

AN INVESTIGATION OF THE IMPACT OF THE RUSSIA- UKRAINE CRISIS ON GLOBAL BILATERAL TRADE BETWEEN US AND EUROPE

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ABSTRACT

The issue of the war between Ukraine and Russia has remained a matter of concern and as a matter of fact have become contentious. It has also drawn the attention of various researchers due to the scorching menace that emanates from the war. This study therefore seeks to evaluate the effect of the war on the bilateral trade relationship between the European Union and the United States with some objectives to guide the general aim. The study employed the archival research design to achieve the objectives while adopting the inductive approach of carrying out research. The data for the study was collected from secondary sources such as journals and other publications such as Bloomberg, google scholar and so on. Due to the nature of the study with respect to its objectives which is qualitative in nature, the qualitative method of data analysis was employed to analyse the data with emphasis on the systematic literature review method which was aided by graphs, charts and tables. The finding of the study revealed that the war between the two countries have done more harm than good to their own economy as well as other economies with emphasis on the trade relationship between European Union and US; it was seen to have a negative implication on the net export, flow of investment and tariff between EU and US among other implications. Based on this, the study recommends that the world authorities should deliberately carry out research and make findings on other methods that can be used to end the war between the countries given its implications on the global economy.

Keywords: Bilateral, Crisis, Global, Economy, Investment, Trade, War, European, Russia, Ukraine.

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Introduction

The unexpected hit in the Russia-Ukraine war has posed concerns to various researchers (Swissinfo, 2022; Tarja, 2022; Seiler, 2022) to understand and investigate its grave impact on the global economy, especially as concerns the bilateral trade between US and Europe. The Russia-Ukraine war came at the time when the world least expected, resulting in some upheavals and confrontations in the world economy and aggravating the disaster caused by Covid-19. The war resulted to shattered hope as many economies collaborated to reduce the menace of the Covid-19. Instead, an exacerbated global economy was born due to the Russia-Ukraine violence (Ritchie, 2022). Among other countries overly affected have been the countries engaging in the war. Peterson (2022) explained that economic realities have been on the far end in these countries, especially Ukraine; prices of goods and services skyrocketed, reaching 22.2 percent in 2022, from 7.89 percent in 2019. Projections also showed that

there will be a further increase in the inflation rate in Ukraine, leaving consumers discombobulated and experiencing reduction in their welfare. On the converse, the inflation rate in Russia relatively rose to 13 percent in 2022, from 4.47 percent in 2019.

Similarly, the Russia-Ukraine war has caused Ukraine to record some casualties which has cost the country some huge amount of money over the period of the disconnect between the questioned countries. Ukraine's economic advisor noted and cited in Murray (2022) that Ukraine has recorded over 2500 casualties, with over 970 deaths and approximately 1600 brutally injured. To put it differently, the country has recorded damages of over \$100 billion and \$20 billion casualties (United Nations Human Rights OHCHR, 2022). Information available from Statista showed that the number of people out of reach who have fled Ukraine amounted to over 10 million people.

The Guardian (2022) noted that the Russia-Ukraine war has caused many Global disruptions in the trade, with investment on the low side. The investment disruption was evident in the automobile industry in various countries in Europe, while production and distribution of the autos in the next two years was shut. Especially because of the heating conflict, former IHS currently S&P cut their global automobile production forecast in 2022 and 2023 by about 2.6 million cars (The White House 2022). Even worse occurred, with this automobile industry recording losses of about 4 million vehicles (Ben, 2020). Some of the losses were due to the Russia-Ukraine crisis. Report (World Bank, 2022) showed that global trade will fall by approximately 1 percent due to the current crisis between Russia and Ukraine. Though, this will exert a minute effect on global GDP (drop by 1 percent), the impact remains unhealthy to Russia and Ukraine as well as other countries far and near. Products that are energy intensive were short of export by the exporting countries such as Vietnam, Mexico, among other countries (World Bank, 2022).

Among other things, the world economy has seen a dark prospect with food shortage on the high side since the beginning of the war (Wolfgang & Lorenz, 2022). This is given by the fact that Russia and Ukraine hold approximately 39 percent of both corn and wheat exports to the world (World Bank 2022). Energy prices were also gravely affected, given the fact that Russia supplies 14 and 9 percent of its crude oil as well as natural gas globally (Mathew & Macsai, 2022).

The war has also affected export of goods and services from the rest of the world to Ukraine and Russia, with these countries. The hinged access to the market at these points holds an urgent issue to perishable goods including vegetables, fruits, fish, among others. Though there could be some redistributions of exports to other European markets, there still earmark oversupply of these goods and services (Kristin 2022). Redistribution of the goods and services also results in reduction in the prices, though, exporters are faced with higher production cost of goods intensive in energy and fertiliser.

