Ukrainian goods and services, negatively affecting the country's export-oriented industries. In addition, the uncertainty created by trade wars could lead to a decline in foreign investment, as well as a general sense of economic instability, which could affect economic growth and stability.

Furthermore, Ukraine's geopolitical position may also be a significant factor in its ability to overcome the challenges associated with trade wars. As a country located between major economic powers, Ukraine must carefully balance its economic interests with political considerations, especially given the ongoing war with Russia and the potential for further political instability in the region.

Therefore, although international activity in the context of trade wars creates both opportunities and challenges for Ukraine, the country must carefully consider the potential risks and benefits of participating in international trade and adapt its policies and strategies accordingly. By focusing on diversifying its trade relations, reducing its dependence on any single market, and developing a strong and resilient economy, Ukraine will be able to continue to navigate the complex global trade environment and maintain its economic competitiveness in the years to come.

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