

TRADE WARS: PROTECTIONISM, TRADE IMBALANCE, ECONOMIC SANCTIONS

The article is aimed at analyzing the key factors that lead to economic conflicts between countries. The article considers three main elements that cause trade wars: protectionism, imbalance in trade and economic sanctions. The focus is on the overall impact of these factors on the global economy and international trade relations. Protectionism is considered as a strategy of the state aimed at protecting the domestic market from foreign competition by introducing various restrictive measures, such as duties, quotas and subsidies. These measures help to support national producers, but at the same time can create tension in relations with trading partners who face obstacles to their exports. The article analyzes how imbalances can cause economic tension and lead to the introduction of trade restrictions by states that are trying to reduce their deficit or surplus in trade. It highlights how this factor affects world markets and the overall stability of international trade. Economic sanctions, as an instrument of foreign policy and economic influence, are also a key topic of the article. Sanctions are used by states to pressure other countries to achieve certain political or economic goals. The opinion is emphasized that trade conflicts can lead to an increase in the risks of global supply chains, an increase in prices for goods, a reduction in investment and an aggravation of international relations. Such wars can have unpredictable consequences, affecting not only the immediate participants in the conflict, but also third countries dependent on international trade. As a conclusion, despite the fact that protectionism, sanctions and measures to correct the trade imbalance are often used as tools to protect national interests, their use can lead to destabilization of the global economy. The relevance of this topic is due to the growing number of trade conflicts in the modern world, which undermine the stability of the global economy and complicate international cooperation.

Key words: international crisis, economic conflict, border, fiscal control, restrictive measures, foreign trade, customs risks.

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Introduction. Trade wars play a significant role in the process of shaping modern international relations. As a rule, they are the result of economic conflicts between states. Countries try to protect their national interests by implementing protectionist measures or by imposing economic sanctions. The results of wars of this type can be destabilization of international markets, increase in prices for goods and services, reduction in exports and imports, as well as increasing general tensions between the countries. Today, economies are increasingly dependent on each other, so the regulation of such conflicts is necessary primarily to maintain global supply chains for goods.

Methods. Within the framework of this study, a method of comparative analysis was applied, which made it possible to consider real examples of conflicts between countries and to assess the consequences of protectionist measures. Statistical analysis was useful for identifying the impact of duties and sanctions on economic indicators such as prices, export and import volumes. Also, the use of a systematic approach helped to comprehensively assess the relationship between international trade policies and global economic stability.

Results. Today it is difficult to imagine the functioning of any sphere of activity of mankind without conflicts and disputes. International trade is no exception. In modern realities, where the economic interests of countries constantly overlap, contradictions arise, resulting in an aggravation of economic relations. It is in these

conditions that trade wars unfold – conflicts in which economic weapons become the main instrument of influence. Trade has long been not only a way to exchange goods or services and has become a means of achieving political and strategic goals.

Quite often, a trade war is understood as a scenario when the government uses such tools as raising duties or introducing quotas in order to protect its domestic market and counteract imports of goods from abroad. Of course, these measures have consequences for the other side, which can respond with symmetrical or asymmetrical actions. Such actions often lead to an escalation of conflict between the parties (Miroshnychenko, 2023). An offensive trade war is the introduction by a country of tools to intensify export activity or import substitution in trade between countries in order to support a national producer. Methods of conducting a defensive trade war are the introduction of trade barriers in trade between countries in order to defend their own economic interests or counteract protectionism tools from other countries (Serpukhov & Mazorenko, 2017).

The first manifestations of specific tension in relations between countries through the export or import of goods is the period of the industrial revolution. In the 19th century, many countries, including the United Kingdom, France, and the United States, employed a variety of measures to protect the products of their own economies from foreign competition. Conflicts at that time were more limited. However, during major economic crises and political changes (for example, the Great Depression of 1929), these conflicts gained new significance. Countries actively introduced protectionism, which led to mutual restrictions and escalation of tension between states. In the 20th century, trade wars became an integral part of political strategy. The Versailles Peace Agreement and the economic isolation of Germany after the end of World War I led countries to impose tariffs and quotas to protect their national interests. The United States tried to protect its industry with laws that limited imports, in particular due to the adoption of the Smoot-Hawley tariff in 1930, which significantly exacerbated trade conflicts. After the Second World War, trade wars became a key element of the geopolitical confrontation between the main players on the world stage, and later – during the Cold War. Countries not only resorted to economic sanctions, but also used other forms of economic pressure, for example, blockades and trade restrictions. During this period, special attention was paid to international organizations, such as the General Agreement on Tariffs and Trade (GATT), and later the World Trade Organization, which were created in order to reduce conflicts in the field of international trade (DeLong, 2022).

