



# GLOBAL SIGNALS — IMPLICATIONS FOR UKRAINE

World Economy Overview, H1 2025

Vox Ukraine

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*In H1 2025, global economic growth slowed, and the overall situation became more unpredictable. After several years of grappling with the consequences of the pandemic and with geopolitical tensions driven by the wars in Ukraine and the Middle East, the world economy entered a stabilization phase. However, it remains under pressure from trade conflicts between countries and the efforts of major central banks to rein in inflation.*

## GLOBAL ECONOMIC GROWTH

**Slowing global GDP.** The defining trend of the year has been a downward revision in economic growth forecasts. In July, the International Monetary Fund (IMF) [lowered](#) its projection for global GDP growth in 2025 to 3%, down from 3.3% [expected](#) in January. This is also below the actual growth rate in 2024 (3.3%).

Several factors contributed to the downgrade. First, the United States began more actively protecting domestic producers by imposing import restrictions. This is reshaping international trade flows—for example, US imports from China fell by 36% in Q2 compared with Q1 2025. Second, demand in advanced economies, particularly in the Euro Area, is expanding more slowly than expected. This [reflects](#) heightened economic uncertainty stemming from US trade restrictions, which are weighing on business activity. Third, political uncertainty remains elevated—changes of government in a number of European countries, escalating geopolitical tensions driven by conflicts in the Middle East and the war in Ukraine, and the unpredictability of Donald Trump’s policies, which is discouraging business investment.

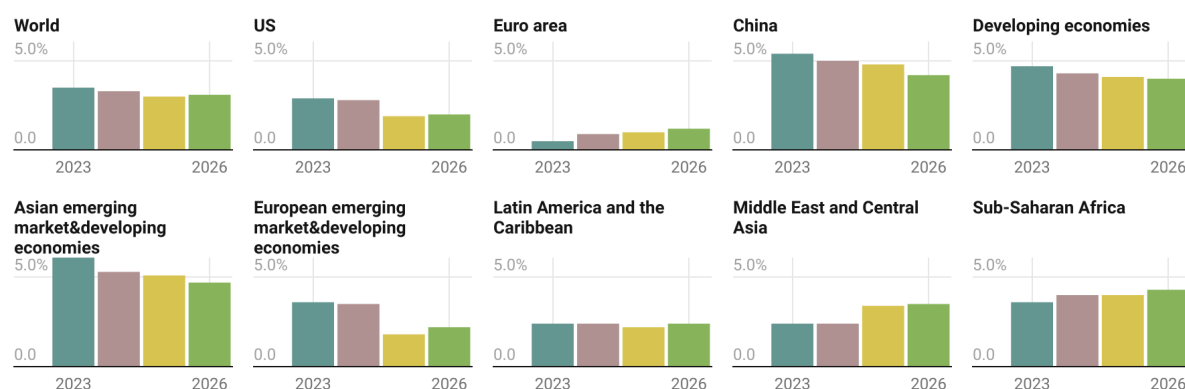
**Regional differences (Figure 1).** The economic situation varies significantly across regions.

- **United States.** The US economy is showing signs of cooling. The IMF [projects](#) that GDP growth will slow to 1.9% this year, compared with actual growth of 2.8% in 2024. This reflects weaker-than-expected domestic demand, lower immigration inflows, and the impact of new trade tariffs.
- **Euro Area.** Growth in the euro area remains sluggish—around 1%. Heavy reliance on imported energy and geographic proximity to the conflict in Ukraine (the so-called “[proximity penalty](#)”) continue to weigh on the economy.
- **China.** China’s economic growth has also slowed, driven by the real estate crisis and weaker external demand for its goods. The introduction of US tariffs—set at a lower level than previously signaled—has slightly eased the

pressure on the Chinese economy. As a result, the IMF forecasts GDP growth at 4.8% this year, compared with actual growth of 5% in 2024.

- **Emerging markets** show mixed dynamics. New US tariffs are reducing external demand, particularly in Asia and Mexico, while policy uncertainty is constraining investment and lending. Front-loaded purchases temporarily supported growth in early 2025, but that effect is fading. As a result, growth is [projected](#) at 4.1%, down from 4.3% last year. For Asian countries, the decline is linked to China's slowdown; for European emerging markets, it reflects the economic downturn in Russia.

**Figure 1. Projections for economic growth, 2025-2026 (%)**



For 2025 and 2026 – projections  
Created with Datawrapper

Source: [IMF](#)

**Impact on Ukraine.** The war in Ukraine remains a key challenge, with some traditional routes effectively out of operation, maritime corridors in the Black Sea at continued risk from military threats, and land borders with several European countries facing increased inspections, delays, and “unfriendly” transit policies. As a result, exports are contracting, while logistics costs and insurance premiums are rising as shipments are rerouted via more expensive alternatives, adding uncertainty for exporters. Under these conditions, sustainable export growth is possible only if sales are profitable and products remain competitive on international markets.

The global economic slowdown in 2025 is creating unfavorable conditions for Ukraine, further reducing export revenues already weakened by the war. Sluggish demand in key markets—particularly the Euro Area, Ukraine's main trading partner—has dampened the country's principal export categories, metals and agricultural products (the EU accounted for 47% of Ukraine's agri-food exports in the first half of the year). As a result, foreign currency earnings are falling, the hryvnia is under pressure, and budget revenues are harder to sustain. At the same time, global uncertainty is curbing investment inflows and driving up borrowing

costs. For Ukraine, this means increased reliance on official aid and loans and an urgent need to diversify logistics and markets, accelerate product certification to EU standards, and invest in transshipment infrastructure—all essential to cushion the dual blow of wartime risks and the global economic slowdown.