The Russia-Ukraine war has hampered the Transatlantic Trade and Investment Partnership (TTIP) meant to strengthen trade agreements between the US and European Union. Almost one third of world trade and half of global GDP is controlled by the US and the European Union and this poses a great problem to the world at large. Given the above, this study seeks to explore the impact of the Russia-Ukraine crisis on Global Bilateral trade between US and Europe.

Aim of the Study

The study seeks to investigate the impact of the Russia-Ukraine crisis on Global Bilateral trade between US and Europe. The broad objective of this study was further disintegrated into various specific objectives as follows:

Specific Objectives

- To present an overview of the Russia-Ukraine war and the relations of the US and European Union.
- To investigate the impact of the crisis between Russia and Ukraine on trade tariffs between the US and European Union.
- To examine how the Russia-Ukraine war has impacted the flow of investment between the US and European Union.
- To examine how the Russia-Ukraine war has impacted on net export between the US and European Union.

Research Questions

- What is the current development regarding the Russia-Ukraine war?
- How has the crisis between Russia and Ukraine impacted trade tariffs between the US and European Union?
- How has the Russia-Ukraine war impacted the flow of investment between the US and European Union.
- What impact does Russia-Ukraine war exert on net export between the US and European Union?

Literature Review

Countries around the world are finding it difficult to recover from the impact of the Russia-Ukraine war which worsened the impact of the Covid-19 and slowed in all ramifications the economic pattern of the world (Ritchie, 2022). Given that Russia and Ukraine hold the largest share of energy and food export, the incessant war constantly pose a threat to the world at large, putting in jeopardy the food security in various nations, especially in Europe and US, which causes a reduction in the welfare of a representative citizen (KPMG, 2022).

A brief Overview of The Russian-Ukraine war

In February 2021, Russia through the instructions from President Vladimir Putin, launched a heating attack on the various territories of Ukraine, causing a deep menace to the economy of Ukraine, also resulting in some casualties, loss of lives, material losses, among others (Igor, 2022). Russia's invasion on Ukraine was based on a long-standing reason that has lingered since 2014 (Kammer et al., 2022). Researchers (Mathew and Macsai 2022; Bergmann, Lamond and Cicarelli 2022) have it that the kickstart of the war was as a result of the membership of Ukraine in NATO. Vladimir Putin also claims that his bid was to deNazify as well as demilitarise Ukraine and save its people from the bullying of the Ukrainian government (BBC, 2022). It is important for leaders to have a clear vision and defined mission (Bamidele-Sadiq, 2018). The war between Russia and Ukraine has been termed the hottest war since World War II. Based on the overheating of the war, many citizens of Ukraine fled their country for a better and safer country, though some citizens still stayed back to fight and die for their country (Akhtar et al., 2022). The figure below shows the invasion of Ukraine by Russia on February 24, 2022.



Figure 1: Russia-Ukraine invasion

Source: Adapted from Akhtar et al. (2022)

On the converse, Russians agitated over the heating war between the affected countries on the basis that their lives were at stake. The cry out and damages caused did not silence the voices and actions of the United States and the European Union; sanctioning Vladimir Putin in order to tame the war and bring about peace to the countries. The sanctions and other means to bring about a stop to the war have been proven abortive as the war continues and saw the shortage of lives and properties among the citizens of the affected countries, with Ukraine being overly affected. Due to this, the countries (Russia and Ukraine) recorded the highest number of emigration rates since 1917.

Also, sanctions were not just imposed by the US and the European Union. Among other nations, the UK, Japan, Switzerland, and Australia imposed sanctions on Russia. Over 6700 individuals, 15 ships, 900 companies and 4 aircrafts were sanctioned (Beroe 2022; Bloomberg 2022).

Overall, given the Russia-Ukraine war, lives and properties were lost, and countries especially Ukraine have experienced negative economic growth and a decrease in their external reserves. The war has also caused the value of the currencies in both countries to drastically decline. Among other things, the war has caused a decline in the revenue of the government in the countries in question as there has been less import, hence, less duties.

A summary of the relations of US and Europe

The United States has had a good and symbiotic relationship with the European Union. This is traceable to as far back as 1953 as the relationship between these countries were envious and was one of the most successful and vital bilateral relationships even in the world today. Though, the relationship has been altered based on the current development as regards Russia-Ukraine war. The US and Europe hold a good standing in the world today as concerns their power in terms of military, politics, global trade, among others. The dominance of EU and US gives their declaration a good standing in the world such that whatever they say becomes a matter of concern to the world (Blavasciunaite; Lina and Kristina 2020; Bluszcz, Valente 2019 and Atieno 2009). Though, the relationship that exists between these parties has been one overly dependent on corporations as related to trade as well as common principles (Akhtar 2020; Cuervo-Cazurra 2008).

