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The evolution of Ukraine-China trade relations in the context of the Russo-Ukrainian War

Ewolucja ukraińsko-chińskich stosunków handlowych w kontekście wojny rosyjsko-ukraińskiej

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Abstract. This paper addresses the research problem of Ukraine's growing need for allies following the Russian war. It posits the hypothesis that analysing Ukraine-China trade within the broader context of international relations and entrepreneurship development, while considering current geopolitical factors, can provide valuable insights. The research presented here fills a research niche in the field, as the increasing global significance of China necessitates a comprehensive understanding of Ukraine's relations with the country. The study's primary objectives include assessing trade trends between Ukraine and China, drawing conclusions regarding their existing patterns, and employing analytical, abstract, and forecasting methods for this purpose. Special attention is dedicated to scrutinizing international trade specifics, providing trade statistics, and elucidating the impact of the Ukraine-Russia conflict on trade dynamics. Emphasis is also placed on agricultural product trade and its implications for entrepreneurship development. Furthermore, the paper outlines potential benefits and challenges in Ukraine-China cooperation, offering recommendations for informing Ukraine's state policy, particularly in fostering high-quality enterprise development.
Keywords: entrepreneurship, international relations, macroeconomics, military conflicts, finance

Abstrakt. Niniejszy artykuł porusza problem badawczy rosnącego zapotrzebowania Ukrainy na sojuszników po wojnie rosyjskiej. Stawia hipotezę, że analiza handlu między Ukrainą a Chinami w szerszym kontekście stosunków międzynarodowych i rozwoju przedsiębiorczości, przy jednoczesnym uwzględnieniu bieżących czynników geopolitycznych, może dostarczyć cennych spostrzeżeń. Przedstawione badania wypełniają niszę badawczą w tej dziedzinie, ponieważ rosnące globalne znaczenie Chin wymaga kompleksowego zrozumienia stosunków Ukrainy z tym krajem. Główne cele badania obejmują ocenę trendów handlowych między Ukrainą a Chinami, wyciągnięcie wniosków dotyczących istniejących wzorców oraz zastosowanie w tym celu metod analitycznych, abstrakcyjnych i prognostycznych. Szczególną uwagę poświęcono analizie specyfiki handlu międzynarodowego, dostarczeniu statystyk handlowych i wyjaśnieniu wpływu konfliktu

ukraińsko-rosyjskiego na dynamikę handlu. Nacisk położono również na handel produktami rolnymi i jego implikacje dla rozwoju przedsiębiorczości. Ponadto w artykule przedstawiono potencjalne korzyści i wyzwania związane ze współpracą ukraińsko-chińską, oferując zalecenia dotyczące informowania o polityce państwa ukraińskiego, w szczególności w zakresie wspierania rozwoju wysokiej jakości przedsiębiorstw. **Słowa kluczowe:** przedsiębiorczość, stosunki międzynarodowe, makroekonomia, konflikty zbrojne, finanse

Introduction

The analysis of trade relations between countries, in general, is very important from various aspects, including economic, political, and geopolitical (Fan *et al.*, 2014, pp. 71-81). First and foremost, it was used to identify economic opportunities and prospects for countries, as well as risks and challenges associated with the specifics of their international trade development (Cuong and Tien, 2022 pp. 1086-1093). It helps to assess the competitiveness of countries in global markets and find ways to improve the efficiency of their exports and attract foreign investment (Carroll, Neumann, 2022). On the political side, trade relations analysis helps to identify potential conflicts and imbalances in trade relations: trade relations can have a major impact on political stability, domestic politics, and even international security. Identifying them makes it possible to predict possible tensions and find ways to resolve them through diplomatic dialogue and negotiations. From a geopolitical perspective, the analysis of trade relations determines the interconnections and interactions between countries, forming blocs, alliances and partnerships depending on common economic and political interests. In general, regular assessments of the peculiarities of existing trade relations between countries remain an important component of assessing the state of the country as a whole, which allows to evaluate its place in the economic and political arena.

Assessing relations with China has always been important in analysing Ukraine's international relations. The history of relations between the two countries goes back a decade, starting with the official establishment of diplomatic relations between the two countries in January 1992. In the early 1990s, after the collapse of the Union of Soviet Socialist Republics (USSR), China quickly recognised Ukraine's independence and sought to develop friendly relations. During this period, it focused on building political and economic cooperation. During the 1990s and early 2000s, several important agreements were signed that facilitated the development of trade and investment cooperation between the two countries. However, the history of international relations between Ukraine and China has also had its challenges, which began after Russia annexed Crimea and the outbreak of the war in the East, as China refrained from expressing a clear position and support for Ukraine. In the late 2010s, the situation began to improve, giving hope for further development of relations (trade, investment, cultural). Currently, the assessment of relations between Ukraine and China is of particular importance (Sznajderska, 2019, pp. 1574-1587). This also applies to trade relations, which can have a significant

impact on the political component. The role of ensuring good relations with China is primarily in the ability to influence the country's international activities and its attitude to war. Such assessments allow to understand the dynamics and volume of trade between the two countries, which is an important factor in determining economic potential and development opportunities (even in times of war). It also helps to identify potential risks and imbalances in trade relations. Therefore, a study of trade relations between Ukraine and China is still relevant.