The reasons for the emergence of trade wars can be associated with several important factors. First of all, this is a deep gap between rich and poor countries, where the «golden billion» gets an absolute advantage over economically dependent regions. Secondly, the economy has changed its traditional role: it no longer only provides people with goods and services, but also becomes a key driver of social governance, influencing politics, ideology, culture and spiritual processes. In some cases, the economy turns into an instrument of pressure and dominance in the global struggle. The third important aspect is the instability of the world economy, which is caused by the conflict between the need to develop the international division of labor and the desire of influential economic players – from global to national oligarchs – to monopolize its results.

And finally, in the financial sector there is a so-called virtual economy. It is a new type of relations in financial markets that do not reflect the real exchange of goods or services, have no connection with production, but effectively function as a mechanism for the circulation of fictitious capital, fueling speculation and creating the illusion of economic growth. (Shnypko, 2011).

Figure 1 shows the gradual actions of the countries that most often lead to the outbreak of a trade war (Market Business News, (n.d.)).

Protectionism is considered one of the main factors that lead to trade wars between countries and how economic strategy has been and is today the subject of scientific debate. At the same time, supporters of protectionism argue that this is a necessary measure to protect national interests, especially in relation to important sectors of the economy. Critics stress the claim that protectionism is one of the first causes of economic conflict (Anufrieva & Brus, 2019).

One of the main theories justifying protectionism belongs to the German economist Friedrich List. He argued that industries that had not yet achieved competitiveness in the international market needed temporary protection from external competition (List, 1909). On the other hand, neoclassical economists such as David Ricardo emphasized the importance of comparative advantage in international trade. According to this theory, each country should specialize in the production of goods and services in

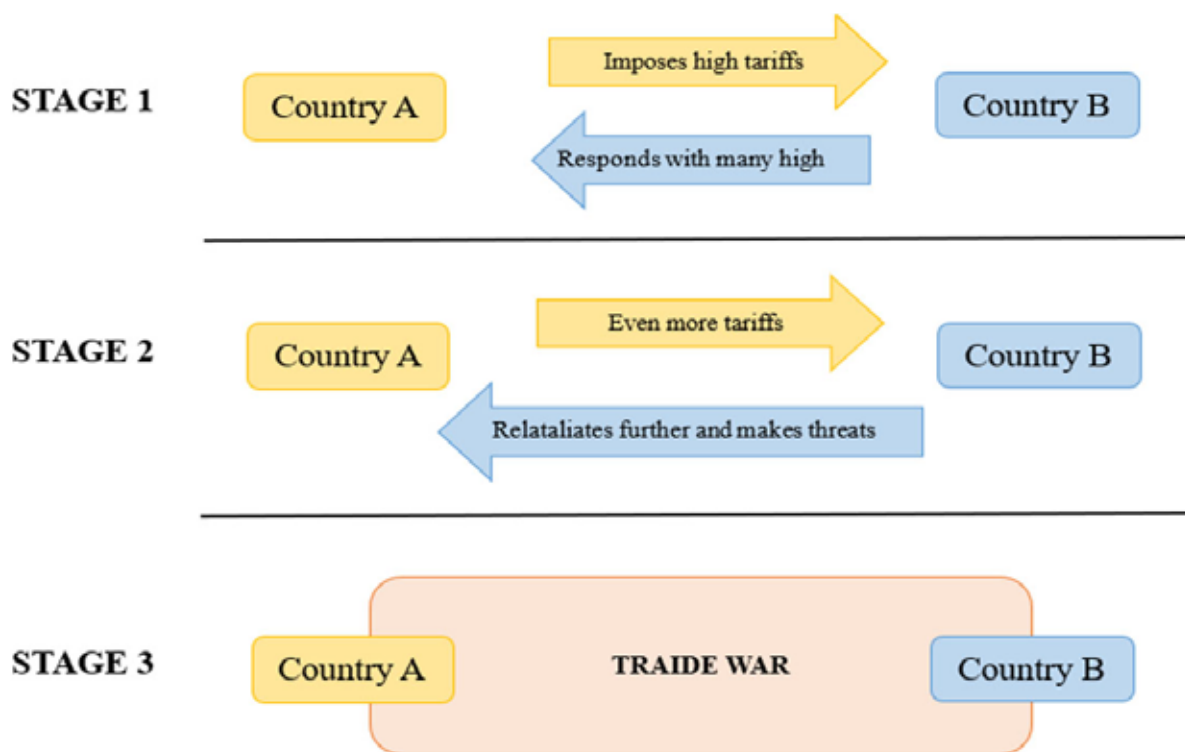


Fig. 1. Stages of the beginning of the trade war

which it has comparative advantages. This theory emphasizes the idea that this allows you to increase the efficiency of production of goods. Protectionism violates this principle by reducing global productivity and inflicting economic losses on all participants in international trade (Ricardo, 1999).