Researchers (Dreger et al. 2016; Gleditsch and Ward 2000) has it that the US and EU play a dominating role in military, political as well as other international power and this has ensured that both parties take control of world trade and this has over time, Strengthen their union. Also, given the fact that NATO's military oneness houses most European Union states is a confirmation that this shows how effective the relationship is (FitzGerald et al. 2001; Gleditsch 2007 and Glick and Taylor 2010).

Similarly, both global trade services and GDP had also been dominated by these countries, based on their relationship (Havlik 2014). In other words, over 42 percent of the world GDP and 40 percent of world trade is as a result of the international activities of both parties. The figure below shows the trade between EU and US in 2021.

EU trade in goods with the United States, 2021

(billion €)

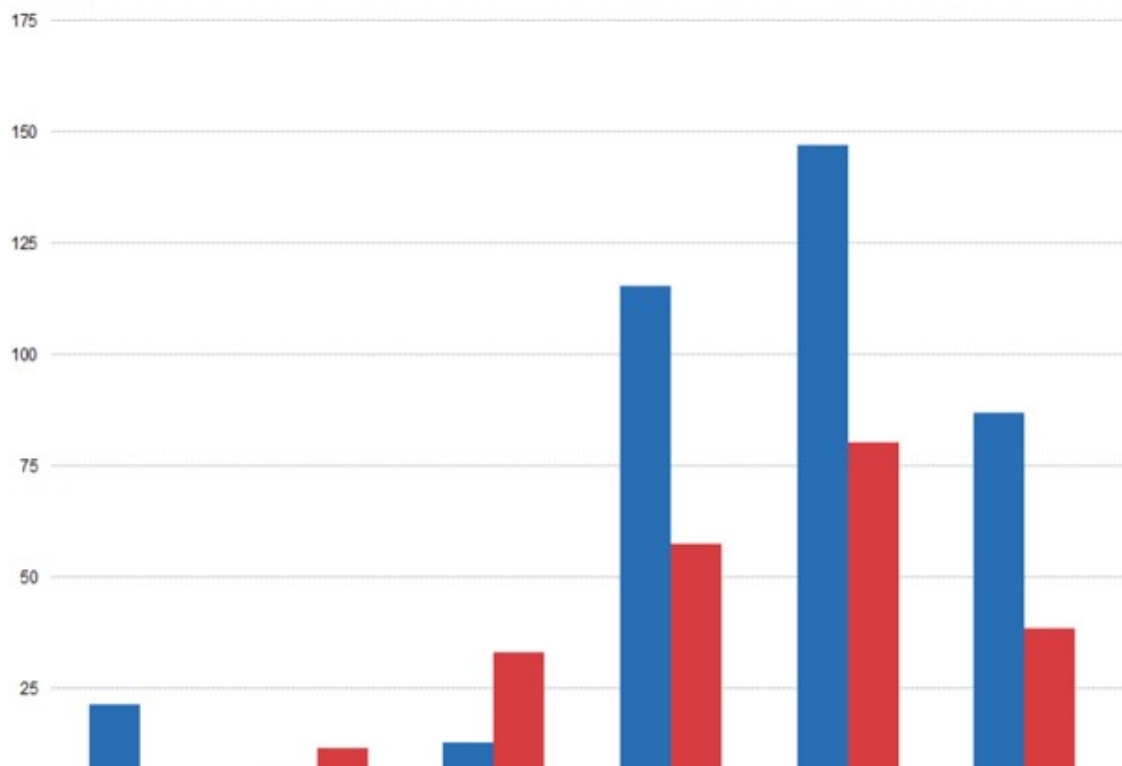


Figure 2: EU trade in goods with the United States, 2021

Source: Eurostat

In 2020, the export of goods and services from the EU to the US reached approximately €352 billion and was more than previous years. The investments in the EU made by the US are 3 times more than that of Asia and 8 times that of China (Harper 2022). The EU exported more machinery and transport equipment than any other goods to the US. Furthermore, due to the connections in trade between the UN and EU, there were some job productions in the US reaching about 2.8 million jobs (Hobbs, Dimitrios and Mostafa 2021). The benefits that these parties have seen has been a motivator for more trade relations and collaborations.

THEORETICAL REVIEW

Conflict Theory

Conflict theory gained its flesh from Karl Marx, when he tried to explain the struggle by different nations for their quest to attain some limited available resources. Karl Marx developed the theory in order to explain how the poor classes who possess less economic and political power are being exploited by the rich class with the higher economic, political and military power, among others. The conflict theory states that societies are always in a form of constant disagreement based on who wants to get what and why. To put differently, Nordhaus (2002) is of the opinion that the conflict centres on the fact that societies or individuals are always in loggerheads given the supply of the limited available resources and in a quest to satisfy the current need, they tend to become selfish. Players in this regard tend to be selfish and crave everything for themselves, such that the decisions they make at every point in time are always at their own advantage (Stukalo and Simakova 2018).

