EFFECTIVENESS OF INTERNATIONAL TRADE FACILITATION DURING THE WAR IN THE EU: TAX EXEMPTIONS AND REGULATORY EXCEPTIONS

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Abstract

The war that Russia began in Ukraine in 2022 affected both international trade and the entire transportation system in the European Union (EU). The closure of Ukraine's main ports in the Black Sea forced the transfer of cargo from maritime transport to road transport. During the war, countries' trade partnerships also changed. The EU, having restricted oil and coal from Russia, altered trade flows and, by imposing sanctions on Russia, increasingly aimed to end the war. This affected the logistics chain, raising transportation costs, and the complications in the supply chain required faster customs documentation procedures and special corridors so that goods could continue to move without interruption. The EU and international partners have included various trade concessions that allow the supply chain to operate smoothly during the war. Customs duties were suspended, anti-dumping duties reduced, quotas removed, and autonomous trade measures implemented. The academic literature shows that all these measures are in line with GATT/WTO rules, allowing the market to normalize while helping local producers not to stop work or trade with war-affected partners. This has assisted Ukraine in terms of exports, allowing goods to reach EU markets. Trade facilitation measures during wartime also have practical value for policymakers. Reduced customs procedures, faster border operations, and emergency transit corridors helped ensure the timely arrival of cargo and its proper delivery location. The 'Solidarity Lanes’ initiative demonstrates that political actions can increase the resilience of a region, while temporary trade measures can support economic activity and maintain supply chains even during war.

Keywords: Supply chain, customs duties, regulatory exemptions, wartime conditions.

Introduction

The Russian invasion of Ukraine in 2022 triggered profound disruptions to international trade within the EU. This paper analyses the effectiveness of international trade facilitation mechanisms during wartime, focusing on tax exemptions and regulatory exceptions as instruments for maintaining trade continuity and supply chain resilience.

Research object – international trade facilitation during wartime.

Research aim: To analyse how the Ukrainian war conflicts affected international trade taxes and regulations.

The following **objectives** have been set to achieve the aim:

1. To reveal the current situation of goods transportation in the EU under wartime conditions.
2. To assess the impact of taxes exemptions and regulatory exceptions on the continuity and efficiency of international trade during wartime.
3. To evaluate how trade facilitation measures and temporary trade policy adjustments mitigate wartime economic disruptions.

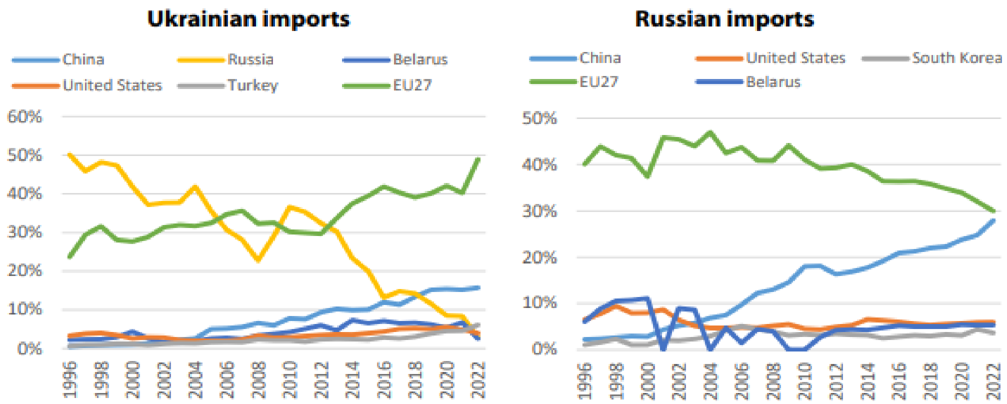
Research methods

Following research methods where used – analysis of scientific literature, EU policy documents, data statistical analysis (Eurostat, European Commission, Access2Market), systematization, graphical visualisation, the ChatGPT (version 5.2) used for language refinement, and to address research-related queries.

Research results and discussion

Current situation of goods transportation in the EU under wartime conditions

The EU when Russia started the war against Ukraine in 2022, faced geopolitical, economic, and also logistical challenges. Although the EU itself is not in war zone, the proximity and scale of the conflict have changed trade patterns, transport routes and even regulatory priorities across the continent. Because of the war, the EU and all her countries had to adapt trade promotion mechanisms through regulatory exemptions, tax reliefs and emergency logistics corridors to ensure the continuity of critical supply chains and other deliveries. This war has remained a major conflict since these days, affecting not only people but also changing the policies and environment of international trade and transportation. Mandatory closure of main Ukraine ports because Russian military blocked ports in the Black Sea forced the abandonment of an important export route and had to change transport to land and river. The European Parliament (2023) data shows that claim that before the war 90% of all Ukrainian grain and other agricultural exports were handled in Ukrainian black Sea ports. After Russian navy blocked Ukrainian ports, exports decreased by more than 80% compared to pre-war months (Figure 1).

