



Russia and Ukraine War and Nigeria Trade Relations with Ukraine

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Abstract

The Russia-Ukraine war which started in 2022 has had profound global repercussions, affecting economies, supply chains, and international trade dynamics. The conflict's impact extends beyond Europe, with significant disruptions to global food and energy markets, adversely affecting nations reliant on agricultural imports and exports. Nigeria, a key trade partner with Ukraine, particularly in sectors like agriculture, has faced substantial economic challenges due to these disruptions. This paper aims to assess the implications of the Russia-Ukraine war on Nigeria's trade relations with Ukraine, examining both the pre-war trading landscape and the subsequent economic fallout. The study adopts secondary sources of data through text books, Journals, monograph, publish and published research work to gain insight in the topic under investigation. The Offensive Realism theory was adopted as its framework of analysis, providing insight into the power struggles and security dilemmas that shape nations' actions and contribute to global instability. Findings reveal that prior to the war, Nigeria maintained a strong trade relationship with Ukraine, primarily focused on imports of wheat and agricultural products. However, the conflict has disrupted these trade flows, leading to price volatility, supply shortages, and broader economic instability in Nigeria. The study recommends that, Nigeria should diversify its import sources for key commodities like wheat and fertilizers by strengthening trade ties with alternative suppliers in Africa, Europe, and Asia. Additionally, Nigeria should enhance local agricultural production through increased investment in mechanized farming and incentives for farmers to reduce dependency on Ukrainian imports. This strategy will ensure food security, economic stability, and resilience against future geopolitical conflicts that could disrupt trade relations with key partners like Ukraine.

Keywords: Conflict, Trade, Economic Impact, Trade Disruptions, Agricultural Imports, Bilateral Relations.

Introduction

Predominantly, in our world today, nothing can be done without an exchange of some value for value which involves money, ideas, product and technology. As a result of this there is direct effect on the economy of any nation, either positively or negatively. Trade can be traced back to the need for exchange, which evolved from the barter system to the money system. Trade in Nigeria, however, became popular with the advent of the colonial rule that brought in their need for trade both domestically and internationally. Trade relations among nations have been an area of concern to policy makers and economists. Its importance lies on the ability to obtain goods which cannot be produced in the country or which can only be produced at greater expenses. Also, it enables a nation to sell its domestically produced goods to other countries of the world. The performance of a given economy in terms of growth rates of output and per capita income has not only been based on the domestic production and consumption activities but also on international transaction of goods and services. The classical and neo-classical economists attached so much importance to international trade in a country's development that they regarded it as an engine of growth (Jhingan, 2006). Trade relations are recognized as a vital catalyst for economic development. For developing countries like Nigeria, the contribution of trade to overall economic development is immense owing largely to the obvious fact that most of the essential elements for development such as, capital goods, raw materials and technical know-how, are mostly imported because of inadequate domestic supply.

Today, in the global political debate, the ongoing Russia-Ukraine war is irrefutably one of the most controversial events with a deep-rooted genesis and multifaceted precedence. The present conflict between these two European nations has not only had severe effect and influence on Europe but also the security and foreign policies of the rest of the world. The Russia-Ukraine war began on February 24, 2022, when Russia launched a full-scale invasion of Ukraine. However, the conflict dates back to 2014, when Russia annexed Crimea and fighting broke out between Ukrainian forces and Russian-backed separatists in the eastern regions of Donetsk and Luhansk. While the global economy and all countries of the world are braced for post-COVID-19 recovery in 2022, the geopolitical tensions between Russia and Ukraine erupted, thereby overshadowing the concerns over the global pandemic. It is worth noting that until August 1991, Ukraine was a satellite state of the defunct Soviet Union. This establishes the context for understanding the two countries' political and economic ties. The conflict between Russia and Ukraine is complicated by a history of broken promises, mistrust, and suspicion on both sides of the Western and Eastern blocs (Efebeh & Uwuseba, 2022).

From 1922 to the recent Russian Army's invasion of Ukraine, the two countries have been involved in a number of conflicts. For instance, in 2014, some sections of Donbass in the eastern region of Ukraine were taken over by pro-Russian separatists. Also, in 2018, Russia seized Ukrainian navy vessels¹. The current crisis – which started on February 24, 2022 – was precipitated by the North Atlantic Treaty Organization (NATO) decision to admit Ukraine into its security alliance. In April 2018, Ukraine was invited to join the alliance. As a reaction to Russia's invasion of Ukraine, the West has imposed multiple sanctions on Russia. On February 28, 2022, the United States of America and the European Union unveiled sanctions targeting the Central Bank of Russia (CBR). These sanctions prevent the CBR from accessing about half of the US\$643 billion that Russia holds in external reserves by blocking the Bank's ability to convert assets held in US dollars and Euros into Rubles. These punitive measures also prevent Russia from tapping into her emergency sovereign wealth fund, known as the National Wealth Fund (NWF). Moreover, the crisis between the warring countries and the various sanctions on Russia have economic and humanitarian implications. On the economic front, the geopolitical tensions will dampen the expected optimism in 2022. The crisis will not only affect the warring countries, but will also leave a big scar on the global economy and countries that are directly or indirectly exposed to both countries through the supply chain, trade and investment channels. This turn of events will cause global forecasts to be revised downwards (Dreger, Kholodilin, Ulbricht & Fidrmuc, 2022).