In conflict theory, order is never maintained by a common vote or joint agreement or consensus, instead, domination and power is what brings about social order between different parties. The basic standpoint of Karl Marx in his postulation is that individuals in a society will always work to maximise their own gain by way of increasing their powers through amassing more wealth. They try to guide and or secure their power and wealth by all possible means as they suppress the lower class with the power (Havlik 2014).

Due to the constant oppression of the lower class, Karl Marx assumed that war ensues as a purifier of the society (Kammer et al. 2022). The resulting war comes through the constant domination and oppression of the ruling class. The society due to the heating war may resolve its conflict and become unified, but conflict still holds to be a necessary and sufficient condition for peace and harmony in a society (Bergmann et al. 2022). In the context of the Russia-Ukraine war, due to the demands of Vladimir Putin and based on his position and class, he sees Ukraine as subject to him and expects Ukraine to be submissive (Gleditsch and Ward 2000). The Russia-Ukraine war is perfectly explained by the conflict theory. Based on this backdrop, Russia seeks to amass more wealth, resources and power by dominating the Eastern part with the annexation of Crimea (Martin, Mayer and Thoenig 2008). This is synonymous to the decisions and preferences of the bourgeoisies to dominate instead of resolving to a consensus to maintain social order.

International Relation theory

Hans J. Morgenthau (1904-1980) propounded the international relation theory in order to explain the causal effect of international politics as well as explain how the previous and the present state of the behaviour of people in a society causes conflict of interest (Levy 2007). The core importance and meaning of the international relations theory is its ability to overly and accurately explain the basic causes of conflict as it also investigates the uprisings and dynamics of international politics. The international relations theory draws its inspirations from different schools of thoughts namely; feminism, realism, liberalism, among others (Shelest 2015).

Feminism assumes that women have the ability and moral knowhow to properly handle and improve international relations if they are given the chance to (Sarkees, Wayman and Singer 2003). This according to Gleditsch (2007) is due to their inherent ambidexterity and their loving nature. In other words, Mansfield (1994) emphasises that international relations will be on the high side if women are given more power. This is based on the fact that they value peace more than anything else (Dreger 2016).

On the other hand, the conflict theory states that when a society opens up to international relations, they should first put their interest at hand (Levy 2007). In other words, due to the level of danger in the world today, societies should overly prioritise their security. Also, Levy (2007) noted that society must take into consideration its own interest in the case of a rising tension between states, while they consider their capabilities in terms of finances. Bergmann, Lamond, Cicarelli (2022) explained that nations must always expect that the worst will happen and be prepared for the worst even as they consider factors like their finances, military, political strength, among others. Overall, realists came to a consensus that conflict cannot be totally avoided (Levy 2007).

Liberalists are always positive and are of the opinion that war must not result in order to resolve conflict (FitzGerald, Stewart and Wang 2001). In other words, Keshk, Pollins and Reuveny (2004) pointed out that governments must not always opt and give in for war but to come to an agreement on peaceful cooperation. They are also of the view that due to the aftermath of war; it should not always be the last resort (Bergmann, Lamond and Cicarelli (2022).

The study will adopt the school of thought of the many international relations theories mentioned above in order to explain the dynamics of the Russia-Ukraine conflict.

Methodology

Research methodology alludes to the various laid down procedures in which the researcher follows in order to achieve the many research objectives (Borrego, Douglas and Amelink 2009). The methodology serves as a guide to the researcher and helps to make clearer how the study's hypothesis will be tested. It also shows how the researcher chooses to collect, organise, analyse and interpret data to a meaningful conclusion.

Research Design

Research design according to Castellan (2010) is the approach that the researcher follows in order to ensure a consistent study and in a logical way. This strategy assists to achieve the stated research questions through also the collection, organisation and analysis of the data. The various types of research design include Case study, Correlational, Descriptive, Experimental, archival, Longitudinal, and so on (Choy 2014). The research design chosen for a study will be based on the research problem. Given that the study employs systematic analysis in order to study the dynamics of the Russia-Ukraine war and its effect on the bilateral trade between US and European Union. The research design chosen for this study will be archival research design. This type of research design is suitable for this study as it allows the researcher to collect both current and non-current information about a particular study in order to facilitate its investigation (Hyett, Kenny and Dickson-Swift

2014). This study is also strictly based on qualitative research methods in order to explain the social upheavals as well as developing theories (Merriam and Tisdell 2016).