Many scholars assessed the peculiarities of China's development and its place in international relations. For example, P. Arestis *et al.* (2021, pp. 339-358) studied the features of the modern Chinese model of economic growth, assessing its strengths and weaknesses, and paying attention to the need for institutional development. A similar study was also conducted by N. Zhou *et al.* (2021), where the researchers assessed the efficiency and quality of China's economic growth by analysing empirical data. In turn, C. Hepburn *et al.* (2022 pp. 3-22) assessed the current features of the country's economic development, focusing in particular on the need for reforms in various areas of the country's economy (public finance management, capital markets). A similar study was also conducted by H. Wang (2020, pp. 583-606), which describes the process of China's transition to changing international institutions and creating its alliances and associations (such as "One Belt, One Road"). It is worth noting, however, that the Chinese economic literature pays very little attention to assessing the specifics of international relations with Ukraine, which this study aims to correct.

The research aims to assess the trade relations between Ukraine and the People's Republic of China (PRC), as well as the trends currently observed in it. This will allow for a more effective formulation of the country's state policy in this area, as well as for the development of best practices that will improve the efficiency of Ukraine's economy after the war. The hypothesis of the study posits that amidst the geopolitical tensions and economic disruptions resulting from the Russo-Ukrainian War, the resilience and adaptation of Ukraine's trade relations with China will have a significant bearing on the recovery and future trajectory of Ukraine's economy. This study fills a research gap that consists of a detailed study of the dynamics and consequences of trade relations between Ukraine and China in the context of the Russian-Ukrainian war. It provides a comprehensive analysis of the fluctuations in trade volumes, the impact of the geopolitical and health crises on trade, and the significant role of agriculture in bilateral trade.

Materials and Methods

The main source of statistical information used in this study was the Trade Map website. It provides quite detailed data in the context of international trade of

countries (including by their trading partners or certain types of goods). However, it should be noted that this source does not provide a detailed breakdown of trade in services between countries. Therefore, the study does not estimate trade in services, and whenever the words trade, exports or imports are mentioned in the study, they refer to indicators specific to goods, unless otherwise stated. In addition, the study assessed the country's agricultural exports, given their role in the country's development. Nevertheless, it is virtually impossible to determine an accurate estimate of agricultural exports using the distribution provided in the Trade Map source. Therefore, three main export groups were selected, namely categories 10 (cereals), 12 (oilseeds and oilseed fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder) and 15 (animal or vegetable fats and oils and their derivatives; prepared edible fats; animal or vegetable waxes). It was assumed that the exports of these three main groups are significant enough to represent the total volume of sales of agricultural products abroad.

The study used several indicators that can describe certain components of international trade. One of them is the balance of payments index, which allows to see the ratio of exports of goods and/or services to imports. The method of calculating this index can be seen within the framework of formula (1):

$$In = \frac{E}{I} \quad (1)$$

where: E – country export; I – country import; In – balance state index.

It is worth noting that this indicator is conveniently used together with the balance of foreign trade, which also shows how much exports exceed imports in a country, but in absolute terms. The method of its calculation can be seen in formula (2):

$$S = E - I \quad (2)$$

where: S – foreign trade balance.

The methodology of the study comprehensively combines quantitative and qualitative research methods to analyse the dynamics of trade relations between Ukraine and China, especially in the context of the Russo-Ukrainian war. The study primarily utilizes statistical analysis to examine the volume of trade, employing graphical representations to illustrate the trends in exports and imports over a period from 2003 to 2022. This quantitative approach is enhanced with the historical method to assess the evolution of trade patterns and their implications over time. Abstraction aids in generalizing the findings without delving into exhaustive details of individual factors, while forecasting methods are employed to predict future trade developments. Statistical methods are specifically applied to analyse the trade data,

with Microsoft Excel being the tool for data processing and graphical representation. This multifaceted approach allows for a thorough understanding of the trade dynamics, highlighting the variabilities, trends, and potential future directions of Ukraine-China trade relations amidst geopolitical challenges.

Results

It is worth considering some statistics that characterise the specifics of trade relations between China and Ukraine. To begin with, it is worth looking at the volume of international trade between the two countries, as shown on Fig. 1.



Fig. 1. Exports and imports between Ukraine and China, 2003-2022

Source: Own study based on (Yastrubskyy, Zhongjun, 2023, p. 95)

As can be seen from Fig. 1, the volumes of exports and imports between these countries are highly variable over time. Nevertheless, they have a general upward trend over time, which may be an indication of the strengthening and improvement of interaction between the countries. Significant declines occurred during the crisis years (especially concerning Ukraine's imports from China). Trade volumes declined in the 2008 crisis, during the outbreak of the 2014 war between Ukraine and Russia, during the onset of the COVID-19 crisis, and due to the full-scale invasion in 2022. It is worth noting that in the early 2000s, Ukraine's exports to China exceeded imports, while later this trend reversed. This can be seen in more detail on Fig. 2, which shows the trade balance and the balance of payments index.