In January 2022, the IMF projected global economic growth and global trade volume growth of 4.4 percent and 6.0 percent for 2022, respectively. The United Nations Conference on Trade and Development (UNCTAD) also forecast a 15-20 percent increase in global Foreign Direct Investments (FDI) for 2022. On the humanitarian side, the tensions have resulted in huge losses, including at least 16,000 deaths, 1,900 non-fatal injuries; approximately 3.3 million people have been displaced, and at least 1,700 buildings have been destroyed, as well as, properties worth US\$119 billion have been damaged³. To this end, this Brief uncovers the sources of exposure to the Russia-Ukraine crisis for the global and Nigerian economy. It also highlights key action points that the Nigerian government should take to moderate the impact of the crisis on the economy. The geopolitical tensions between Russia and Ukraine have snowballed into a full-blown crisis with implications for the global economy. Russia and Ukraine are the first and fifth world's largest wheat exporters, controlling about 27 percent of global wheat supplies. Russia is the second-largest crude oil exporter after Saudi Arabia and is the world's largest exporter of natural gas in 2021 and the third-largest coal exporter after Indonesia and Australia. Both Ukraine and Russia account for 14 percent of the global corn exports. If the geopolitical tensions between Russia and Ukraine are not nipped in the bud, it will largely affect global supply chains and weaken the level of global trade and exchanges. Nigeria remains susceptible as the nation accounted for 36 percent of Ukraine's exports and was the country's largest export destination in the 2020-21 agricultural season. On a regional level, about 90 percent of the total volume of wheat consumed in Nigeria emanates from the two warring countries. By implication, a prolonged tension between Russia and Ukraine would threaten food security in Nigeria (Basiru, 2023).

The war in Ukraine has had a significant impact on Nigeria's trade relations with Ukraine. The conflict has disrupted supply chains, increased uncertainty, and created geopolitical tensions that have hindered trade between the two countries. The imposition of economic sanctions by various nations involved in the conflict has also affected trade flows and increased costs for businesses in Nigeria that rely on imports from Ukraine. According to the NBS data, Ukraine was among Nigeria's top ten import trading partners in the third quarter of 2021, accounting for about 4 percent of Nigeria's total merchandise imports in the quarter. This suggests that the persistence of the crisis would reduce the volume of trade between both countries. Similarly, according to official data of the State Customs Service of Ukraine, in 2021, revenue from the ferrous metals exports from Ukraine was \$13.96 billion. Following the outbreak of Russia-Ukraine war, in 2022, shipments of steel raw materials abroad fell by 67.3 per cent year to year, rolled products – by 68.1 per cent year to year, and semi-finished products – by 70.6 per cent year to year. In monetary terms, exports during this period fell by 65.4 per cent year to year– to \$4.36 billion. Ukraine being part of Nigeria's top 10 import locations in the fourth quarter of 2021 suggests that the war between Russia and Ukraine could induce supply chain disruptions and negatively affect import supplies (such as wheat) to Nigeria until both countries reach a truce. While Nigeria could explore other sources for wheat purchase, the crisis will have a short-term negative impact on Nigeria through the trade channel. Since the 2000s (Dreger, Kholodilin, Ulbricht & Fidrmuc, 2022).

Ukraine has been wavering between the West and Russia. This means that Ukraine has not been able to fully join a Western alliance and has not accepted to be fully under Russian influence. In 2008, Ukraine planned to formally join the North Atlantic Treaty Organization (NATO), a move that was supported by the United States but was opposed by France and Germany after Russia announced its opposition to Ukraine's membership of NATO. Subsequently, the plan to join Ukraine was postponed to a later time. In February 2010, a new Ukrainian president was elected who promised that Ukraine will be a 'neutral state' which will cooperate with Russia and Western alliances like the EU and NATO. Soon after Crimea was annexed by Russia in 2014. The annexation led to violence in Donbas and led to intense fighting and violence along the border regions that separated Russian and Ukraine to the east of Europe. Since then, Ukrainian public sentiment has been towards the West with calls for Ukraine to join NATO and the EU to reduce its dependence on Russia. But Russia's opposition of Ukraine's membership of NATO since 2010 has caused escalation between the two countries. While the full economic consequences of Russian invasion of Ukraine and Nigeria trade relations with Ukraine may not be fully known until the crisis ends, early economic data shows some significant movement in Nigeria economic data as a result of Russian invasion of Ukraine. (Bharti, 2022). Hence the need to peruse into the Russia and Ukraine war with the aim of ascertaining the effects on Nigeria trade relations with Ukraine.

i) The effects of Russia and Ukraine war on Nigeria trade relations with Ukraine.

Empirical Review of Related Literature

This section review some of the literature already undertaken by scholars as regard the Russia/Ukraine and Nigeria trade relations with Ukraine. The essence is to enable the researcher identify gaps which prepare ground for the conduct of this study. In this wise, Omolara, Adeniyi, Olusegun, and Odu (2024) examined Russia-Ukraine war and monetary policy in Nigeria. The study generated data from secondary sources and data was thematically analyzed. Findings from the study indicate that the effect of the war is inflationary, but the Nigerian stock market could offer portfolio diversification benefits for international investors. Secondly, policy options to the monetary policy authority in Nigeria through scenario analyses from a structural model with oil price and monetary policy rate (MPR) as exogenous factors. The do-nothing scenario (maintain MPR at 18 %) appears the costliest with higher inflation forecasts than the option to raise MPR by 100 or 150 basis points. The option to reduce MPR by 100 or 150 basis points however produces lower inflation forecasts, which makes it a more plausible course of action. This suggests that inflation in Nigeria may not be totally a monetary affair that can be addressed by demand management policies alone. The strength of Omolara et al's work lies in their ability to demonstrate how the Russian/Ukraine war may not completely thwart monetary policies in Nigeria since there are other policy options to be considered. However, the study failed to account specifically, how the war creates uncertainties for Nigeria in terms of trade relations with Ukraine which is under invasion by Russian forces.