Meanwhile, weakening economies in partner countries pose the risk of reduced financial and military assistance—support that remains essential for our state’s resilience.

## MONETARY POLICY AND GLOBAL TRADE

In H1 2025, central banks of the world's leading economies adopted a wait-and-see stance, seeking to balance the need to tame inflation—which remained above target levels—against the risk of recession.

- **US Federal Reserve (Fed).** Since 2022, the Fed had been [raising](#) rates to bring inflation under control. The policy pivot toward rate cuts came in September 2024. During the first half of 2025, the Fed [kept](#) its key interest rate in the 4.25–4.50% range. This decision reflected a difficult trade-off: on the one hand, inflation [accelerated](#) to 2.7% in June from 2.4% at the end of the first quarter, which would normally argue for higher rates; on the other hand, signs of economic slowdown were emerging, typically warranting lower rates. Pressure from President Trump's administration to [cut](#) rates added political weight to the debate.
- **European Central Bank (ECB).** Starting in June 2024, the ECB gradually lowered its key rate. By June 2025, it had reached the [target](#) level of 2%, as inflation had also [eased](#) to 2%.

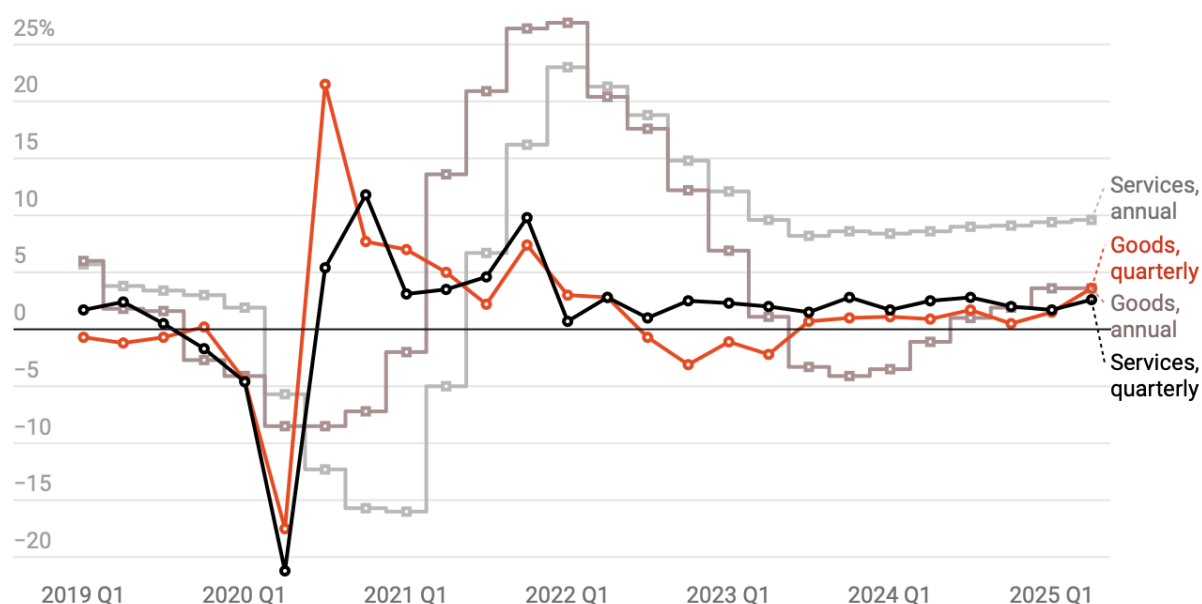
Relatively low key rates in advanced economies have somewhat eased pressure on emerging markets, including Ukraine, making lending to these countries generally more attractive. As a result, the risks of capital outflows from these markets have diminished, while the cost of borrowing in US dollars and euros has declined.

### **Global trade**

In Q1 2025, global trade (both goods and services) [grew](#) by about 1.5% compared with Q4 2024, based on seasonally adjusted values. Services made a significant contribution to this growth, reflecting structural changes in the global economy and the rise of digital trade (Figure 2). Second-quarter results may show a further 2% increase.