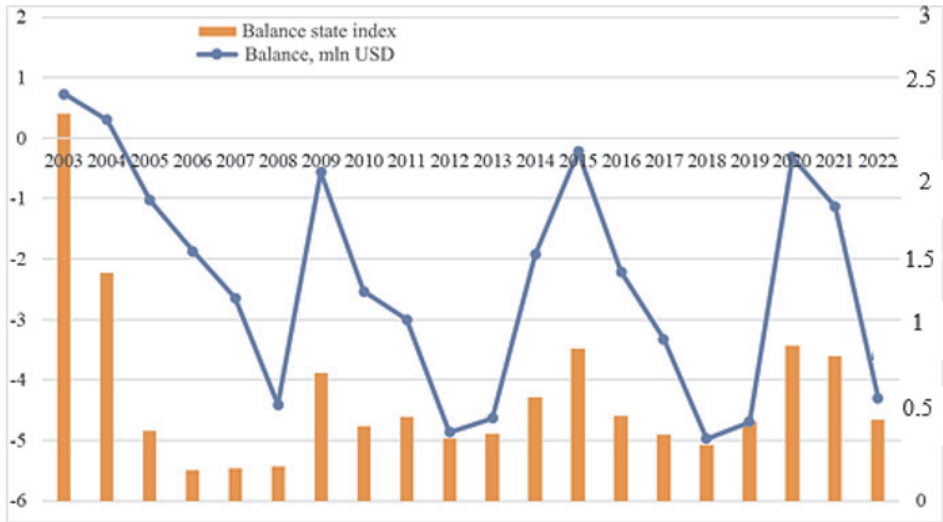


Fig. 2. Characteristics of the foreign trade balance and the international trade balance index between Ukraine and China

Source: Own study based on (Yastrubskyy, Zhongjun, 2023, p. 95)

As can be seen from Fig. 2, the trade balance between the two countries in the early 2000s was positive (a surplus), which means that in those years Ukraine exported more goods to China than it imported. After that, the situation changed, and the balance turned negative. Similar trends can be seen in the balance of payments index, which is initially equal to 2.5, but then gradually decreases and no longer exceeds the value of one. It is worth noting that in the years described above in the overview of Fig. 1, the balance tended to be 1 (and the balance sheet health index, respectively, to be one). This suggests that in times of crisis, China stops exporting its products to Ukraine for some reason. This may be due to the turbulence that can be observed in the country at that time and the unwillingness of Chinese producers to take risks, as well as other, possibly sometimes political, reasons (in 2014 and 2022) (deLisle, 2022, pp. 402-423). Let's consider now how important trade between the countries is for each of them. First, however, it is worth looking at the overall situation in terms of international trade between these countries, as shown on Fig. 3.

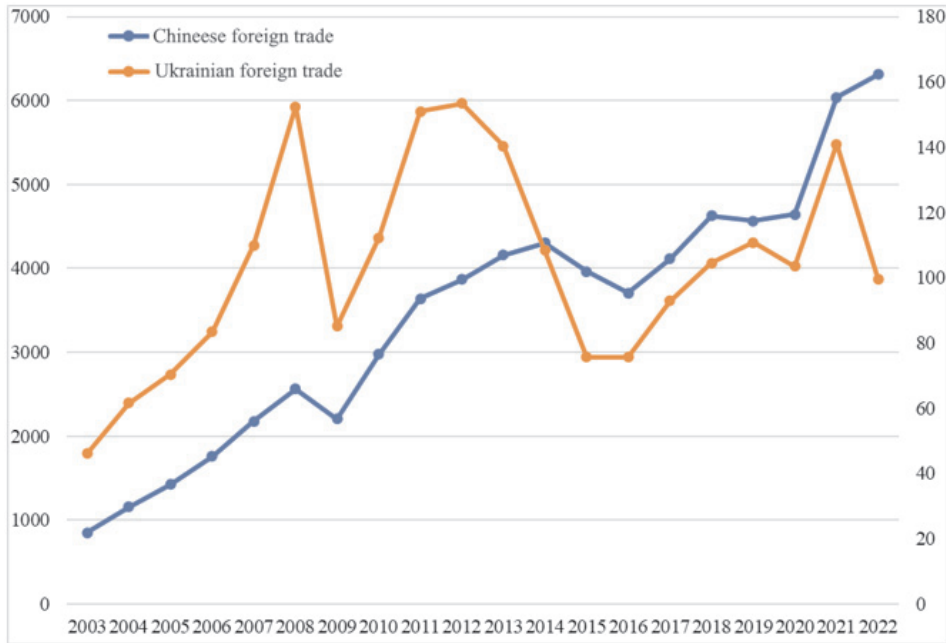


Fig. 3. The volume of international trade between Ukraine and China from 2003 to 2022, billion USD

Source: Own study based on (Yastrubskyy, Zhongjun, 2023, p. 95)

As can be seen from Fig. 3, the volume of international trade in both countries is generally growing. However, for Ukraine, the peak years were 2012 and 2013, which was due to the outbreak of the war with Russia in 2014. As for China, its trade growth rate is more stable and constant over the selected period. Nevertheless, the situation may be different if we look at the situation in terms of certain types of goods (Tables 1 and 2).