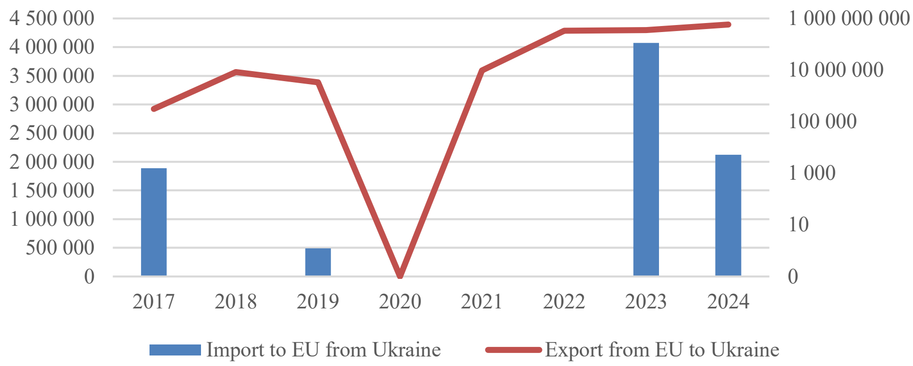


Source: illustrated by authors according to European Parliament (2023).

Fig. 1. Share of selected trading partners in Ukrainian and Russian imports of goods, 1996-2022.

The partner countries of Ukraine and Russia in terms of imports are presented in Figure 1. It shows an increase Ukraine imports from EU in 2020 and after the war begins and drastic change by Russia in reducing the goods imported to Ukraine. Although China has increasing imports to Russia since 2000 and when the war started it went even bigger. While the EU has been decreasing imports to Russia. Before war, the EU was trading partner for both, Ukraine and Russia. Before the trade disruptions caused by the pandemic and the war, the EU accounted for 42% and 40% of Ukrainian and Russian exports in 2019. Russia decided to increase its imports from China and decreased its dependency on the EU. Centre for Research on Energy and Clean Air (2022) wrote that European Commission (EC) banned the seaborne imports of crude oil from Russian in 2022 and after that China and India became the main consumers of Russian crude oil. When EU decided to ban coal imports of Russian, USA became the most important EU supplier.

Access2Markets (2025) data indicate notable changes in firearms trade flows between the EU and Ukraine in the period 2017–2024 (Figure 2).

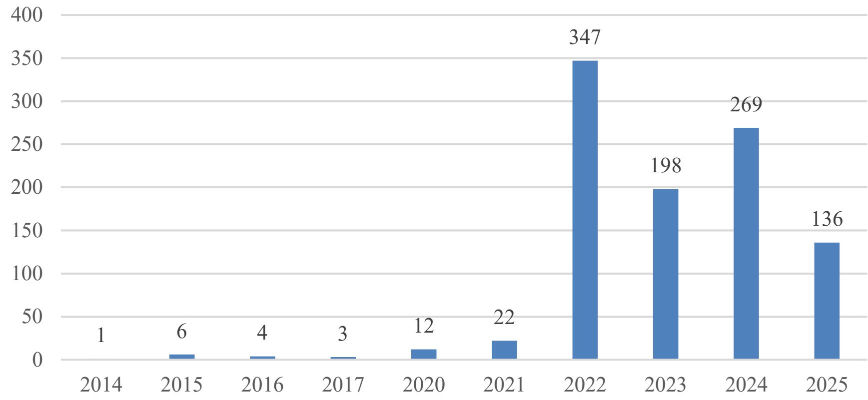


Source: compiled by authors according Access2Markets (2025)

Fig. 2. Guns Import to EU from Ukraine and Export from EU to Ukraine (EUR)

In the 2020 the rapid increase in weapons exports from the EU to Ukraine became noticeable. Even up to 2025, the percentage remains similar. Imports of guns to EU from Ukraine were 0 percent from 2020 to 2022 and only in 2023 did weapons start being imported into the EU from Ukraine.

According to the EU Sanctions Tracker (2025), the number of sanctioned individuals and entities increased significantly after the outbreak of the war (Figure 3).