**Figure 2. Annual and quarterly changes in the value of global trade in goods and services (%)**



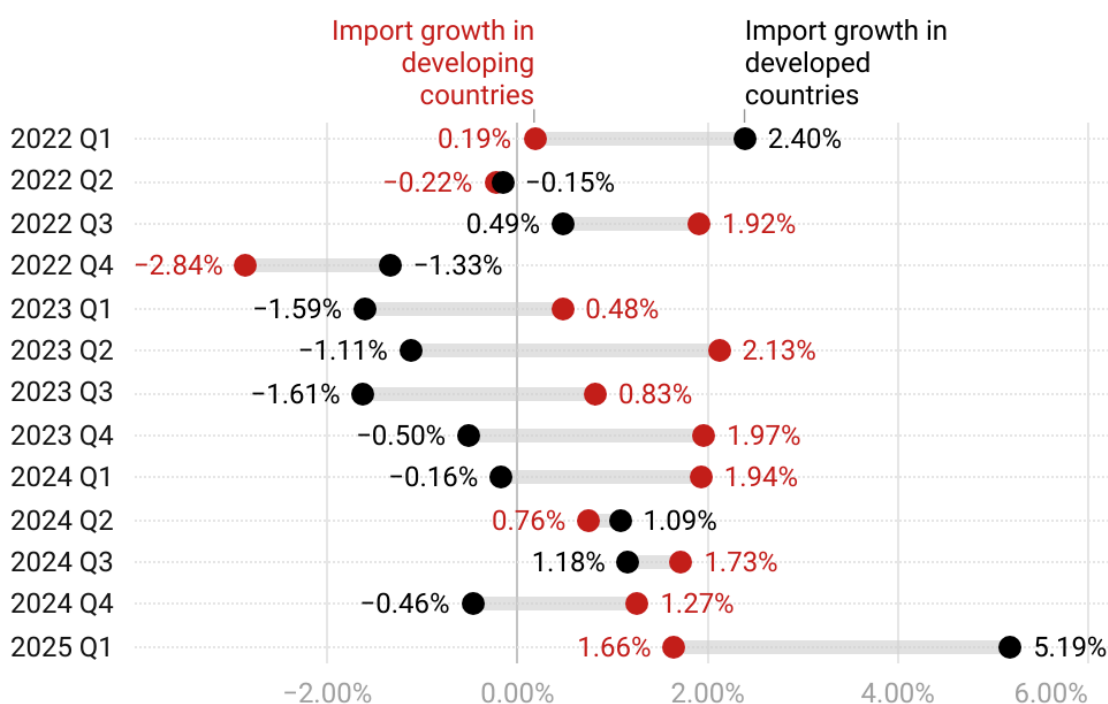
Source: [UNCTAD](#)

**Note:** Quarterly changes refer to the quarter-on-quarter growth rate of seasonally adjusted values; the annual change is calculated using a trade-weighted moving average of the past four quarters. Data for the first quarter of 2025 are estimates. Data for the second quarter of 2025 are projections as of June 17, 2025.

The decline in 2023 was the [result](#) of Russia's full-scale invasion of Ukraine, which triggered an energy crisis in Europe, commodity price volatility, and higher logistics costs, as well as reflecting the impact of sanctions imposed on Russia.

At the same time, pronounced differences in goods trade dynamics [emerged](#) across regions. Imports grew faster in advanced economies than in emerging markets. For example, in Q1 2025, US imports rose by 18% quarter-on-quarter, as companies rushed to stock up ahead of new tariffs. This surge offset the much weaker import growth in the EU (+1%). By contrast, import growth in emerging markets was significantly slower: +4.5% in African countries, no change in India, and a 0.5% decline in China.

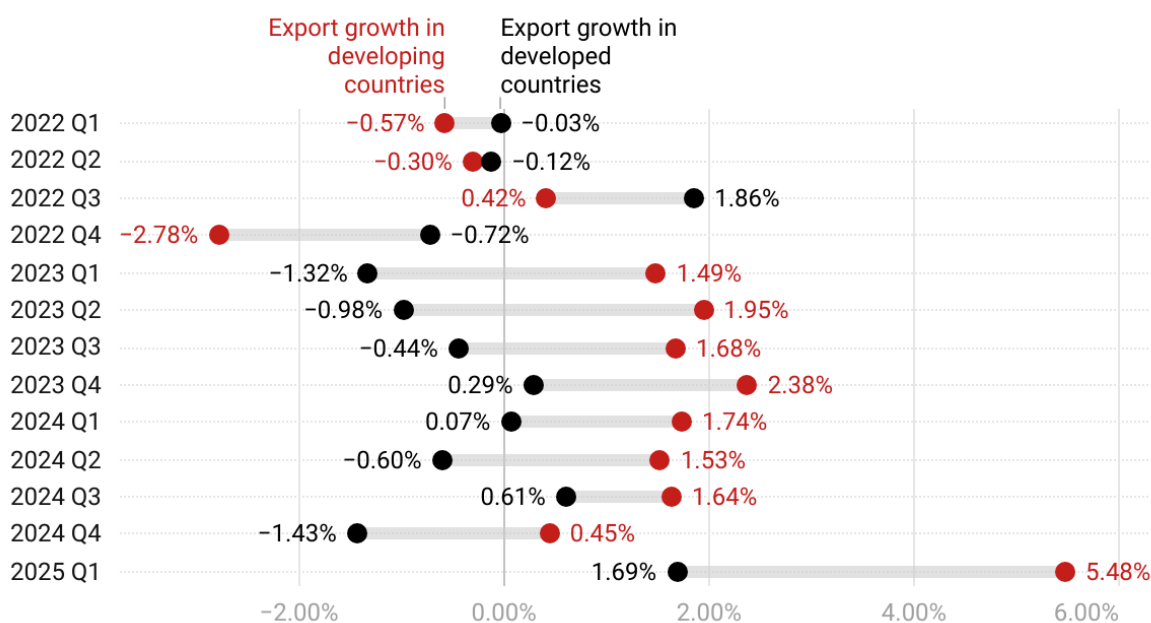
**Figure 3. Quarterly % change in goods import volumes (seasonally adjusted)**



Source: [UNCTAD](#)

At the same time, emerging markets expanded exports more rapidly than advanced economies. This was driven mainly by nearly 9% growth in Chinese exports, again as companies rushed to ship goods before new tariffs took effect.

**Figure 4. Quarterly % change in goods export volumes (seasonally adjusted)**



Source: [UNCTAD](#)



The rise in trade protectionism, particularly in US-China relations, has had a [significant impact](#) on global trade flows, supply chains, and economic forecasts.

After taking office in January 2025, Donald Trump quickly revived an aggressive trade policy based on the principle of “America First,” and by April had [announced](#) new import tariffs with a minimum rate of 10%. Although their implementation was delayed, US trading partners responded in kind.