Table 1. Share of selected product groups of imports from China in total imports of Ukraine, 2022

Product group code	Product group description	Import
66	Umbrellas, sun umbrellas, sticks, seat sticks, whips, whips, and parts thereof	86.5
95	Toys, games, and sports equipment; parts and accessories thereof	78.4
67	Processed feathers and fluff and products from thereof; artificial flowers; products of human hair	76.3
46	Straw, esparto, or other materials for weaving; basketry and wicker goods	70.3
81	Other non-precious metals; metal ceramics; products thereof	68.1

64	Footwear, leggings; parts of such items	55.2
49	Printed books, newspapers, pictures, and other printed matter; manuscripts, typescripts and plans	53.4
42	Leather goods; saddlery and harness goods; travel goods, bags, and similar containers; articles of animal intestines (except silkworm intestines)	52.0
85	Electrical machinery and equipment and parts thereof; apparatus for recording and reproducing sound, apparatus for recording and reproducing television images and sound, and parts and accessories for such apparatus	49.2
94	Furniture: bed linen, mattresses, mattress supports, pillows and similar padded articles; lamps and lighting fittings, not elsewhere specified; illuminated signs, illuminated nameplates; prefabricated buildings	48.8

Source: Own study based on (Poita, 2022, p. 320)

Table 2. Share of selected product groups of imports from Ukraine in total imports of China, 2022

Product group code	Product group description	Import
10	Grain	8.89
‘23	Residues and wastes from the food industry; ready-made fodder	8.86
15	Animal or vegetable fats and oils and products of their breakdown; prepared edible fats; animal or vegetable waxes	2.94

Source: Own study based on (Poita, 2022, p. 323)

As can be seen from Table 1, Ukraine has a fairly large number of goods imported mainly from China, which account for a significant share of the country's total imports. Some of them are of little importance for economic development, such as goods in categories 66, 95, 67 or 46. However, the country is quite dependent on goods in group 85, i.e., electronic machinery, equipment and parts thereof. The share of 49.2% suggests that if imports of such products from China become even more difficult, countries may face significant problems in maintaining production at enterprises and some types of business. As for the situation in terms of China's imports, Ukraine is barely visible in almost all product groups. Only three of them are worth highlighting, as shown in Table 2. It can be seen that these are agricultural products, where Ukraine accounts for almost 9% of imports in certain product groups. Nevertheless, this does not make China highly dependent on Ukraine in these product groups, as it can quickly adjust to the new terms of trade if necessary. It is now worth considering how trends in international trade between the two countries have changed since the start of Russia's full-scale invasion. For this

purpose, the quarterly and monthly data on trade in goods can be used. Fig. 4 shows the data by quarter.

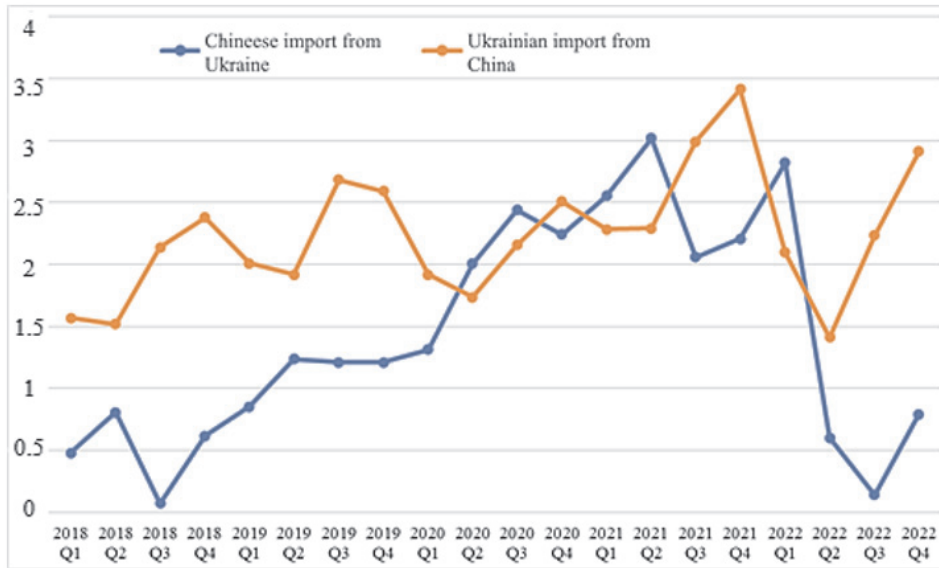


Fig. 4. Quarterly dynamics of trade between China and Ukraine in 2018-2022, billion USD
Source: Own study based on (Trade and Economic Cooperation, 2022)