Research Approach

Research approach according to Saunders, Lewis and Thornhill (2007) is referred to as the sequential strategies or techniques that a researcher adopts in order to analyse collected data. The approach of a research is strictly reliant on the problem of the study. The two main research approaches are the inductive and the deductive research approach (Saunders, Lewis and Thornhill, 2007). While the deductive research approach centres on validating and testing of research hypotheses, the converse is the case for the inductive research approach. In other words, the deductive research approach helps the researcher to deduce from an already existing fact and to make conclusions about a part (Wiles, Crow and Pain 2011). In the inductive research approach, the researcher engages in thorough research about a phenomenon and makes a general conclusion on the basis of his research. The inductive research approach allows the researcher to develop novel theories and beliefs and ideas and generalises on the emanated thoughts and theories developed over the course of the study. This study relies on the inductive research approach to investigate the patterns or trend of the case study and give accurate and actual information based on observation. Vartanian (2010) noted that the inductive approach is quiet and most suitable for research of this sort.

Data Collection

The process of gathering reasonable information, bearing the target observation in mind and for a predetermined purpose is termed data collection (Tashakkori and Teddlie 2008.). The 2 types of data sources are primary and secondary data sources. In the primary data source, the researcher is actively involved in the process, where the data is sourced first-hand. The researcher collects data in this regard through dispersing questionnaires or interviewing the target population (Silverman 2013). On the converse, the researcher relies on information from journals, articles, online publications, internet, library, among others for information gathering (Sekaran and Bougie 2010). Secondary data will form the basis of this study. The research overly depends on information gathering from journals and other publications through google scholar, PubMed, Bloomberg, among others.

Method of data analysis

Method of data analysis is the third stage of every research (Merriam and Tisdell 2016). There are two types of data analysis methods which range from qualitative and quantitative data analysis (Hyett and Kenny and Dickson-Swift 2014). Quantitative data analysis as the name implies is a method of data analysis that allows the researcher to incorporate numbers and some quantitative techniques in order to arrive at a suitable conclusion for the study (Choy 2014). Quantitative data analysis can be aided by Binary logit and probit model, t-test (to test for the study's hypothesis), Levene's test, among others. The opposite can be said for qualitative data analysis. Against this backdrop, this analysis is devoid of numeric and other forms of quantitative models (Silverman 2013). In other words, qualitative data analysis focuses on a thorough literature search in order to identify, examine as well as interpret the various trends in textual data in order to answer the research questions. Qualitative data analysis will be employed for this study which will be aided by a systematic literature review, using graphs, charts and tables.

Data Analysis

The impact of the crisis between Russia and Ukraine on trade tariffs between the US and European Union.

The impact of the Russia-Ukraine war on the trade tariff between the US and EU cannot be overstated. Tariffs are known to have caused various problems in many countries in the world, not limited to the US and EU. This is as a result of the exorbitant charges placed on import; for the importing country to make huge revenue for the government and it caused the exporting country to do the same. The resultant was the emergence of trade agreements and economic integration such as customs union, common market, and so on (Bouchet 2022). As mentioned above, the EU and US are not exempted from the overheating conflict, even caused by the loggerhead between Russia and Ukraine. Before 2021, US and EU both tried to come to a consensus concerning some agreements as regards to trade issues and in the period of June 2021, their long-standing 17-years dispute was resolved in the World Trade Organization over subsidies. As a part of the resolved loggerhead between the both parties, agreement was reached to eliminate any form of trade barricade in the form of tariffs (Carter 2022). Both parties also resolved to some other solutions to reduce the tariff charges on imports. In this period, research has shown that consumer welfare in both countries have been variously improved as the consumers not only have increased real income, now have varieties of options to choose from (CRS 2021).

The emergence of the war between Russia and Ukraine according to various researchers (Dizikes 2022; Katscher-Buchkovska 2022 and Bouchet 2022) have strained the relationship between EU and US to a small extent in recent times. The US has increased its tariffs on some certain products reaching about 570 products from Russia. This was based on the disagreements between their counterparts (Ukraine) (EU 2022).

Impact of Russia-Ukraine war on net export between EU and US

Import and export remains the main stand for the flourishing relationship between the European Union and the United States of America. The current position of both countries in the world as concerns their large share in the global economy has been credited to their glooming and symbiotic relationship (Eurostat 2021). Despite the emergence of the Covid-19, the trade and investment still remained strong in these countries and pointed out by Eurostat (2021). The flourishing relationship made it possible for the EU to record as high as €353 billion export in 2021 from as low as €351 billion in 2018. This was made possible through the productive 164, 000 companies in the EU, of which 93,000 were small companies (Eurostat 2021). The figure above shows the net export of goods and services to the US.