Basiru, (2023) evaluated the political and economic implications of the Russia-Ukraine War for Nigeria the study utilized document analysis for data collection and content analysis for data analysis and discussion of findings. The findings include increase in prices of commodities, resulting in faster inflation and slower economic growth, disruption to industrial activities and agricultural production, foreign exchange crisis and low purchasing power of the Naira (N), disruption to the foreign education of Nigerians, heightened insecurity and reduced political leverage of Nigeria in national and international politics. The study recommends among others that urgent and effective measures should be taken to address the identified challenges and a policy should be formulated and implemented to diversify the Nigerian economy in an attempt to reduce the shock whenever such occurs. Basiru was able to bring to lime light some of the socio-economic and political challenges facing Nigeria due to the war. Though, the area of trade was not the concern of the study since the need to appraise the effect of war as it affects trade relations between Nigeria and Ukraine.

King, Abankwah, Agbozo, Yonmearu, Aryee and Akomanin (2022) examined the impact of the Russia-Ukraine war on African countries with specific focus on the regional economic communities. The study used a timeline analysis covering the major events that preceded and happened during the course of the conflict. This required reference to various scholarly and media reports to provide a vivid analysis of the events and the implications for the world at large and Africa in particular. The impact of the crisis has been analysed by exploring the eight (8) unique regional economic communities in Africa. First, the study provides a background to the conflict and an extensive timeline of key events worth considering. The study also provides a framework for the impact of the crisis on food policy and energy policy with the resultant economic implications like inflationary pressures. The study pointed out how the war affects trade and the implications for international diplomacy with Russia. Despite the overall negative effect of the Russia-Ukraine war on the continent, the unique structural characteristics of each of the eight (8) blocs reveal differing regional and country-level exposures to the impact of the war amid the ravaging effects of the COVID-19 pandemic which together are worsening an already fragile situation in the specific regional blocs. The adverse conditions experienced across the continent's 8 blocs are hugely skewed towards an external shock (Russia-Ukraine war). Nonetheless, it will be disastrous for African governments to adopt a 'wait-and-see approach' to things, supposing that these conditions will self-correct eventually, should the Russia-Ukraine war de-escalate. The study also reveals how critical investments in the areas of food policy and the energy sector will be paramount to African self-reliance in a complex global geopolitical context.

Even though Kings et al made elaborate analysis as regards the impact of Russian/Ukraine war and its implications on trade, emphasis is place on Africa neglecting Nigeria which is the focus of the present study. Kings and his collaborators have equally argued that African leaders should condition their mind towards becoming self –reliant for her to advance their course in their interaction with other global political actors is worth commendation. The present therefore, aimed at bringing on board specific areas of the implication of Russia /Ukraine war on Nigeria.

Efebeh and Uwuseba (2022) equally conducted a study on the Russia-Ukraine conflict: effects on the economy of the Nigerian State. Methodologically, the study adopts the qualitative research method. Findings from the study reveals that, while the effects of the conflict have been devastating to Russia's economy, the effects of the conflict are also now being felt by Nigeria and the rest of the global system; as inflation is rapidly rising as a result of the rapid rise in oil and natural gas prices, food prices is also on the rise in the world economies including Nigeria. Increased volatility, erratic stock swings, supply chain disruptions, rising utility costs, and decreased investment as a result of political risks and economic barriers will hurt household consumption. The study suggests, among other things that, policymakers in Nigeria and around the world must therefore seek alternative means of survival by looking inwards for the cultivation of her food supplies and other manufactured goods. The strength of Efebeh & Uwuseba's study is that they have been able to highlight the impact of the war on both countries. They also shown how the war affected the Nigeria economic security pointing at issues like disruption of supply chain be it gass, food and many others. However, the study failed to acknowledge trade disruption between Nigeria and Ukraine which has severe implication for both countries especially Nigeria. This study therefore seeks to close this gap by focusing essentially of Russian/Ukraine war, implications on trade relations between Nigeria and Ukraine.

Olorunsola, Temitope, Iyanuoluwa, and Ogunrinde (2023) evaluated Russo-Ukraine war: an ethical re-evaluation of its impact on the Nigerian state. The study relied on secondary sources and data was content analyzed. Finding from the study reveals that Russian/Ukraine war has triggers a strategic recalibration of power dynamics and alliances across regions. Ukraine is a leading global producer of wheat and holds a prime position in the global market. However, the ongoing war has disrupted Nigerian dependence on agricultural production and influence in the oil and agricultural market. For instance, during periods of conflict, such as the Fulani rampage in the North, agricultural activities like farming were hindered. The war in Ukraine has similarly devastated the Nigerians needs for agricultural products, worsening the situation, moreover, the conflict has led to the blockage of crucial land and sea routes, making it difficult for Ukraine to ship out its agricultural products to Africa, essentially populous Nigeria. The reliance on Ukraine and Russia for the supply of grains, particularly essentials like wheat, grains, maize, holds important has an effect on Nigeria when war began in that country. This dependence has triggered a high cost and inflation in the Nigerian state, resulting in notable repercussions for the pricing of essential goods and household consumables. Furthermore, the impact resonates within the realm of foreign exchange markets more so with the government policy of allowing market forces to direct the market, causing notable volatility, particularly in relation to major currencies like the Dollar and Euros. The value of the Naira to the dollar worsened and increased events of war on the Nigerian economy. More importantly, these have extended to the domain of past cold war politics in arms and ammunition importation which adds to more insecurity in the Nigerian land space.