As can be seen from Fig. 4, foreign trade relations between the two countries actively developed between 2019 and 2021, which may be due to the beginning of the restoration of diplomatic relations between the countries after the beginning of the presidency of Volodymyr Zelenskyi (Hong, 2019). Nevertheless, with the start of the full-scale invasion, trade volumes dropped significantly, and China's imports from Ukraine fell to very low levels (USD 140 million); recovery only began in Q4. This can be attributed to both the existing restrictions on Ukraine's export capabilities and China's position on the full-scale invasion (namely, conditional neutrality and the desire to freeze the conflict). Fig. 5 shows trade data between countries by month.

As can be seen, the volume of trade between the countries is highly variable monthly, which may be due to seasonality, as well as to the specifics of contracts, supplies, or demand for certain products (it is difficult to conclude what exactly this is due to based on trade volumes alone). The Fig. also clearly shows a significant decline in trade during the start of the full-scale invasion: Ukraine's imports from China gradually recover, and at a fairly rapid pace, while exports do not. Again, this may be due to both the difficulty of supply and the reluctance of Chinese entrepreneurs to trade with Ukraine. Fig. 6 shows smoothed monthly trade data between the two countries (the value for a month is calculated as an average of three periods).

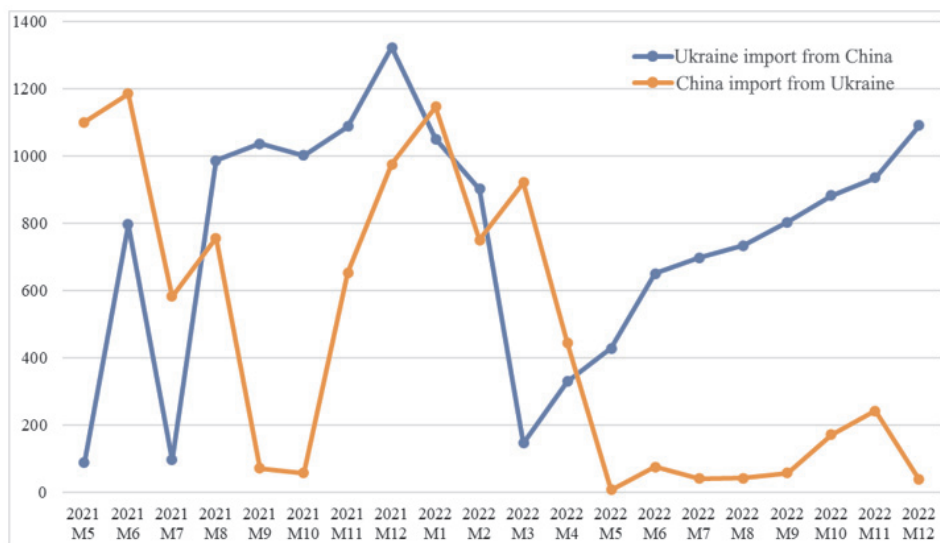


Fig. 5. Monthly data on China's trade with Ukraine in the period from May 2021 to December 2022, USD million

Source: Own study based on (Trade and Economic Cooperation, 2022)

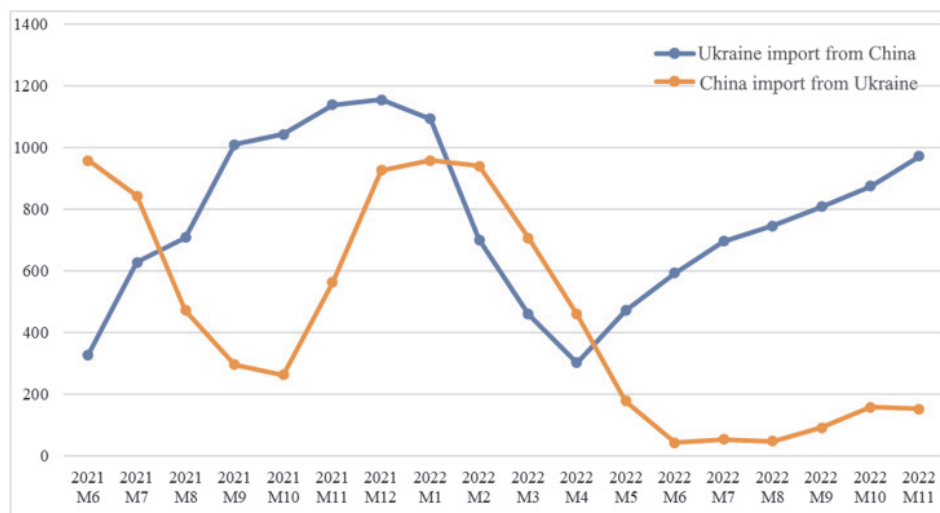


Fig. 6. Monthly smoothed trade data between China and Ukraine, USD million

Source: Own study based on (Trade and Economic Cooperation, 2022)