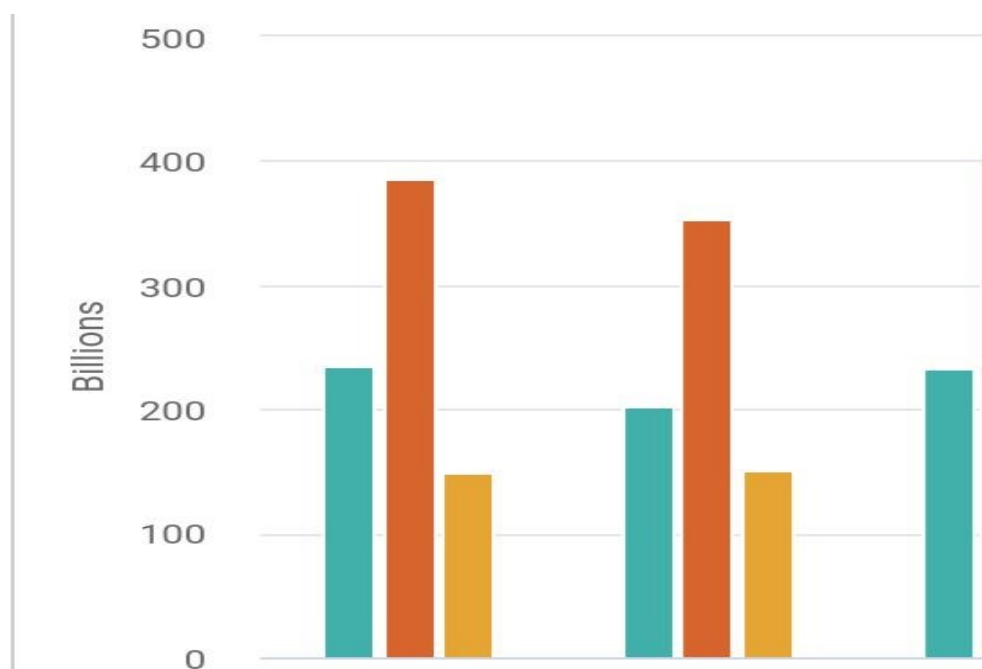


Figure 3: EU net export to US from 2019 to 2021, €billion

Source: EU, 2021

Given the figure above, goods and services export has made a good number across the years, 2019, 2020 and 2021. Eurostat (2021) noted that the trade export to US in nuts as well as fruits amounted to over \$3 billion while over \$2 worth of feed, Soya beans and grains were traded (exported to US) in 2020. Also, plant products reaching about \$2 billion were exported to the US in 2020.

Exports in the service sector amounted to approximately \$59.93 billion, with professionals, technical experts and scientists topping the list. Also, \$29.13 billion worth of information was exported to the US in 2020. On the converse, export in travels and other services from EU to US amounted to \$26.51 billion (Eurostat 2021).

Before the war ensued between Russia and Ukraine, the figures above have shown a good trade relationship between the European Union and the United States. The high figures of the import and export between both parties above is evidence that there exists a cordial relationship between EU and US. Both parties (US and EU) are known to be the highest net exporters of goods and services; this was based on the high level of net export that was found to exist between these two countries relative to other non-European countries. In relative terms, the trade in both goods and services between EU and US moved to 11.7 percent (import) and 81 percent (export). The import from non-European countries stood 275 percent, while 4.2 percent was the export that went to countries that are not part of the European union (Eurostat 2022).



Figure 4: Trade in goods between EU and US.

Source: Eurostat 2022

It will be plausible to analyse the import and exports of EU and US from 2010 to 2022 in order to understand the impact of the Russia-Ukraine war on the bilateral trade between Europe and US. As seen from the figure above, it is evident that trade in goods and services between the US and EU saw a steady increase from 2010 to 2020. Based on the numeric, it was shown that the trade in goods between the US and European union stood at a net balance of -79,672.90, based on US export of 239,591 million USD and import of 319263.8 million USD. Over the years, the trade balance disparity grew wider, with US imports from the EU growing more than its exports. The trend of the graph above shows a steep decline in the net export in 2020, from 2019, implying the effect of the Covid-19, which resulted in the shut down of economic activities.

The war between Russia and Ukraine has exerted a great impact on the net export of goods between the US and European Union. This was based on the danger that is imposed on the exporters and importers of these goods. The implication of these was seen on the shortage of net export in 2020 as seen in the graph above, relative to 2021. The graph shows that there was a sharp decline in the import and export of goods from the US to the European Union, Vis-à-vis. This was based on the fact that Russia and Ukraine who were involved in the war were sole suppliers of cereal, vegetable oil and poultry meat, among others. Ukraine, before being invaded by Russia, was known to have controlled more than half of the cereal exported by the European Union to the US, with figure standing at 52 percent and Russia controlled more than 70 percent of vegetable oil export of European Union to US (Wolfgang and Lorenz 2022). With the heating of the war, the attention of the countries was focused more on saving their lives than making sure supply of food and other exports are available, hence, the shortage of net export between European Union and US.