Olorunsola, Temitope, Iyanuoluwa, and Ogunrinde 's study has demonstrated their scholarship as regards the implication of Russia/Ukraine war on Nigeria. they were able to present some of the impact to include, disruption in supply of grains such as wheat, maize as well as the proliferation of arms and ammunition in west Africa due to the stockpiling of arms as result of the war. It can be argued that the avalanche of empirical literature on the subject matter have shown that the impact of the war on Nigeria, African and the world in general is high even though there is no consensus amongst scholars regarding this. Hence the need to carry out this study to established the dynamics of the impact on trade relations between Nigeria and Ukraine. The discussion of the effect of war on trade has been vividly discussed for a long time. In National Power and the Structure of Foreign Trade, Hirschman (1945) writes that discussion about state is also discussion about war. Further in the book the war is presented as a continuation of policies and as a result of them. In particular, the policies concerning international trade are the most influential in state affairs. The argument was made that economic concerns and needs of German state draw it for expansion. The desire to find markets for export and import draw was an important aspect of state policy. In this way, imperialistic Germany wanted to fulfill her ambitions for a better place on the world scene through war (Ward and Hoff, 2005). The argument is that the war in general seems to change the structure of trade and change overall patterns of it.

In this regard, as discussed by Krpec and Hodulak (2019), war not only brings direct losses to all affiliated sides of conflict but also indirectly affects third-party countries. Main mechanism of this is international trade. As war starts, trade between nations decreases or ceases at all, and so does the trade with other countries. States at war see the decrease in trade with them and also may find some import reliant sectors of the economy struggle. War also makes previously available markets unavailable due to breakdown in trade routes. Some countries find changes from war profitable, as a way to open new markets for their goods, especially raw. Prime example is the USA after World War I, when exhausted and demolished European countries, such as Britain and France, were forced to decrease their economic influence and

trade with South American countries. In turn, the US used this opportunity for expansion of their industrial exports, while also continuing their protectionism policies. Furthermore, export of raw material and agricultural products also increased. This was due to increasing demand by the European countries, which led to the increase in price. It is concluded by Krpec & Hodulak (2019) that this surge of prices during and after the war led to the Great Depression, as many businesses and farmers took the loans they could not repay when the price stabilized. In further understanding the impact of war, it is needed to define goods that are traded. Broadly, those are commodity goods, raw material, agricultural products and manufactured goods. Markets for those goods were a reason for many colonial wars and both world wars as well. Manufacture of goods led to a higher added value and higher wealth. Thus, it was paramount for countries to secure production of such goods to ensure prosperity of the nation. In this regard, the structure of international trade, a ratio of manufactured goods and commodity goods, is a measure of success and development Krpec & Hodulak (2019).

Therefore, the approach of measuring the impact of war is not only through the overall export and import level but also the trade structure. As the world moved from the colonial wars and so did the theory about war and trade. In the post-World War II world, for European countries peace was perceived through trade, as conflict and trade theoretically have negative correlation Polachek (1980). In this paper, 10-year data from 1958 to 1967, about pairs of countries, their export, import and country characteristics were used to explain the net conflict index. This index shows the frequency of conflict events, ranging from sanctions and embargoes to full-scale war. As it can be assumed the trade and conflict may influence one another Pollins (1989), two-stage least squares were used to account for simultaneous effect. The result is that doubling trade would lead to a 30% decrease in the frequency of conflict Polachek (1980). This conclusion is not supported by Barbieri & Schneider (1999), where they cite that although the model presents statistically significant results, it does not answer the question about conventional war. From the work as a whole it is evident that the relationship of trade and conflict is often observed through prevention or explanation of war. The study itself concludes that multiple explanations exist and there is a divide between theoretical and empirical approaches, as the former states the inability of international trade to pacify states by itself, and the latter relying on experience of democratic peace to prove the possibility of peace through trade.

A popular method of studying and predicting trade and trade flows is the gravity model. It is built on a principle Newton's Law of Universal Gravitation Yotov (2014), where celestial bodies are attracted to each other by their mass and distance. In this way, the gravity model explains trade between countries by their size of the economy and distance. In this regard, close relation to physics was the reason of the low popularity of the model at the very beginning of its development, Head & Mayer (2014). It certainly raises the question if distance or borders should be accounted for in the modern globalized world. The model explains very well the differences in trade among countries and the reason Japan and the EU countries do not have relatively the same amount of trade flowing between them, compared to Japan and Korea. As the model became used on a wider scale, it required more specification to explain better the differences in trade. The multilateral trade resistance term was supplemented by variables, such as language, common border or trade policies. In this way those variables can be explained and discussed each of their own. This was an improvement in explaining the power of gravity model. The model was also expanded with fixed effects, which explains features of the countries that are static or have little changes in time. Fixed effects are close in the regard to Ricardian comparative advantage, although in relative terms, fixed effects often show that features can also have a negative impact on trade. With that, the gravity model is used to measure the impact of war. The more recent work about the impact of war on trade by Kamin (2022). In this working paper, the gravity model uses the cross-pair fixed effects. In such a case, trade between nation j and i is predicted by the ratio of GDPs and by a set of variables about the war which are specific for the pair, such as, whether they both, either or none are a side in a conflict. It is also augmented by other variables such as preferential agreement or proximity to states at war. The model is well suited to show the spillover effect, when the conflict not only impacts sides, but also close allies and even neutrals. The "war" dummy variables are separate for different types of conflict, such as interstate or internal. In conclusion, it was stated that international conflict decreases trade by 24.4%.

In continuation on the topic of war, Cábelloková (2022) is a one of the recent works on impact of military conflict on international trade. Mainly focusing on post-Soviet countries, the multilateral resistance term in the gravity model is a proxy with fixed effects. In their study, military conflict was measured by conflict scores (in logs) from the Institute for Economics and Peace. In addition, they controlled for the Russian language (=1 if it has official status), as well for economic performance and infrastructure indicators. The results of the study show that ongoing military conflict decreases international trade, while a positive effect of Russian language status. Russian sphere of influence does not suffer from the conflicts as much as those outside it, which explains the positive effect. This fact combined showed that international conflict may have a varied effect depending on its severity.