A case in point in modern history is the trade war between the US and China, which began in 2018. The reason is the US policy of imposing high tariffs on Chinese goods, in particular steel and aluminum. The administration of President Donald Trump motivated these measures by protecting the national economy and reducing the trade deficit. China, in turn, responded by imposing similar duties on American goods, in particular agricultural products, which harmed American farmers. The result is a decline in bilateral trade and instability in world markets. Experts note that such a policy had temporary benefits for individual industries in both countries, but in general it negatively affected the global economy.

Another example is politics in some European Union countries. The EU often uses non-tariff barriers to protect its agricultural products through the Common Agricultural Policy, which provides subsidies to European farmers and limits access to the European market for external producers. This causes constant conflicts with countries such as the United States and Brazil, which accuse the EU of unfair competition.

Trade wars often involve the use of various forms of protectionist measures, which are divided into tariff and non-tariff barriers. Both categories have a significant impact on international trade and can lead to an escalation of economic conflicts between countries. Table 1 provides a comparative description of the two types of barriers, which will help determine the characteristic differences between them (Krugman, Obstfeld, & Melitz, 2018).

Sanctions are one of the most effective tools in the context of global competition. Economic sanctions include restrictions on trade, financial transactions and access to technology. They are aimed at reducing the economic power of the state subject to sanctions, and also force it to changes in domestic or foreign policy.

Sanctions can be divided into three types: trade – is the most common type of sanctions, they can include embargoes, increasing customs rates, bans on the export or import of certain goods; financial – are to limit access to financial markets and capital; technological – affect the country's ability to develop the technology sector.

A prime example is the US sanctions against Iran in 2001, which included restrictions on oil exports, a key source of the country's income and on its nuclear program. The United States imposed numerous

Table 1

Comparative characteristics of tariff and non-tariff barriers

Criterion	Tariff barriers	Non-tariff barriers
Definition	Taxes or duties imposed on imported goods.	Import restrictions that do not provide for taxation, but affect market access.
Form of implementation	Duty levied on imported goods.	Quotas, technical regulations, quality standards, sanitary and phytosanitary norms, subsidies, licensing.
Purpose	Increase the cost of foreign goods to protect the domestic market.	Complication or restriction of access of foreign goods to the domestic market.
Example	Raising duties on steel and aluminum from China during a trade war between the United States and China.	European quotas on imports of textiles or strict sanitary standards for agricultural products from outside the EU.
Impact on consumers	Increase in prices for imported goods.	There may be a shortage of some goods or an increase in the cost of meeting standards.
Impact on trade volumes	Direct decrease in imports due to higher prices.	Reduction of imports due to difficulties in meeting non-tariff requirements or limiting quotas.
Benefits for the government	Direct income from duties and customs taxes.	Stimulating the development of national industry and protecting standards without additional taxation.
Disadvantages	Deterioration of relations with partner countries, possible sanctions.	Complexity in execution and regulation, as well as rising costs for foreign companies.
Efficiency	Effective for raising the price of imported goods and stimulating national products.	Less visible, but effective for complicating market access and protecting domestic producers.

restrictions on Iranian oil exports and the country's access to international financial markets, which significantly reduced Iran's economic stability. In response, Iran began to develop relations with countries that do not support sanctions, such as China and India. This led to a certain change in geopolitical balances in the region, as well as an increase in illegal oil exports. (Alnasrawi, 2001).