Source: compiled by authors according EU sanctions tracker (2025)

Fig. 3. Total number of sanctioned individuals and entities (unit).

When Russia started the war and not wanting to stop it, sanctions were imposed on it. European Commission (EC) (2024) wrote that the information provided in the diagram, illustrates how the number of sanctions increases during the war years, rising from 22 to 347. Countries tried to stop Russia specifically with them.

The war also caused losses to agriculture and manufacturing. Damaged Ukraine's infrastructure has resulted in reduced access to raw materials because of that transportation costs are higher, and it also increased supply shortages in the EU market. The desire to redirect flows towards EU it forced the adoption of faster customs procedures, increased inspection of cargo and transport, and the acceleration of all cargo documentation (European Parliament, 2023). After the outbreak of the war, in June 2022 the EU abolished tariffs and quotas on agricultural products, hoping to reduce the losses in Ukrainian exports. However, EU farmers began to complain that this was harming local trade. The quota system was reintroduced on June 6, 2025 creating more lenient rules for imported products such as eggs and poultry, according to (European Commission, 2025).

Impact of taxes exemptions and regulatory exceptions on the continuity and efficiently of international trade during wartime

Ongoing war in Europe caused severe disruptions to international trade, particularly within and around the EU. The war disrupts the normal functioning of trade systems. In order to soften the disruptions that were occurring during wartime, the governments and international organisations, for example EU, introduced temporary trade assistance tools, like tax exemptions, tariff suspensions, and regulatory exceptions (Ngavozafy, Latorre, 2024).

As per EC (2025) data analysis, the tools EU implemented played significant role in maintaining supply chains and supporting Ukraine's economy during the war in Ukraine (2022-present). These tools not only helped to eased fiscal burdens but also provided solutions in reducing time, costs in cross-border trade and made procedures simpler.

While analysing scientific literature, it was discovered that various tax exemptions and other regulatory tools used during ongoing Ukraine wartime. These tools were designed to help and support the economy, the continuity of international trade and global supply chain (Table 1).

Table 1. Tax exemptions and regulatory instruments used in supporting Ukraine and EU supply chain.

Tools	Ngavozafy, M. A., Latorre, M. C. (2024).	Oleksiivna, T. O., Volodymyrt, H.L. (2024)	Rabinovych, M., Pintsch, A. (2024)
Temporary suspension or removal of import tariffs	X	X	X
Elimination or reduction of anti-dumping duties	X	X	X
Removal or increase of import quotas	X		X
Export prohibitions and restrictions	X		
Import prohibitions and restrictions	X	X	
Introducing of price control measures	X		
Autonomous Trade Measures (ATM)			X

Source: compiled be the authors: Ngavozafy, Latorre (2024), Oleksiivna, Volodymyrt, (2024), Rabinovych, Pintsch (2024)

As we can see in the Table 1, authors distinguish between different tax exemptions and regulatory instruments. According to Ngavozafy, M. A., Latorre, M. C. (2024) all mentioned instruments are instruments of direct action, which have a direct impact on the protection of the domestic market and are regulated by General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) norms.

As disclosed in the article (Ngavozafy, Latorre, 2024) during ongoing wartime, in order to maintain the essential goods, like food and raw materials, the Ukraine and EU adjusted quotas, this way limiting on how much goods can be exported or imported, while the United Kingdom, in order to help and provide economic help to Ukraine eliminated tariff on all goods from Ukraine. Also, to in order to increase the import, the Anti-Dumping duties were reduced. There were also sanction implementations, such as price caps on Russian crude oil and petroleum products.

As per Oleksiivna, T. O., Volodymyrt, H.L (2024), during ongoing wartime, the Ukraine's economy has faced severe disruption, for example domestic producers suffered difficulties and export losses. This decline in domestic producers increased reliance for cheaper imports. Ukraine's need for balancing support for producers and customers must be used with WTO tools – import restriction, tariff regulation. Oleksiivna, T. O., Volodymyrt, H.L suggest, that the Ukraine may apply:

- Article XII, Article XVIII (GATT, 1994), for allowing temporary import restrictions to prevent foreign exchange crisis.
- Article XXI (GATT, 1994), for permits suspension of trade obligations – to enable use raw materials, unfinished goods without paying duties that declared in the customs tariff.
- Article XIX (GATT, 1994), WTO Safeguards Agreement for enabling temporary import restrictions – allows importation of certain goods into the EU, without paying tariff.