Estimating the effect of conflict on different categories of manufactured goods using the gravity model was also done in Karam & Zari (2015). The conflict constituted conventional war, civil wars and one-sided conflicts. In this study, the trade in MENA countries was investigated in the period of 1980-2006. The effect observed was later calculated into ad-

valorem equivalents, using demand elasticities. It was found out that the conflicts result in 5 to 65 percent tariff across different categories of goods. The most affected goods were agricultural products, leather and chemicals. The effect of the armed conflict was observed as positive in AVE. Authors also investigated trade in serviced and found out little to no effect of conflict, in contrast with manufactured goods. As the variety of goods exported is important, the extensive margins of trade is used to express it.

In the Dutt (2011), the impact of joining WTO is observed in both intensive and extensive margin, which account for volume and variety of trade respectively. In this study, WTO is concluded to have a negative effect on intensive margins, while also having a positive effect on extensive. These results are noted to be inconsistent with an idea that removing trade barriers increases trade, in both margins. Another study that uses the gravity model with extensive and intensive margins is the study on the impact of trade promotion institutions by Martincus et al. (2010). The data used was bilateral trade in Latin America and Caribbean in the period of 1995-2004. In this paper, authors used OLS estimation in intensive, extensive margins and average volume per category to calculate the impact of the number of embassies and consulates. The results show the difference of the effect in different margins, as the most pronounced effect was associated with intensive margin, while average volume per category was twice lower. This general trend followed all other variables in the gravity model.

In May 2022 the European Council announced the temporary trade liberalization and other trade concessions with regard to certain Ukrainian products. Trade to conclude literature review, I want to reiterate that war and international conflict have a significant impact on international trade and vice versa. In turn, the precise effect often depends on features of the country, such as geography, language or religion, not only by war itself but how the economic activity is conducted. In this regard the gravity model is best suited to explain the effect of war as it encompasses all the features simultaneously. The effect on extensive and intensive margins of trade is also a vital point of the research. It gives an insight in the export profile changes and how categorical differences in goods are related to the magnitude of the effect. Furthermore, international conflict rarely affects only a pair of countries; it has a spillover effect, especially in restructuring the trade flows and allowing for a new one to arise. Literature is plentiful on the effect of such free-trade enabling events, the topic especially important for Ukraine even before the war.

Existing studies on the economic effects of war show that wars have economic consequences. For instance, Kang & Meernik (2005) showed that there are two schools of thought on the effects of war. The first school of thought is the 'war renewal' school of thought while the second school of thought is the 'war ruin' school of thought. The 'war renewal' school of thought argue that wars can produce beneficial effects as they improve efficiency in the economy by reducing the power of special interests, bringing technological innovation, and increasing human capital while the 'war ruin' school of thought view wars as destructive events with no benefit on the economy (Kang & Meernik, 2005). In the context of the great depression, Mazower (1991) states that there is the belief that the great depression led directly to the collapse of parliamentary democracy in many countries. Heydemann (2018) argues that the civil wars in the Middle East have not created conditions conducive to re-conceptualizing sovereignty or decoupling sovereignty and governance. Rather, parties to conflict compete to capture and monopolize the benefits that flow from international recognition. Under these conditions, civil wars in the Middle East will not yield easily to negotiated solutions. Chassang & Miquel (2009) state that poor countries have a higher propensity to suffer from civil war especially when poor countries suffer from negative income shocks.

Several studies empirically estimate the economic effects of wars. Koubi (2005) studied the consequences of interstate wars for economic growth in a large cross section of countries from 1960 to 1989. The study found that cross-country differences in economic growth is systematically related to the occurrence and the characteristics of war. The study observed that post-war economic performance is positively related to the severity and the duration of war. But the growth-enhancing effects vary negatively with a country's level of economic development. Kang and Meernik (2005) examined the effects of civil wars on many economies from 1960 to 2002. They find that wars have a negative effect on economic fundamentals, and that the response by the international community to civil wars exert powerful effects on economic growth. Collier (1999) developed a model to test for the economic effects of all civil wars since 1960. Collier (1999) observed that after long civil wars the economy recovers rapidly, whereas after short wars the economy continues to decline. Nordhaus (2002) showed that wars are very costly, and the estimated cost of the Iraq war to the United States over the decade ranged from \$100 billion to \$1.9 trillion. Glick and Taylor (2010) studied the effects of war on bilateral trade with available data extending back to 1870. They used the gravity model to estimate the effects of wars on international trade while controlling for other determinants of trade as well as the possible effects of reverse causality. They find a large and persistent impact of wars on trade, national income and global economic welfare. Bluszcz and Valente (2019) quantified the short-term causal effects of the Donbass war on Ukraine's GDP from 1995 to 2017. They find that Ukraine's per capita GDP declined by 15.1% as a result of the war from 2013 to 2017. Ganegodage and Rambaldi (2014) find that the war in Sri Lanka had a negative and significant effect on GDP. They also show that high returns from investment in physical capital did not translate into sizable positive externalities.

Kesternich (2014) investigate the long-run effects of World War II on the socioeconomic status and health of older individuals in Europe. They analyze data from Sharelife, a retrospective survey conducted as part of Share in Europe in 2009. Sharelife provides detailed data on events in childhood during and after the war for over 20,000 individuals in thirteen European countries. They construct several measures of war exposure: experience of dispossession, persecution, combat in local areas, and hunger periods. They find that exposure to war and to individual-level shocks caused by the war significantly predicts economic and health outcomes at older ages.