For example, China [imposed](#) tariffs on all imports of US goods. After several rounds of reciprocal tariff hikes, China and the United States [reached](#) a trade agreement that reduced rates from 125% to 10%.

Although the European Commission initially refrained from immediate countermeasures, it signaled readiness to introduce them. In the end, however, they proved unnecessary, as the EU and the United States [concluded](#) a trade agreement at the end of July. The deal grants greater EU market access for US goods while asymmetrically imposing a 15% tariff on European products entering the US market (with certain exceptions). In addition, the EU committed to strategic energy purchases from the United States through 2028 and to investing in joint projects.

For Ukraine, the tariff was set at the “baseline” level of 10%. Given the small share of the US in Ukraine’s exports (2% in 2024), the impact of these measures is limited. At the same time, Ukrainian suppliers [felt](#) the effects of other US trade actions, including the [reintroduction](#) of 25% tariffs on steel products, later [hiked](#) to 50% on all steel and aluminum. For certain product categories, these changes are substantial. For instance, pipe [exporters](#) cut shipments (HS Code 7304) to the United States by 84% in value terms in June.

**Forecasts.** Key institutions—the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank—concur that the trade environment will remain challenging and project only modest growth in global trade in 2025. Meanwhile, more favorable conditions in services trade are expected to partly offset negative trends in goods trade.

**Table 1. Forecasts for global trade growth (%)**

Institution	Indicator	2024	2025 (Forecast)
<a href="#">World Bank</a>	Trade in goods and non-factor services	3.4	1.8
<a href="#">World Trade Organization</a>	Trade in goods	2.9	-0.2
	Trade in services	6.8	4.0
<a href="#">IMF</a>	Trade in goods and services	3.5	2.6

**Impact on Ukraine.** The escalation of US protectionist trade policy has not yet had a significant effect on Ukraine's economy, as the US share in the country's exports remains small. However, it has complicated the global economic environment, creating barriers to the export of certain Ukrainian goods.

The projected weakening of global demand may also affect world commodity prices, which directly shape the revenues of Ukrainian exporters. For example, in the first half of the year, average iron ore prices [fell](#) by 17% year-on-year. Together with other factors, this led to a nearly 21% [decline](#) in export revenues for Ukrainian suppliers of these commodities.

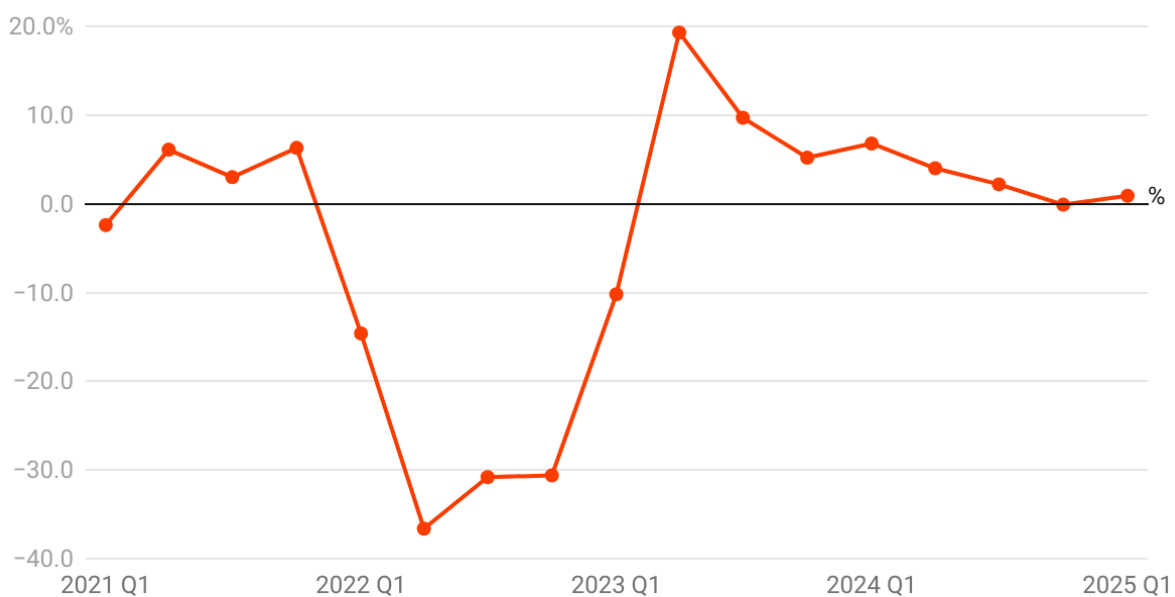
# UKRAINE'S ECONOMY: RESILIENCE UNDER GLOBAL AND WARTIME PRESSURES

In H1 2025, Ukraine's economy continued to operate amid full-scale war, adapting to domestic challenges and an unfavorable external environment.

## Macroeconomic indicators

- **GDP.** According to preliminary [data](#) from the State Statistics Service, in Q1 2025, real GDP grew by only 0.9% year-on-year. This modest growth was supported by a stable energy supply despite Russian attacks on the power system, as well as unusually mild weather. At the same time, the labor shortage [remains](#) a critical challenge. [According](#) to the National Bank of Ukraine, real GDP growth this year could reach 2.1%.