On the converse, the general implication of the Russo-Ukraine war will have a dying impact on the agricultural produce based on the reduction in fertiliser availability. This will lead to the shortage of farm produce as farmers are firstly not able to go to their farms due to the war even as they face problems of securing good fertilisers to grow agricultural produce for export (United Nations Human Rights OHCHR, 2022). Situations of this sort are most likely to pose great problems in the relationship between the EU and US. Overall, due to the high level of insecurity farmers face in their farm as well as shortage of fertilisers, EU-US relationship has experienced a bottleneck due to the insufficient net export in especially, agricultural as well as manufactured goods as these forms the basis for their relationship (United Nations Human Rights OHCHR, 2022).

The Impact of the Russia-Ukraine War on the Flow of Investment between the US and European Union.

The Transatlantic Declaration of 1990 and the New Transatlantic Declaration of 1995 as well as the strategies of the European Union to improve economically marked the kicking off of the relationship between US and European Union (Igor 2022). The relationship was further strengthened by the established need for interrelationship and collaboration to exist among nations (Kang and Meernik 2005). Lulia (2020) therefore

noted that despite various challenges such as the COVID 19, the United States and the members of the European Union have the highest investment and trade relationship. In fact, in 2021, trade between EU and US rose by 17% with the European Union as US' highest partner and the United States had the highest foreign direct investment into the European Union. This can be seen from the diagram below:

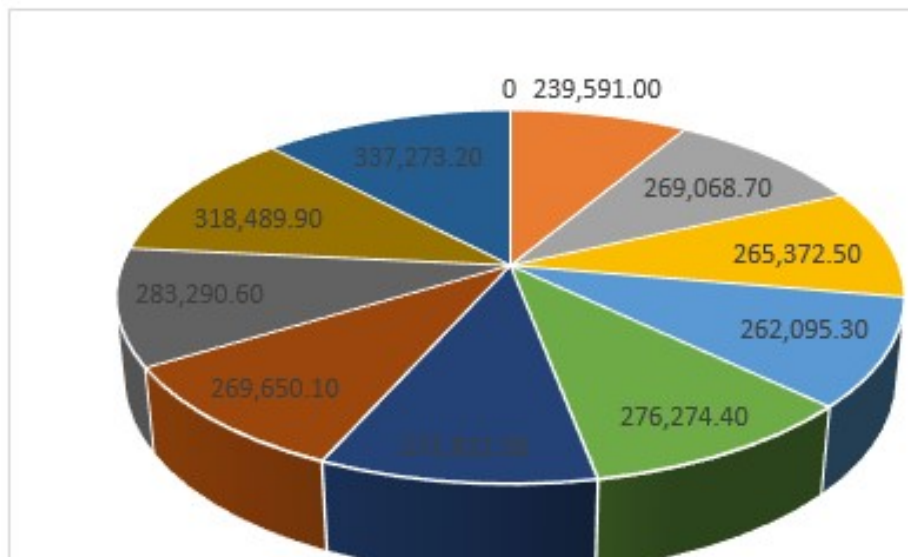


Figure 5: Foreign Direct Investment Inflow into Europe

Source: Eurostat 2022

The Russia-Ukraine war had an adverse effect on the global economy owing to the fact that the European Union which Ukraine and Russia are members constitute 25 other countries from different parts of the world among other reasons. However, the relationship between the United States and Europe was affected. According to Carter (2022), Ukraine contributed 1.2% of the general goods traded in the European Union in 2021 and was noted to be an important partner of the European Union in terms of trade which had since aided the economic growth of Ukraine and their companies as they mainly export to the European Union. The Russian-Ukraine war however, caused a breach in the supply chain between European Union and Ukraine which further transferred to the trade relationship between European Union and United States owing to the fact that the United States imports and exports goods and services from and to the European Union (Bouchet 2022). This means that some of the goods and services that the European Union gets from Ukraine were no longer available due to the war between them and Russia. An example of this reach in foreign direct invest was the effect of the shut-down of the wiring plants that are in charge of electric cabling vehicles which resulted in the shortage of vehicles such as BMW and Volkswagen, hence, the war reduced the investment in vehicle manufacturing industries with reference to those that are sited in Europe (Harper 2022). It is also worthy to note that about 50% of the supply of semiconductor grade neon comes from Ukraine and about 90% of the product in the United States is gotten from the European Union and this was of course disrupted by the war (EU 2022).