Theoretical Framework

This study is rooted in Offensive realism. Offensive realism is a structural theory in international relations that belongs to the neorealist school of thought and was put forward by the political scholar John Mearsheimer in response to defensive realism. Offensive realism holds that the anarchic nature of the international system is responsible for the promotion of aggressive state behavior in international politics. The theory fundamentally differs from defensive realism by depicting great powers as power-maximizing revisionists privileging buck-passing and self-promotion over balancing strategies in their consistent aim to dominate the international system. The theory is applicable to the study as it explains Russia and Ukraine's long-standing hostility, as each side seeks to protect the interests of its own constituents.

Methodology

This paper utilized a descriptive research design, which is qualitative in nature, to examine the Russia-Ukraine war and its impact on Nigeria's trade relations with Ukraine. Descriptive research is employed to provide a detailed and systematic analysis of events, trends, and interactions without manipulating variables. This approach allows for an in-depth exploration of the war's implications on trade, economic policies, and diplomatic relations.

Data for this study were collected through secondary sources and interviews. Secondary data were obtained from reports, official publications, and relevant institutional documents. These sources included policy briefs, trade reports, and economic analyses from institutions such as the Nigeria Export Promotion Council, Ministry of Foreign Affairs, and Ministry of Trade and Investment as shown in the table below. Additionally, data from international organizations, such as the World Trade Organization and the United Nations, were utilized to provide a broader context of the war's economic consequences.

Interviews were conducted with five (5) key stakeholders to gain firsthand insights. Participants included officials from the Russian and Ukrainian embassies, former Nigerian ambassadors to Russia and Ukraine, trade experts, and government representatives. These interviews followed a semi-structured format, allowing for open-ended discussions while ensuring consistency across responses. Respondents provided perspectives on the war's impact on trade volumes, disruptions in supply chains, and shifts in Nigeria's trade policies.

The data analysis involved thematic analysis to identify recurring patterns and insights. Qualitative data from interviews were transcribed, coded, and categorized into themes such as trade disruptions, diplomatic implications, and alternative trade strategies. Secondary data were analyzed using content analysis, ensuring consistency with interview findings. The integration of these methods facilitated a comprehensive understanding of how Nigeria's trade relations with Ukraine have been affected by the ongoing conflict.

Table 1.1: Number of People Interviewed

Institution	Number of Respondents interviewed
Russia & Ukraine Embassies	1
Former Nigerian Ambassador to Russia/Ukraine	1
Nigerian Export Promotion Council (NEPC)	1
Ministry of Trade (Federal Ministry of Industry, Trade, and Investment)	1
Ministry of Foreign	1
Total	5

Source: Field Survey, February, 2025.

Data Analysis and results

Nigeria Trade Relations with Ukraine before the war in 2022

In an interview with Professor Emeritus Stevina Evuleecha Ugba (Marketing and Entrepreneurship, California State University) – 8th February 2025, the eradicate scholar stated that:

The Russia-Ukraine war is a result of deep political and economic tensions that have been building for years. Russia sees Ukraine as part of its sphere of influence and was strongly opposed to its growing ties with the West. Ukraine, on the other hand, wanted to strengthen its independence and global trade relationships. The conflict escalated when Russia saw Ukraine's move towards NATO as a direct threat. Before the war in 2022, Nigeria had a strong trade relationship with Ukraine, especially in agriculture. Nigeria imported wheat, fertilizers, and machinery from Ukraine, which were crucial for food production. The war disrupted this supply chain, leading to higher food prices and economic challenges in Nigeria.

Similarly, an interview conducted with the Director of Export Development, Nigerian Export Promotion Council (NEPC), the director told the researcher that:

The war between Russia and Ukraine started mainly because of political disagreements and power struggles. Russia wanted to keep Ukraine within its influence, while Ukraine aimed to align more with Europe. When Russia saw Ukraine moving closer to NATO, it saw this as a security threat, leading to an invasion. Before the war in 2022, Nigeria benefited greatly from trade with Ukraine, especially in the import of agricultural products like wheat and fertilizers. Ukraine was one of Nigeria's top suppliers, helping to meet local demand. The war disrupted this trade, causing supply shortages and increasing food costs in Nigeria. Many Nigerian businesses had to find alternative sources, which proved difficult and costly.

Interview with the Director of Trade, Federal Ministry of Industry, Trade, and Investment shared similar experience when he stated that:

The war happened mainly because of political and historical disagreements. Russia believed Ukraine should remain under its influence, while Ukraine wanted closer ties with the West. When Ukraine started discussing NATO membership, Russia saw it as a security risk and acted militarily. Before the war in 2022, Nigeria had a good trade relationship with Ukraine, especially in agriculture and manufacturing. Ukraine was one of Nigeria's biggest suppliers of wheat and fertilizers, which supported food production. The war affected this trade, leading to shortages and price hikes. Nigeria had to look for new suppliers, but the transition was not easy. The conflict also impacted global trade, affecting businesses and economies worldwide.

In an extensive interview with Professor Steve Davis Ugba (Former Nigerian Ambassador to Russia) who stated that Nigeria has always maintained diplomatic and trade relations with both Russia and Ukraine. The war has created challenges for global stability, trade, and economic growth. Professor Steve Davis Ugba offers his insights on the situation. According to the Professor

The Russia-Ukraine war was caused by long-standing tensions between the two countries. Russia wanted Ukraine to stay within its influence, while Ukraine wanted to build stronger relations with Europe and NATO. Russia saw this as a threat, leading to the conflict. Before the war in 2022, Nigeria had a strong trade relationship with Ukraine, especially in agriculture. Nigeria imported large amounts of wheat, fertilizers, and machinery, which were crucial for food security and industry. The war disrupted these imports, causing shortages and rising costs. Nigeria had to look for new trade partners, but this took time and increased expenses for businesses and consumers. The war affected global markets, making international trade more difficult.