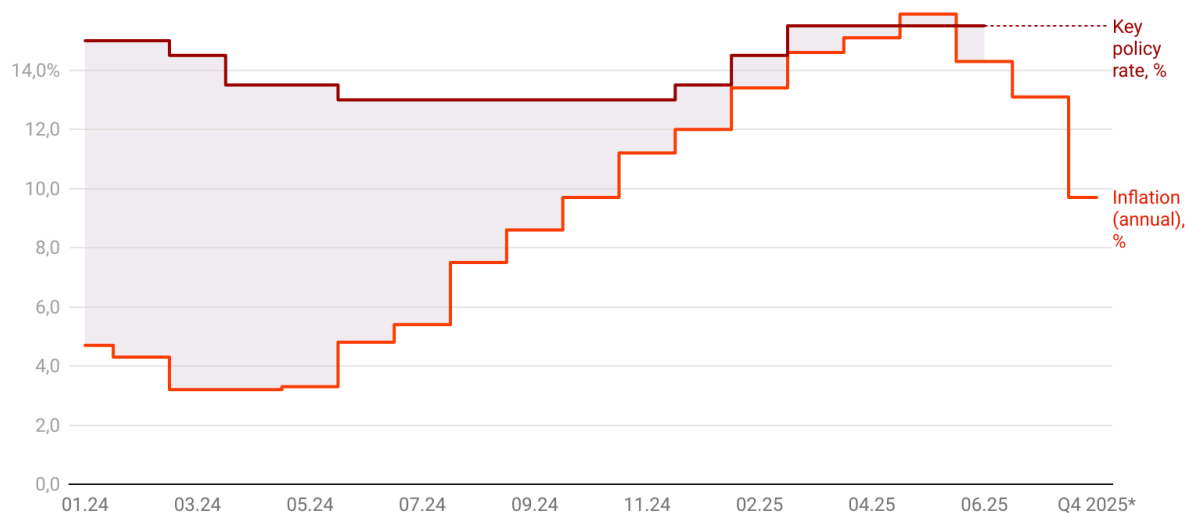
**Figure 5. Annual % change in Ukraine's GDP**



Source: [State Statistics Service of Ukraine](#)

- **Inflation.** Taming inflation remains a key priority. After peaking at 15.9% in May, annual inflation [eased](#) to 14.3% in June. The main drivers of price pressures were higher energy costs for businesses, rising wages amid a shortage of skilled labor, and the gradual alignment of domestic agricultural prices with global levels. The National Bank of Ukraine [projects](#) consumer inflation will slow to 9.7% by year-end.

**Figure 6. Annual inflation and NBU key policy rate (%)**



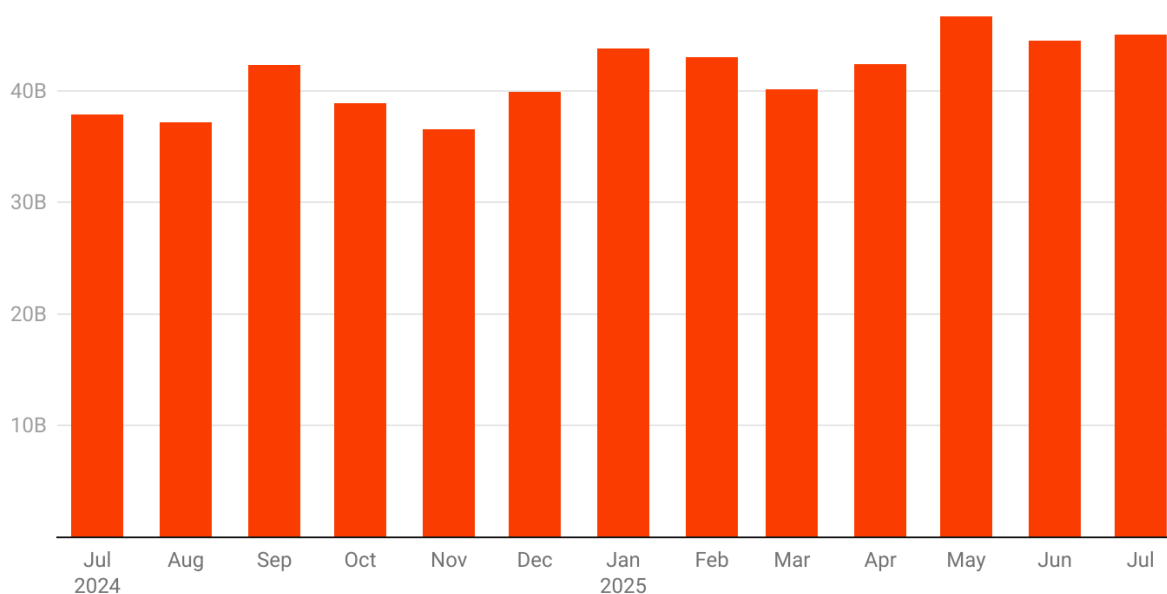
Source: NBU

*Note: \* – forecast*

- External Sector. The trade balance remained negative. On the one hand, transport corridors continued to face disruptions, [driving up](#) logistics costs and eroding profitability. On the other hand, the duty-free regime with the EU, granted to Ukraine in 2022, expired. At the same time, imports to Ukraine have been steadily rising, driven mainly by machinery, equipment, and fuel—reflecting wartime needs.

Thanks to external assistance, Ukraine's international reserves [stayed](#) at a high level in the first half of the year, reaching \$45.1 billion as of July 1—an important anchor of macro-financial stability.