On the other hand, the European Union sanctioned Russia which led to a ban on the imports from Russia especially raw materials which are used for further production (Akhtar et al. 2022). These raw materials were often exported from Russia to the European Union and a ban on import therefore meant a shortage of these raw materials in European Union countries which also meant that these materials were no longer available to the United States which is an investment partner with the European Union.

Overall, the Ukraine-Russia war has a negative impact on the flow of investment between the European Union and United States which lies in the fact that with the help of the European Union countries, Ukraine and Russia became productive and larger in terms of investment. With the US as a major investment partner with the European Union and the war affecting the productivity of the countries involved, the relationship between US and EU becomes affected (Akhtar 2020).

Discussion of Findings

The study is overly concerned with the investigation of the war between Russia and Ukraine and its effect on the bilateral trade relationship between the European Union and the United States. In order to achieve the aim, the study set out certain objectives to guide it.

The first objective was to present an overview of the Russia-Ukraine war and the relations of the US and European Union. To this effect, the study revealed that the war between the two countries began in February, 2021 as a result of an issue that has lingered since 2014 concerning Ukraine's membership of NATO. This war was seen to have caused lots of damage to the economy of the two countries and the global economy at large following the loss of human capital and insecurity which led to a halt in productive activities in the two countries (Murray 2022). However, various efforts to end the war such as placing sanctions on Russia have proved abortive.

The second objective was to investigate the impact of the Russia-Ukraine war on trade tariff between the US and European Union. In a bid to put an end to the war between two countries, certain sanctions were placed on Russia. As a result of this, the relationship between the European Union and US was affected which led to an increase in tariff between the countries especially on products that are being imported from Russia and Ukraine. This is in consonance with the study of Swissinfo (2022)

The third objective was to examine how the Russia-Ukraine war has impacted the flow of investment between the US and European Union. The study revealed that the investment in manufacturing industries and agricultural industries in Ukraine was shut down during the period of the war that led to the shortage of various products and services which became unavailable to the United States, an important trade partner of European Union and hence, affected the flow of investment between European Union and United States (Tarja 2022). The fourth objective of the study was to examine the impact of the Russia-Ukraine war on net export between the US and European Union. The study revealed that the countries that are involved in the war produces large varieties of products such as cereals and other agricultural products relative to other members of the EU, however, the war led to a shortage in the supply of such products and in turn, led to a reduction in the net export between US and European Union since the exports of these countries are the largest among other European countries (Wolfgang and Lorenz 2022).

Overall, the Ukraine-Russia war have generally caused more harm than good to the global economy at large ranging from the loss of lives and properties in the countries, a halt in productive activities, a breach in the flow of investment between European Union and US, a decrease in the net export between US and European Union, an increase in tariff between EU and US among other things. However, an insight into the International Relations theory can be used to better understand the issue of the war especially the Feminist theory which posits that the idea of women and the feminine approach that agrees with peace and disagrees with war as a method of resolving conflicts is the best solution having in mind the devastating menace war cause especially its effect on the global economy.

Conclusion

The impact of the Russia-Ukraine war on the bilateral trade relationship between the European Union and US has been thoroughly and adequately discussed in this study. Archival research design was used to explore data for this study and was seen by Hyett, Kenny and Dickson-Swift (2014) as the best research design studies of this sort. This study relied on secondary data and employed systematic literature review as a method of data analysis, while the study's broad objectives were disaggregated into various specific objectives. Given the study's analysis, it was found that the Russia-Ukraine war has had a significant and negative impact on the trade relationship between the US and European Union. The study showed that in the course of the war, various sanctions were made on Russia, including the fact that the US was left with no option but to increase import tariff on some goods imported from Russia. This was designed to contain the ongoing war between Russia and Ukraine. Also, the flow of investment between EU and US saw a sharp decline during the Covid-19 and more in 2022, during the loggerhead. The study also showed that net export was affected during the war and projection by researchers (Seiler 2022; Peterson 2022 and Kristin 2022) showed that the worst trade balance will be recorded by EU and US if the war persists. Overall, the study concludes that the bilateral relationship between EU and US saw a bottleneck given the current crisis that ensued between Russia and Ukraine. Given the dying impact of the Russia-Ukraine war in the world economy at large, it is recommended that international authorities should make more relative platforms to curb the conflict, and this should transcend mere posing sectioning in these countries as these have been proven abortive overtime to Russia. Also, based on the international relations theory, it was deduced that conflict is not the only way to resolve differences, therefore, the international authorities should

also make this glaring to the to the parties involved and make them understand that more damages will be made resulting in further negative impact in the world economy. Similarly, developing nations that are affected by the war should make sure that they make out other ways to enter into the global negotiation as per the war in order to curb and reduce the effect on its citizens.

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