Effects of Russia and Ukraine war on Nigeria Trade Relations with Ukraine

To understand the impact of Russia-Ukraine war as it concerns Nigeria's trade relations with Ukraine, an interview was conducted with Professor Emeritus Stevina Evuleecha Ugba (Marketing and Entrepreneurship, California State University). It was revealed, the Russia-Ukraine war has had a significant impact on global trade, including Nigeria's imports from Ukraine. Professor Stevina Ugba explains how this situation has disrupted key supply chains.

The war has led to severe disruptions in the importation of essential goods from Ukraine, particularly agricultural products like wheat and sunflower oil. Nigeria heavily relies on Ukraine for these supplies, and the conflict has caused shortages and price hikes. Many Nigerian businesses have struggled with increased costs and delays in delivery due to shipping challenges and trade restrictions. This has forced local companies to seek alternative markets, which may not be as affordable. The instability has also discouraged foreign investors from engaging in Nigerian trade sectors that depend on Ukrainian goods, creating further economic strain for businesses and consumers alike.

In an interview with the Director of Trade & Economic Cooperation, Ministry of Foreign Affairs (Nigeria), the conflict between Russia and Ukraine has affected Nigeria's international trade relations. The Director of Trade & Economic Cooperation discusses the challenges the country faces. He stated that:

Nigeria has suffered from supply chain disruptions due to the war. Ukraine is a major supplier of wheat, fertilizers, and steel products to Nigeria, and the ongoing conflict has caused shortages and rising costs. Shipping routes have been affected, leading to delays and higher freight charges. Additionally, Nigeria has had to negotiate new trade agreements with other countries to fill the gap, but this takes time. The currency fluctuations caused by global instability have further increased the cost of imports, affecting businesses and consumers. The government is actively seeking alternative markets and boosting local production to reduce dependency, but the impact is still being felt across various sectors, particularly food production and construction industries.

Interview with the Director of Trade, Federal Ministry of Industry, Trade, and Investment (Nigeria), the Russia-Ukraine war has complicated Nigeria's trade landscape, affecting imports and overall economic stability. The Director of Trade shares insights on the ongoing situation.

Nigeria imports a large portion of its wheat and agricultural inputs from Ukraine, and the war has led to shortages and increased costs. Local bakeries and food manufacturers have been hit hard, with bread and other staples becoming more expensive. The steel and machinery industries are also facing difficulties due to reduced supply from Ukraine. The Nigerian government has been working on trade diversification, but finding affordable alternatives is challenging. The global price increases have further strained the economy, making it difficult for businesses to maintain operations. Efforts are being made to strengthen local industries, but in the short term, consumers will continue to experience higher prices and delays in the availability of essential goods."

Interview conducted with Professor Steve Davis Ugba (Former Nigerian Ambassador to Russia), as a former Nigerian ambassador to Russia, Professor Steve Davis Ugba provides a diplomatic perspective on how the war has affected Nigeria's imports from Ukraine.

The war has significantly disrupted Nigeria's imports, particularly in food and industrial materials. Ukraine was one of the biggest suppliers of wheat and fertilizers to Nigeria, and with the conflict, prices have skyrocketed, leading to inflation. Nigeria has had to look for new suppliers, but many of them are more expensive or less reliable. Trade negotiations with other countries have also been slow, making it harder to replace lost imports quickly. The political instability in Eastern Europe has caused uncertainty in global markets, further complicating Nigeria's trade situation. While Nigeria is exploring local production solutions, the immediate impact is an increase in costs for businesses and consumers. The country must strengthen its agricultural sector to reduce dependence on foreign imports in the future.

However, speaking on how Nigeria can navigate the challenges of war, Professor Steve stated that Nigeria must also address its dependence on food imports and other structural problems, and build long-term resilience to food crises and other shocks. It can do so by focusing on the following three key policy areas:

First, to increase domestic agricultural production, the government can accelerate the implementation of the new National Agricultural Technology and Innovation Policy (NATIP, 2022-2027), focusing on promoting technologies to improve agricultural productivity, particularly for wheat and other major food grains. The NATIP relies on strategies such as rapid mechanization, the establishment of an Agricultural Development Fund, a revived extension strategy, livestock and fisheries development, market development, and strengthening value chains.

To effectively address both the short-term crisis and longer-term problems, we recommend that the NATIP implementation begin with a priority-setting exercise that estimates the returns to various policy options in terms of poverty reduction, agricultural productivity improvements, and other pressing goals.

Secondly, the government should reform distortionary agricultural trade policies. The recent reopening of land borders is a step in the right direction. Such reforms would reduce the vulnerability of Nigerian households to food price increases by enhancing the role of markets in moderating supply disruptions. Addressing trade restrictions is also key to Nigeria's participation and leadership in the implementation of the African Continental Free Trade Area (AfCFTA) agreement.

For example, given recent inflation, it may be time to reconsider import restrictions on food items such as rice and chicken meat. A number of important food items—including maize, sugar, and milk—remain on the list of prohibited or restricted items or are ineligible for foreign exchange for import.

However, the ongoing conflict between Russia and Ukraine, which began in early 2022, has profoundly impacted Nigeria's trade relations with Ukraine. Prior to the war, Nigeria maintained a robust trade partnership with Ukraine, particularly in the importation of essential commodities such as wheat and other agricultural products. However, the

hostilities have disrupted these trade flows, leading to significant economic and food security challenges for Nigeria (Yusuf, 2022).

Before the onset of the conflict, Ukraine was a pivotal supplier of agricultural commodities to Nigeria. In 2021, Nigeria imported substantial quantities of milk preparations from Ukraine, amounting to approximately N721.45 million in the first quarter alone (National Bureau of Statistics, 2021). This trade relationship was instrumental in meeting Nigeria's domestic demand for dairy products and other food items (Okhawere & Esekumumu, 2024).