After the imposition of sanctions against Russia in 2014 due to the annexation of the Crimea, a number of Russian banks lost access to European and American capital markets, which caused the ruble to fall and led to the loss of foreign investment. The sanctions also included restrictions on oil and gas exports, financial sanctions and technology export bans. This led to a decrease in economic activity in Russia and increased dependence on China as a trading partner (Bernatskiy, 2024)

Thus, trade wars lead to a rapid increase in the risks of global supply chains, including customs risks, both for states and for business. One of the main reasons for this is the unpredictability of trade restrictions imposed by countries to protect their domestic markets. Adjusted measures of customs tariff and non-tariff regulation change the conditions for conducting foreign economic activity, complicating the operations of companies that depend on international suppliers or buyers. In such circumstances, enterprises are forced to quickly adapt to new regulatory requirements, which increases the risks of violation of customs rules. Trade wars also increase the likelihood of delays in customs clearance of goods at customs borders. When countries introduce new customs tariffs or quotas, customs authorities may face an additional administrative burden in the implementation of customs formalities and other bureaucratic procedures. This increases the time of customs control and clearance, which negatively affects supply chains, especially in cases where it is a violation of the terms of supply, which can lead to significant financial losses for enterprises. In addition, fiscal risks for the state are increasing, in particular due to attempts to evade customs duties by illegally marking or changing the country of origin of the goods. This forces customs administrations to tighten control over goods, which can also lead to delays and increased burden on customs authorities. As a result, international business faces additional costs for legal support and internal audit. An important factor is also the change of supply routes in response to trade wars. As companies try to avoid high duties or restrictions, they are forced to rebuild their supply chains, which can lead to new risks. In particular, new routes may require cooperation with less reliable logistics partners or through countries with higher levels of corruption. As we can see, trade wars have a complex impact on customs risks in global supply chains. They lead to unpredictability, increased costs of compliance with customs rules, delays in delivery, as well as increased risks of fraud and the volume of illegal trade in general. All these factors negatively affect the efficiency of international trade and the financial results of companies integrated into global supply chains.

Conclusions. Trade wars are a complex and important phenomenon in modern international relations that arises from a conflict of economic interests between states. They significantly affect the world economy, causing disruptions in the supply of goods, rising prices and tensions between countries. Protectionist measures, such as raising duties or setting quotas, help states protect their own economic interests, but often harm not only other countries but also their own economies. This creates additional challenges for both business and consumers. In order to avoid escalation of such conflicts and minimize their negative consequences, it is important for countries to seek compromises and adhere to international agreements. Cooperation within organizations such as the World Trade Organization helps regulate trade disputes and keep global markets stable. In the end, only joint efforts and the desire for dialogue can ensure long-term development and reduce economic risks for all participants in world trade.

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ТОРГОВЕЛЬНІ ВІЙНИ: ПРОТЕКЦІОНІЗМ, ДИСБАЛАНС У ТОРГІВЛІ, ЕКОНОМІЧНІ САНКЦІЇ

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Метою статті є аналіз ключових чинників, які призводять до економічних конфліктів між країнами. Стаття розглядає три основні елементи, що викликають торговельні війни: протекціонізм, дисбаланс у торгівлі та економічні санкції. Основна увага приділяється загальному впливу цих факторів на глобальну економіку та міжнародні торговельні відносини. Протекціонізм розглядається як стратегія держави, спрямована на захист внутрішнього ринку від іноземної конкуренції шляхом запровадження різних обмежувальних заходів, таких як мита, квоти та субсидії. Ці заходи допомагають підтримувати національних виробників, але одночасно можуть створювати напруженість у відносинах з торговельними партнерами, які стикаються з перешкодами на шляху свого експорту. У статті аналізується, як дисбаланси можуть викликати економічну напругу та призводити до запровадження торговельних обмежень з боку держав, які намагаються зменшити свій дефіцит або профіцит у торгівлі. Висвітлюється, яким чином цей фактор впливає на світові ринки та загальну стабільність міжнародної торгівлі. Економічні санкції, як інструмент зовнішньої політики та економічного впливу, також є ключовою темою статті. Санкції використовуються державами для тиску на інші країни з метою досягнення певних політичних чи економічних цілей. Підкреслюється думка, що торговельні конфлікти можуть призводити до збільшення ризиків глобальних ланцюгів поставок, зростання цін на товари, скорочення інвестицій та загострення міжнародних відносин. Такі війни можуть мати непередбачувані наслідки, впливаючи не лише на безпосередніх учасників конфлікту, але й на треті країни, що залежать від міжнародної торгівлі. Як висновок, незважаючи на те, що протекціонізм, санкції та заходи з виправлення торговельного дисбалансу часто застосовуються як інструменти захисту національних інтересів, їхнє використання може призвести до дестабілізації глобальної економіки. Актуальність даної теми зумовлена зростанням кількості торговельних конфліктів у сучасному світі, що підривають стабільність глобальної економіки та ускладнюють міжнародне співробітництво.

Ключові слова: міжнародна криза, економічний конфлікт, кордон, фіскальний контроль, обмежувальні заходи, зовнішня торгівля, митні ризики.