In Fig. 6, the trends observed in Fig. 5, namely trade between countries can be seen more clearly, as the values in Fig. 6 change more smoothly. China's imports from Ukraine declined significantly after the start and remain at very low levels compared to 2021. Although a certain recovery trend can be seen at the end, it is currently impossible to say for sure whether it is sustainable or caused by seasonality or other factors. It is also necessary to consider the impact of such changes in trade relations between Ukraine and Russia on the development of entrepreneurship in Ukraine. For this purpose, it is worth looking at how important exports of agricultural products (as the country's main international trade activity) were. This can be seen on Fig. 7.

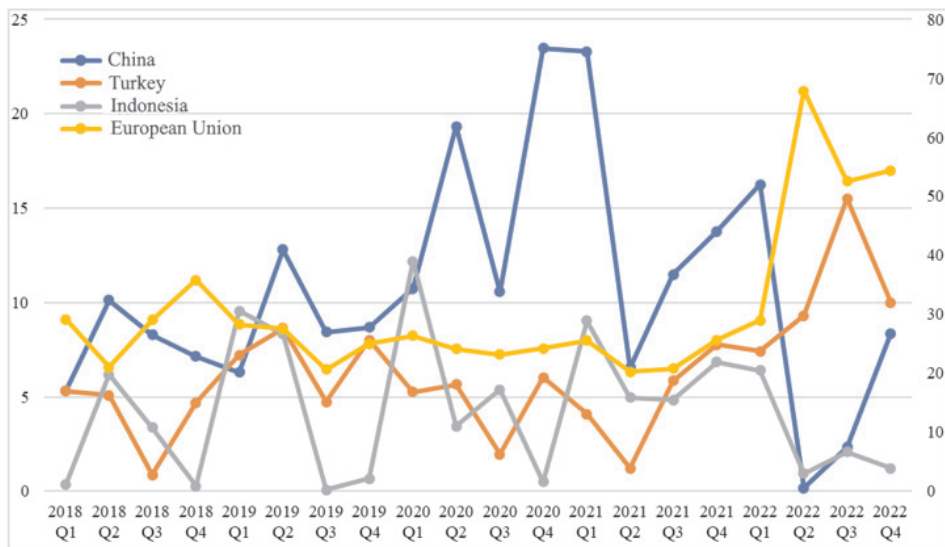


Fig. 7. The ratio of agricultural exports of selected countries to total agricultural exports in the period from 2018 to 2022 (quarterly), %

Source: Own study based on (Trade and Economic Cooperation, 2022)

As can be seen from Fig. 7, the European Union plays the largest role in the country's agricultural exports, which has become even more important since the start of the full-scale invasion due to export restrictions; a similar situation is true for Turkey. In turn, it can be seen that China also played an important role in agricultural exports; in some places, its share in exports reached more than 20%. However, after the start of the invasion, it declined significantly and only began to recover in the 4th quarter. Nevertheless, it is difficult to conclude to what extent this affected business development, as Ukrainian companies were able to quickly reorient themselves to the European market. Based on the aforementioned statistics, the current state of trade relations between Ukraine and China at the time of Russia's full-scale invasion can be characterised by a significant drop in trade volumes

and trade disruptions. Before the invasion, trade between Ukraine and China was actively developing, with exports and imports growing, but since the beginning of the invasion, trade between the two countries has significantly decreased for the reasons already partially described above (Roshylo, 2023, p. 37). Monthly trade data further illustrate the decline in trade during the invasion. Ukraine's imports from China are gradually recovering, while exports are not; this can be explained by supply constraints and the potential reluctance of Chinese businesses to trade with Ukraine in the current situation (Havrylyuk, 2022).

Nevertheless, the trends in foreign trade analysed above may provide other additional information on the development of entrepreneurship. For example, Ukraine's dependence on imports of certain types of equipment, as shown above, may have complicated the country's production processes. Some entrepreneurs may have faced difficulties in terms of replacing the sources of supply of such goods with those that can be produced domestically or purchased from other countries (primarily the European Union, whose products are generally more expensive than those in China) (Bielov, 2022, pp. 18-30). This also applies to other goods that have not been analysed in detail in this study. After the end of the war, we should expect an increase in trade with the country both to replace expensive products and to expand opportunities for agricultural sales. Currently, Ukraine's foreign trade policy should focus on the widest possible market coverage, increasing the number of significant partners, and promoting its export-oriented industries (primarily agriculture). However, it should be acknowledged that it is difficult to ensure the development of industries as such in times of war, as they are often at the limit of their functioning (Trush, 2022, pp. 595-600; Kosarchyn, 2023, p. 23). Thus, the same agrarians suffered significantly due to the outbreak of a full-scale invasion, losing significant amounts of fertile land and generally losing the ability to sell their goods abroad at the usual pace. Therefore, the state needs to support the agricultural sector through both financial and non-financial assistance. It is also worth noting the role of the development of the military industry, including support for private producers in this area. This is currently a top priority for Ukraine in times of war. Combating corruption, which is particularly active during conflicts of this magnitude, also remains important (Buriak *et al.*, 2022, pp. 135-143; Konieczny, 2023, p. 25).