The escalation of the Russia-Ukraine war in February 2022 precipitated immediate and severe disruptions in the global supply chains, particularly affecting countries heavily reliant on imports from the warring nations (Orhero, 2024). Nigeria, which sources a significant portion of its wheat and grains from Ukraine, experienced acute shortages as exports from the region dwindled. This supply gap led to a sharp increase in domestic food prices, exacerbating the country's food inflation crisis. By 2022, Nigeria's inflation rate had surged to 18%, with food price inflation exceeding the general rate. Staple foods such as bread and noodles, which depend heavily on wheat imports, saw price increases ranging from 20% to 30% (Ajayi, 2024).

The National Bureau of Statistics reported a stark decline in imports from Ukraine, with no recorded imports in certain quarters of 2022. This absence underscores the severe impact of the conflict on Nigeria's access to essential commodities previously sourced from Ukraine. The disruption of these imports has not only strained Nigeria's food supply but has also compelled the country to seek alternative sources to bridge the deficit (Amare, Abay, Tiberti, & Chamberlin, 2022).

In response to the disrupted trade with Ukraine, Nigeria has had to adjust its import strategies. Interestingly, while imports from Ukraine have plummeted, Nigeria's imports from Russia experienced a temporary surge despite the ongoing conflict. In the second quarter of 2022, imports from Russia increased by 143.21%, rising from N8.98 billion in Q1 to N21.84 billion in Q2. These imports primarily consisted of blue whiting (N13.39 billion), herrings (N7.21 billion), and malt (N1.25 billion) (National Bureau of Statistics, 2022). This surge can be attributed to Nigeria's urgent need to source alternative food supplies to mitigate the shortfall caused by the disrupted Ukrainian imports.

However, this shift was short-lived. By the third quarter of 2022, Nigeria's imports from Russia had dramatically decreased by 92.17%, totaling only N1.7 billion. This decline reflects the escalating complexities and uncertainties in trading with Russia amidst international sanctions and the protracted conflict (National Bureau of Statistics, 2022). The volatility in trade with both Russia and Ukraine has underscored the vulnerabilities in Nigeria's over-reliance on external sources for essential food commodities.

The disruption of trade with Ukraine has also had broader implications for Nigeria's economy. The increased cost of imports, coupled with the scarcity of essential commodities, has contributed to a rising food import bill, which stood at \$4.5 billion in 2020 (Ajayi, 2024). This financial strain has highlighted the urgent need for Nigeria to reassess its agricultural policies and trade strategies.

In light of these challenges, there has been a growing consensus among scholars and policymakers on the necessity for Nigeria to bolster its local agricultural production. Enhancing domestic cultivation of staples such as wheat could reduce dependency on volatile international markets and improve food security. However, achieving this goal requires addressing systemic issues, including inadequate infrastructure, limited access to financing, and security concerns that hinder agricultural productivity (Ajayi, 2024).

Discussion of Findings

The first objective of this paper seeks to examine Nigeria's trade relations with Ukraine before the onset of the Russia-Ukraine war in 2022. Prior to the conflict, Nigeria maintained a robust trade relationship with Ukraine, primarily importing agricultural products such as wheat, fertilizers, and other essential foodstuffs. Ukraine served as one of Nigeria's major wheat suppliers, fulfilling a significant portion of the country's demand for the staple crop. The availability of wheat at relatively stable prices contributed to the affordability of essential food products such as bread, pasta, and noodles. However, Ajayi (2024) highlights that by 2022, Nigeria's inflation rate had surged to 18%, with food price inflation exceeding the general rate. This increase was particularly evident in staple foods that heavily depend on wheat imports, such as bread and noodles, which experienced price hikes ranging from 20% to 30%. This finding underscores the crucial role Ukraine played in Nigeria's food security before the war, as disruptions to trade relations had a direct and severe impact on food prices.

Secondly, the effects of the Russia-Ukraine war on Nigeria's trade relations with Ukraine have been substantial. With the outbreak of the war, supply chains were severely disrupted, leading to an acute shortage of wheat and other essential commodities imported from Ukraine. This disruption, coupled with global sanctions on Russia and the blockade of Ukrainian ports, resulted in a drastic reduction in trade volumes between Nigeria and Ukraine. The war-induced supply chain crisis exacerbated inflationary pressures in Nigeria, making staple foods even more expensive and increasing the cost of living for many Nigerians. According to Efebeh and Uwuseba (2022), while the economic consequences of the

war have been devastating for Russia, they have also significantly impacted Nigeria and the global economy. Rising oil and natural gas prices have contributed to a surge in inflation, affecting the affordability of food and energy in Nigeria. The price hikes have further strained Nigeria's economy, given its dependence on food imports and the impact of global commodity price fluctuations on domestic markets. This finding aligns with existing literature that emphasizes the interconnected nature of global trade and how geopolitical conflicts can have far-reaching economic repercussions, particularly for import-dependent economies like Nigeria. The study, therefore, highlights the need for Nigeria to diversify its sources of essential imports and invest in local agricultural production to mitigate the risks associated with external shocks.

Conclusion

The findings from this study align with the broader body of academic literature on the Russia-Ukraine war and its impact on global trade and international relations. The war has had a profound impact on global trade, particularly in energy and agriculture, while geopolitical tensions, notably NATO's expansion, and power struggles among superpowers are key factors fueling the conflict. The involvement of external powers has escalated the conflict, making it a significant geopolitical issue with global economic ramifications. These findings contribute to the growing understanding of the intersection between geopolitical conflicts and global economic stability.

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