**Figure 7. Ukraine's international reserves (USD billions)**



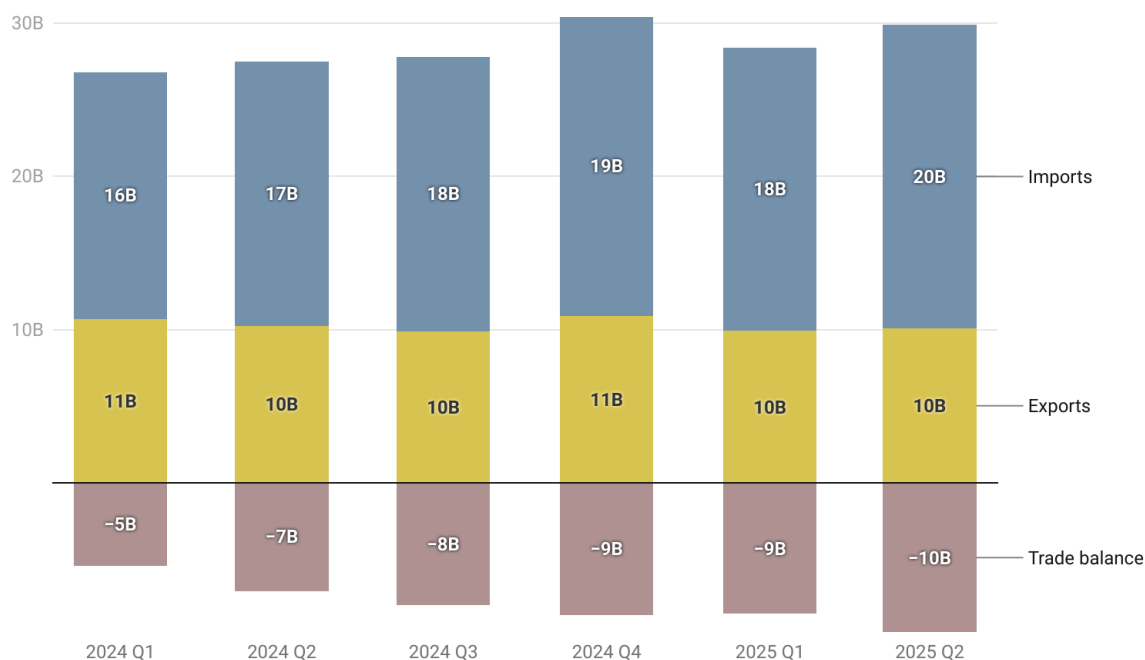
Source: NBU

Ukraine's reserve adequacy metrics, [calculated](#) by the IMF as the ratio of reserves to imports, short-term debt, and broad money, also remain at a comfortable level. The reserves-to-ARA coverage ratio for Ukraine stands at 1.21, within the IMF's recommended minimum range of 1.0–1.5.

## **Foreign trade**

In H1 2025, both the overall volume of Ukraine's foreign trade and its trade deficit increased. The functioning of the maritime corridor and relative macro-financial stability supported trade flows, but the slower recovery of exports compared with imports poses significant challenges for the balance of payments.

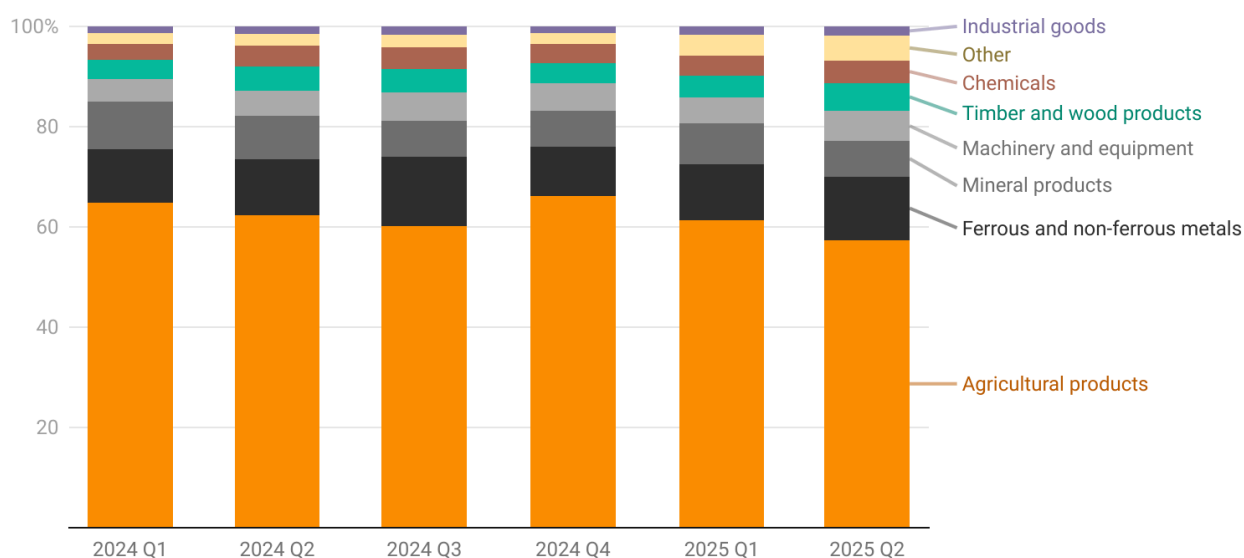
**Figure 8. Ukraine's quarterly trade turnover (USD billions)**



Source: State Customs Service of Ukraine

Exports in the first half of 2025 declined slightly compared with the same period in 2024. Overall volumes have been supported by the steady performance of the agricultural sector and the gradual diversification of markets in other industries. In particular, during the first half of 2025, Ukraine increased exports to several African countries by multiples, primarily in food products.

