



Trade Linkages in the Shadow of the Russia-Ukraine War

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An increasingly popular narrative following the U.S.-China trade disputes and the COVID-19 pandemic is that the long process of globalization has peaked and that we may be entering a phase of deglobalization. This view might gain further traction following Russia's invasion of Ukraine.¹

While the Russia-Ukraine war has been met with significant opposition by major Western countries and their allies, the response has been more muted in other parts of the world. On March 2, six days after the start of the war, the U.N. General Assembly called an emergency special session regarding the issue. Of its 193 members, 141 countries voted to condemn Russia, five countries (including Russia) voted against the resolution, and 35 abstained from the vote.²

This partition of the globe into blocs might reflect not only the views of these countries about the specifics of the Russia-Ukraine war but also fundamental differences in a broad range of areas. These differences may serve as division lines in a future world economy that is less integrated. In this blog post, we investigate the extent to which these various blocs are connected with each other. Here we focus on one specific channel: international trade linkages.

To address this question, we used bilateral trade flow data from U.N. COMTRADE for year 2019.³ We partitioned countries into four groups based on their economic importance and their vote at the U.N. on March 2:

- Countries that condemned Russia
- Countries that supported Russia or abstained from voting
- China and India (who abstained from the UN vote)
- Russia itself.

Learning about the extent to which these blocs are connected can provide various insights about the future of globalization as well as about the potential costs of a less integrated future. For instance, to the extent that these various trading blocs are tightly connected with each other, the cost of restructuring global trade patterns might be larger, acting as an incentive to preserve the current system. In contrast, if these various blocs were to be relatively disconnected, then the costs of adjustment might be lower, making a reorganization of trade patterns potentially more likely.

Imports: Intrabloc vs. Interbloc Trade

For each of these country groups, the table below reports the share of their aggregate imports sourced from country groups.

Share of Imports by U.N. Voting Blocs

Source of Imports	Importers			
	Condemned Russia	Supported Russia or Abstained (Excluding China and India)	China and India	Russia
Condemned Russia	76.8%	60.6%	80.7%	63.3%
Supported Russia or Abstained (Excluding China and India)	4.7%	6.0%	12.4%	12.7%
China and India	16.4%	25.7%	3.9%	24.1%
Russia	2.1%	7.7%	3.0%	-

SOURCES: U.N. Digital Library, U.N. COMTRADE and authors' calculations.

We observe the following patterns:

- 76.8% of the total goods imported by the bloc of countries that condemned Russia are sourced from countries that also condemned Russia. That means that only 23.2% of total imports of these countries are sourced from countries that either supported Russia or abstained from condemning it.
- The remaining countries did not condemn Russia, yet they also source most of their imports from countries that did condemn Russia. These values are 60.6% for countries that did not condemn Russia (excluding China, India and Russia itself), 80.7% for China and India, and 63.3% for Russia.

These findings reveal a significant asymmetry across blocs in their reliance on imports of goods from their own versus distinct blocs. While 76.8% of the total imports of countries that condemned Russia are intrabloc, intrabloc trade accounts for less than 40% for countries that did not condemn Russia. From the perspective of these statistics, the countries condemning Russia appear to be less dependent on interbloc trade than the latter.

Exports: Intrabloc vs. Interbloc Trade

The table below reports the analogous statistics for exports, and we observe similar patterns:

- 83.6% of the total goods exported from the bloc of countries that condemned Russia are sold to countries that also condemned Russia. That means that only 16.4% of the total exports from these countries are sold to countries that either supported Russia or abstained from condemning it.
- The remaining countries did not condemn Russia, yet they sell most of their exports to countries that did condemn Russia. These values are 68.3% for countries that did not condemn Russia (excluding China, India and Russia itself), 82.4% for China and India, and 70.0% for Russia.

Share of Exports by U.N. Voting Blocs

Destination of Exports	Exporters			
	Condemned Russia	Supported Russia or Abstained (Excluding China and India)	China and India	Russia
Condemned Russia	83.6%	68.3%	82.4%	70.0%
Supported Russia or Abstained (Excluding China and India)	4.3%	7.6%	11.7%	14.5%
China and India	11.0%	19.8%	3.7%	15.5%
Russia	1.1%	4.3%	2.1%	-

SOURCES: U.N. Digital Library, U.N. COMTRADE and authors' calculations.

As with imports, these findings show there is a significant asymmetry across blocs in their reliance on exports of goods and services to their own versus distinct blocs. While 83.6% of the total exports from countries that condemned Russia are intrabloc, intrabloc trade accounts for less than 32% for countries that did not condemn Russia. From the perspective of these statistics, the countries that condemned Russia appear to be less exposed to interbloc trade than those that did not.

Disincentive to Deglobalize

These patterns show that the bloc of countries that condemned Russia features significantly more intrabloc trade than the rest of the world. These patterns suggest that the potential costs of deglobalization along the lines marked by countries' response to the Russia-Ukraine war are likely to be very asymmetric: Countries that supported Russia or abstained from condemning it have tighter trade linkages with the rest of the world. Thus, the cost of restructuring trade patterns along these trade blocs is likely to be larger for these countries, acting as a disincentive to deglobalize.

An important caveat to keep in mind is that these findings are silent about the degree of substitutability of the goods produced by each of these blocs. For instance, some goods might be produced by both blocs, which could allow countries to reallocate their sales and purchases across blocs with limited cost. In contrast, certain blocs might primarily produce critical goods (e.g., cutting-edge technology or primary materials)—the potential impact of curbing access to such goods could be significantly higher even if these goods do not account for a significant share of total imports.

Notes and References

1. See “[Ukraine War and Pandemic Force Nations to Retreat From Globalization](#),” *The New York Times*, March 22, 2022; and “[Globalisation and autocracy are locked together. For how much longer?](#)” *The Economist*, March 19, 2022.
2. There were additionally 12 countries whose votes were unrecorded. We include these in the group of countries that either abstained or voted against the resolution, though the results are not sensitive to this specification. This [U.N. document](#) provides a full list of all the countries involved.
3. The data were derived from the [United Nations Commodity Trade Statistics Database](#); the database was accessed March 2022.

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