The EU has endorsed several tax breaks and regulatory exemptions. These tax breaks and regulatory exemptions were aimed at simplifying cross-border trade, maintaining the vital supply chains support (Rabinovych, Pintsch, 2024). EU in order to support Ukrainian export during wartime temporarily allowed quota-free and tariff-free access for Ukrainian goods. To maintain trade flows certain anti-dumping duties on Ukrainian goods were temporarily reduced. For facilitating better export to the EU, the import quotas for Ukrainian products were lifted. For providing immediate economic support to Ukraine there were introduced and adopted autonomous trade measures (ATM).

This ongoing war in Ukraine greatly disrupted international trade in Europe. This affected market stability and supply chains, in order to stabilise it and support Ukraine, the EU implemented temporary trade measures. These temporary trade assistances have proven to being critical part in sustaining economic activity and adaptability of international trade during wartime.

Assessment of trade facilitation measures and policy adjustments during wartime

When the full invasion of Russia in Ukraine happened, the EU and Ukraine faced many challenges not only in humanitarian sector, but also in trade and customs procedures. The hard wartime conditions put strong pressure on the movement of goods. In order to maintain the goods flow, the governments and international organisations must form a response quickly and adjust their trade policies in order to keep essential deliveries moving.

Trade facilitation measures, like it was mentioned in the previous chapter - such as simplifying the customs procedures, faster border checks, emergency transit corridors and temporary exceptions from certain regulations, is helping to reduce delays at the border and makes transportation more efficient during wartime situations. These measure tools ensure, that the important goods like food, medicine, energy resources and humanitarian aid continue reaching affected zones.

In order to assess how trade facilitation measures and temporary trade policy adjustments mitigate the economic disruption caused by war and ensure the continuity of supply chains and humanitarian aid deliveries, with a particular focus on the practical implications for decision-making processes at the national and EU level, the artificial intelligence tool ChatGPT (version 5.2) was used (Table 2).

Table 1. The artificial intelligence research

Question asked ChatGPT	Results
1. Is Ukraine gaining more of the other country's support when they can operate work their supply chain in customs during the wartime? (2025-11-16)	Generated 5 aspects (AI, 2025a).
2. How Autonomous Trade Measures (ATMs), Solidarity Lanes and more flexible customs procedures helps to keep supply chain functioning? (2025-11-16)	Generated 1 short answer (AI, 2025b).

Source: compiled by authors according to ChatGPT (version 5.2)

This ChatGPT-based research project was organised on 16 November 2025. The following present the findings.

Temporary trade policy adjustments, including tariff suspensions, lifted quotas and reduced anti-dumping duties, also help to lower import costs and support countries like Ukraine, which rely on external supplies due to damaged infrastructure and economic losses. These implemented tools provide economic help in stabilising prices, reopening the businesses. Such boost of support helps the governments to gain capital momentum and to get more support from other countries (AI,2025a).

The implemented tax exemptions and regulatory exceptions are important for trade in order to protect domestic markets, limit shortages and provide support for the most affected areas. The EU coordinated actions, such as Autonomous Trade Measures (ATMs), Solidarity Lanes and other measures allowed to keep the supply chains functioning during wartime conditions. These actions provided new supply chain routes to be implemented in order to maintain the flow of the market and humanitarian aid (AI,2025b).

Overall, these trade facilitation measures and policy adjustments provides support for affected countries in order to reduce supply chain disruption and economic loses. These applied tools benefit not only the country most affected by the conflict, but also neighbouring countries and other trade partners connected through supply chains.

Conclusions

1. The war in Ukraine shows how closely logistics, trade, and geopolitics are interconnected. The closure of Ukraine's ports in the Black Sea forces cargo to be transported overland across Europe. During the war, partnerships between countries have also changed, EU has increasingly started supporting Ukraine, while Russia has been cooperating

with China. In order to stop the ongoing war, the EU imposed sanctions on Russia. And in order to provide support to Ukraine, the EU while temporarily suspended customs duties and eased customs procedures for goods transportation.

2. The implemented tax exemptions and regulatory exceptions for Ukraine and EU are essential for maintaining international trade during wartime hardships. These implemented tools helped to simplify customs procedures, stabilised supply chains and reduced fiscal pressure in Ukraine during the ongoing wartime. This EU support, aligned with GATT/TWO norms, allowed Ukraine to maintain being economically active.

3. Trade facilitation measures and temporary policy adjustments are essential for maintaining supply chain functionality. By simplifying procedures, the EU is helping to ensure, that the goods continue its movement between Ukraine and EU during wartime conditions. Such movement aids the affected sectors, provides help in order to stabilise markets.

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