**Figure 9. Structure of goods exports by quarter**



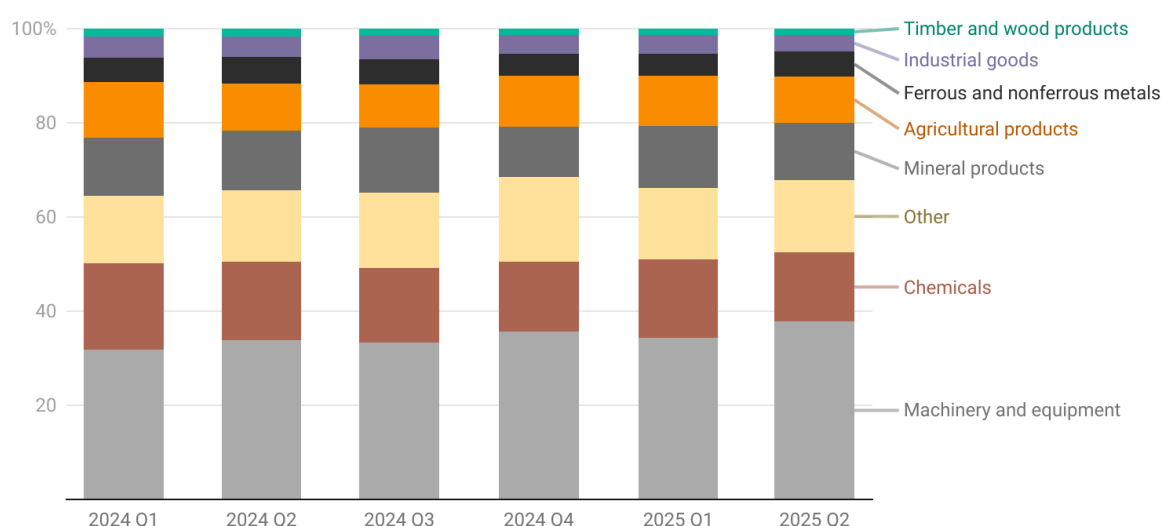
Source: NBU



**What do we sell?** Food products and agricultural goods remain the backbone of Ukraine's exports, generating more than half of all foreign currency earnings from merchandise sales, although their share has edged down. Key items include grain and oilseed crops and sunflower oil. Metals and metal products are still the second major source of export revenues. The sector is undergoing a gradual recovery but remains well below pre-war levels due to the occupation of territories and enterprises, as well as logistical constraints. At the same time, conditions have improved in the machinery, equipment, and transport segment, with auto-parts producers in particular expanding their exports.

Goods imports continue to rise steadily, driven by defense and energy needs as well as recovering consumer demand, which is being met in part by cheaper products from China.

**Figure 10. Structure of goods imports by quarter**



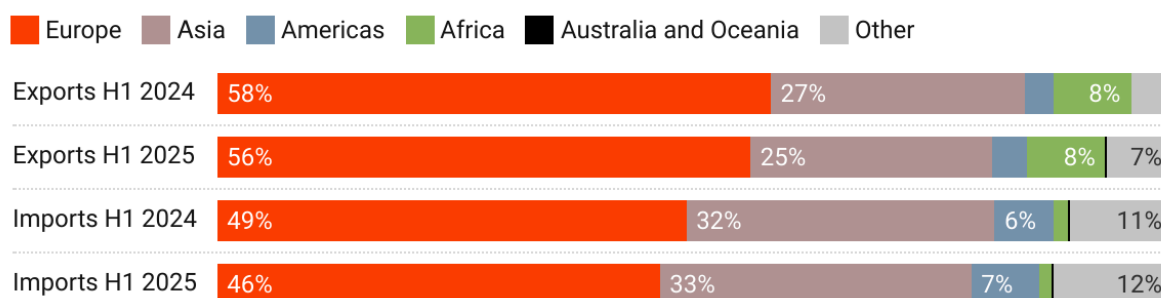
Source: NBU

**What do we buy?** The largest share of imports consists of machinery, equipment, and transport, including both civilian technology and dual-use goods. These supplies provide essential equipment for rebuilding infrastructure and producing goods, including defense-related products. Chemical industry goods—fertilizers, plastics, and pharmaceuticals—rank second by volume. Mineral products, primarily fuel and energy resources, take third place as Ukraine prepares for the heating season and seeks to offset losses in energy generation caused by Russian attacks.

## Who does Ukraine trade with?

Ukraine maintains a strategic economic orientation toward European markets, while remaining dependent on Asian suppliers, particularly China.

**Figure 11. Geographical structure of Ukraine's trade**



Source: [NBU](#)

Europe has firmly established itself as Ukraine's key trading partner. The region accounted for 56% of Ukraine's total goods exports (including 54% to the EU) and 46% of imports (42% from the EU).

Poland is both the largest market for Ukrainian goods within the EU (12% of total exports) and a logistics and trade hub for imports. Romania and Hungary remain critical transit corridors for Ukrainian exports, especially agricultural products.

China is the leading source of imports to Ukraine, with a 21% share. The next-largest partner, Poland, accounts for just half that figure—9%.

**How are countries “protecting themselves” from Ukrainian products?** Several types of trade defense measures have been imposed on Ukrainian goods, mainly targeting the agricultural and industrial sectors. The most significant has been the reintroduction of quotas and tariffs by the EU. After the full-scale invasion, the EU temporarily lifted all restrictions, introducing the so-called “[economic visa-free regime](#).” However, this regime [expired](#) in June 2025, and the EU reverted to the trade conditions that applied before the invasion. For a number of “sensitive” agri-food products—such as poultry, eggs, sugar, oats, corn, cereals, and honey—a tariff-quota mechanism is in place. This means that once imports reach a certain volume, calculated based on average levels in previous years, any further shipments of these products are subject to tariffs.