Overall, the development of future cooperation between Ukraine and China is beneficial for both countries. This is due to both the need for investment for the country, which will be recovering from the war, and to create opportunities for China to invest and receive potential super-profits. Nevertheless, it is difficult to imagine how such interaction might take place in the future, given the impossibility of predicting the end of the war and its consequences for Ukraine and other countries. It is quite likely that a new security system will be created both in Europe and in the world as a whole. In addition, Western countries are expanding their influence in Ukraine, which could lead to some restrictions on China's access to the country's

domestic market and investment opportunities (Habibi *et al.*, 2022). It is necessary to wait for the end of the war in Ukraine and assess its outcome to be able to predict future relations between these countries.

Discussion

The paper by S. Stenbach (2023) examines the global trade implications of the Russian invasion of Ukraine using a product-level empirical model of bilateral trade. The results show that imports from Ukraine were 47.3% below the counterfactual between February and August 2022. The Russia–Ukraine war led to significant trade diversion for Russia, primarily benefiting Russian mineral oil and gas exports to Europe and Asia. The analysis also reveals that the trade adjustments operate mainly through import price hikes, with notable heterogeneity across product groups and regions.

L. Vlasenko (2021) provides a detailed analysis of the historical and current dynamics of bilateral trade relations between Ukraine and China. It emphasizes the deep and strong historical tradition of international relations between the two countries, spanning various fields such as politics, economics, and culture. The article also highlights the significance of China as Ukraine's largest trading partner and the need for qualified specialists to conduct effective negotiations and monitor their coverage in official documents and the press. The revealed pattern of diplomatic and trade relations between Ukraine and China may be considered as an indicator that China has been viewing Ukraine as a political entity even before the Declaration of Independence in 1991. International relations between Ukraine and China have a deep and strong historical tradition with a wide range of forms and methods of cooperation in the fields of culture, politics, and economics. China was one of the first countries that established relations with Ukraine and started to build an institutional framework for cooperation.

Z. Fenghe (2020) examines the agricultural trade between China and Ukraine, focusing on the current status, challenges, and potential for further cooperation. From 2014 to 2019, China's agricultural imports from Ukraine accounted for 45.5% of the total import trade, with cereals and other products dominating the trade. Ukraine has become China's main food importer, surpassing India in 2019. In contrast, China's agricultural exports to Ukraine accounted for only 2.6% of the total export trade, indicating strong complementarity in terms of total trade volume and agricultural product trade. The authors suggest that both countries can strengthen cooperation to expand their advantages and promote the development of trade between them.

In turn, O. Yatsenko *et al.* (2021) presents an analysis of the trade-economic relations between Ukraine and China, particularly within the context of the COVID-19 pandemic. The study identifies a direct connection between the increase of

export volume to China and Ukraine's GDP growth based on correlation-regression analysis. The influence of the world crisis, creating a free trade area, and other factors on foreign trade circulation between Ukraine and China has been studied using the empirical gravity model of international trade. The study also highlights the importance of China as a trading partner for Ukraine, with China being Ukraine's biggest trading partner with a trade volume of USD 19.3 billion in 2021. It discusses the potential impact of the Russia-Ukraine war on China's economy and the strategic partnership between Ukraine and China. The article also analyses the economic importance of Russia and Ukraine for China, especially in the supply of energy, agriculture, and mining products.

O. Kiforenko (2023) discusses the vital importance of agriculture for global food security and the increasing economic and political significance of agricultural product exporters. It specifically focuses on the correlation between the export of agricultural products from Ukraine to the EU27 and from the EU27 to China. The search results provide additional context on the significance of Ukraine's agricultural exports, its role as a major agricultural producer and exporter, and the impact of the Russia-Ukraine war on global trade, particularly for China. The results also emphasize the scale of Ukraine's agricultural exports, which totalled over 27 billion USD in 2021, accounting for 41% of the country's overall exports. The article's findings and the broader context from the search results underscore the substantial economic and geopolitical implications of agricultural trade, particularly for countries like Ukraine, the EU, and China.

According to G. Tokir (2023), The Russia-Ukraine war has disrupted the connectivities across the regions that the Belt and Road Initiative (BRI) aspires to set up. China's land connection to Europe through the Northern Route stalled because of war conditions. Furthermore, the Russia-Ukraine war damaged China's political, economic, and infrastructural linkages to European countries. The war is having a disruptive effect and poses numerous challenges for the Initiative, as it has affected some of the pillars and overall goals of the BRI. China aims to reduce the burden placed on the Middle Corridor due to the war in question. Because after this war, more than 60% of the goods transported to the West via Russia started to go through the Middle Corridor.

In their study K. Ling *et al.* (2023) introduced a non-competitive input-output price model that accounts for the interdependence between domestic and international markets, enabling a more accurate assessment of domestic price changes due to international price fluctuations. This model was applied to analyse the impact of the Russia-Ukraine war on China's domestic prices, revealing that the producer price index (PPI) was more heavily affected than the consumer price index (CPI). The primary cause of the price increase in China was the rise in international energy prices, with a predicted increase of 3.93% in PPI, 1.46% in CPI, and 1.36% and 1.49% in rural and urban CPI, respectively. The energy sector, particularly oil and natural gas products, was most affected, followed by fertilizers and agricultural products.

T. Ostashko *et al.* (2021) discusses the evolving world economy towards multipolar globalization, with China becoming a new pole of economic development. Ukraine is seeking ways to cooperate with China in the field of trade and investment, with China offering a model of cooperation within the framework of the One Belt, One Road Initiative. Additionally, Ukraine's trade regime is relatively liberal, while the Chinese market is protected by higher tariff and non-tariff barriers. Furthermore, the current situation in mutual trade is asymmetric. Ukraine exports mainly raw materials to China, while exports from China to Ukraine are dominated by investment and consumer goods. In 2014-2018, the share of imports of goods and services in GDP in Ukraine averaged 54% (for comparison, in China, this parameter was 19%). In 2018, 55% of Ukraine's negative balance in trade in goods was due to trade with China. The article concludes that given the high risks of deterioration of Ukraine's trade balance due to trade liberalization with China, the conclusion of a Free Trade Agreement (FTA) with China at the current stage of Ukraine's development is not appropriate.

The Russo-Ukrainian War has led to a turbulent economic situation in Ukraine, including industrial damage, infrastructure destruction, and population displacement. These inevitable consequences have created obstacles and uncertainties in Ukraine's trade environment (Poliakova *et al.*, 2022, pp. 94-101). The Ukrainian government should actively seek to diversify its trading partners and reduce its reliance on Russia, which presents more opportunities for China. The conflict in Ukraine has also prompted increased interest from Chinese companies in the Ukrainian market, particularly in areas such as infrastructure development, energy, and agriculture. However, the conflict in Ukraine may also cause some Chinese companies to have concerns about the market, especially regarding security and political stability. Additionally, ongoing conflict in Ukraine may impose limitations and barriers on trade cooperation, such as transportation issues and market access restrictions for Ukrainian products (Gontareva *et al.*, 2023). Despite these challenges, there is still enormous potential in the trade relationship between China and Ukraine. As the world's second-largest economy and a strategically important European country, China and Ukraine have vast opportunities for cooperation in the economic, technological, and infrastructure sectors. By strengthening political and economic ties, promoting trade facilitation, and expanding trade volume, both sides can further promote mutual development.

Conclusions

The study examines the trade dynamics between Ukraine and China amidst geopolitical turmoil. It highlights the interplay of economic, political, and strategic elements that shape bilateral trade relations. The analysis reveals a complex structure

of interaction, with trade volumes historically following an upward trajectory, indicating strengthening ties. However, international trade growth is periodically disrupted by external shocks, such as conflicts and global crises, which highlight its vulnerability to geopolitical tensions.

The study analyses the asymmetric nature of trade relations between Ukraine and China. It highlights that China has become an important player in Ukraine's trade landscape, while Ukraine's exposure to trade with China remains concentrated in certain agricultural sectors. This imbalance is further exacerbated by Ukraine's dependence on Chinese imports in critical sectors, which poses potential risks to the development of domestic industry and entrepreneurship.

The consequences of the conflict between Russia and Ukraine are significant. The conflict has led to a reconfiguration of Ukraine's trade relations, resulting in a shift towards the European Union and a decline in trade with China. This shift highlights the impact of geopolitical confrontation on global trade networks and the importance of countries adapting quickly to changing circumstances. Furthermore, the negative impact of the conflict on Ukraine's economy, including its entrepreneurial landscape, is substantial. Therefore, it is crucial to make a joint effort to support business continuity and recovery. The study recommends a comprehensive examination of Ukraine's trade relations beyond China, proposing a holistic approach to comprehend and navigate the intricate network of international trade relations.

The study cautiously predicts a positive future for China-Ukraine trade relations, but this is dependent on the resolution of geopolitical conflicts and the creation of a favourable environment for mutual economic engagement. The potential for renewed cooperation offers a glimpse into a future where both nations can use their trade relations for economic recovery and growth. However, this is within a context of uncertainty and the overarching influences of global power shifts.

Based on this, the study emphasises the significance of adaptable trade policies, the resilience of economic connections in challenging circumstances, and the potential for a strategic shift towards sustainable and equitable trade relationships. This reflects a thorough comprehension of the interdependencies and challenges that characterise the current global trade environment.

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