In addition, Ukrainian goods—particularly metallurgical and chemical products—have historically been subject to anti-dumping and countervailing duties

in various countries. Such measures were imposed when importing countries judged that Ukrainian producers were selling below cost (dumping) or that rising imports were damaging domestic industries, with steel pipes, wire, ferroalloys, and fertilizers at different times falling under such duties. These measures raise the cost of Ukrainian products in foreign markets, eroding their competitiveness and limiting sales volumes, while the aforementioned US tariffs (10% on all goods and 50% on steel products) add further pressure.

*See the appendix table for details of trade restrictions.*

**Expectations and Risks.** Ukraine can be expected to continue importing more than it exports. Lowering export barriers and attracting investment into export-oriented production remain critical to stabilizing the external trade balance in the medium term.

The greatest risks for Ukraine's economy overall—and for foreign trade in particular—are security-related. An intensification of hostilities and the advance of the front line toward industrial regions raise doubts about the ability of these areas to operate sustainably. Ongoing missile and drone attacks also pose risks for enterprises and infrastructure located far behind the front lines.

The global economic slowdown is constraining export opportunities, which are already weakened by the war and logistical challenges. Additional risks arise from price volatility in key export commodities such as grain and metals.

Trade restrictions do not currently have a decisive impact on Ukraine's economy, but they hinder access to EU markets, amplifying the effects of subdued European demand.

As of June 5, 2025, the EU ended the autonomous trade preferences for Ukraine, known as the “trade visa-free regime.” Introduced in 2022 as an emergency support measure after Russia's full-scale invasion, this regime had temporarily suspended all tariffs and quotas on Ukrainian exports to the EU. Its termination means a return to the conditions of the Deep and Comprehensive Free Trade Area, but with new, stricter restrictions—particularly on agricultural products. While this step was expected, given protests by European farmers and the need to balance markets, it complicates external trade conditions for Ukrainian producers, many of whom had reoriented toward the European market during the war and the blockade of Black Sea ports. The reimposition of quotas and tariffs will force Ukrainian producers to

operate under less favorable conditions. Still, there is some good news—the EU [extended](#) preferential terms for Ukrainian steel producers for another year.

Thus, export growth can be expected to slow, competition for quota-bound goods to intensify, and some trade flows to shift toward other markets—particularly in the Middle East, Asia, and Africa. These developments may encourage Ukrainian producers to move up the value chain in order to remain competitive under restrictive conditions. At the same time, Kyiv should [continue negotiations](#) with Brussels on new formats of trade liberalization.

## Appendix. Trade defense measures against Ukrainian products in foreign markets

Initiating Country	Type of Measure	Rate	Product	Date of Introduction/Last Review
United States	Import duty	10%	All products	April 2025
United States	Import duty	50%	All metal products	March 2018/June 2025/March 2018/June 2025
United States	Anti-dumping duty	163%	Ferrosilicomanganese	October 2024
United States	Anti-dumping duty	41,69%	Rebar	December 2024
United States	Anti-dumping duty	27,80%	OCTG	August 2020
United States	Anti-dumping duty	90,33%	Hot-rolled flat products in coils	July 2024
United States	Anti-dumping duty	81.43% – 237.91% Signed price undertakings	Hot-rolled flat products, not in coils	July 2021
United States	Anti-dumping duty	44,03%	Wire rod	March 2018
United States	Anti-dumping duty	23,75%	Seamless pipes	August 2021
United Kingdom	Safeguard measures	Quota + 25% duty	Cold-rolled flat products, hot-rolled plates, bars	July 2024 (Suspended for Ukraine)
EU	Safeguard measures	Tariff quota (quota + 25% duty)	All metal products	July 2024 (Suspended)
Mexico	Tariff quota	5-25% duty	Steel, aluminum, textiles, footwear, tires, plastics, glass, paper and cardboard, electrical equipment, and ceramic products (392 items)	August 2023
Mexico	Anti-dumping duty	16,59%	Ferrosilicomanganese	September 2023
Mexico	Anti-dumping duty	41%	Rebar	September 2015
Mexico	Anti-dumping duty	60,10%	Hot-rolled flat products (trimmed edges)	March 2022
Mexico	Anti-dumping duty	25%	Hot-rolled products in coils	March 2025
Mexico	Anti-dumping duty	USD 0.1701 per kg	Seamless steel pipes	April 2023

EAEU	Anti-dumping duty	on casing pipes – 18.9%; on tubing – 19.9%; on oil, gas, and hot-deformed general-purpose pipes (≤820 mm) – 19.4–37.8%	Small- and medium-diameter pipes	January 2022
EAEU	Anti-dumping duty	4,32–18,96%	Seamless stainless steel pipes	October 2021
EAEU	Anti-dumping duty	37,89%	Hot-rolled steel angles	March 2023
EAEU	Anti-dumping duty	23,90%	Galvanized rolled products	September 2024
EAEU	Anti-dumping duty	26,35%	Ferrosilicomanganese	October 2021
Thailand	Anti-dumping duty	30,45-67,69%	Hot-rolled products in coils and not in coils	May 2021
Canada	Anti-dumping duty	15–21,3%	Hot-rolled trimmed flat products of carbon and HSLA steel	November 2020 (Suspended)
Canada	Anti-dumping duty	37,40%	Steel pipes	December 2020 (Suspended)
Indonesia	Anti-dumping duty	12,33%	Hot-rolled products in coils	May 2024
Brazil	Anti-dumping duty	USD 52.02 per ton	Flat-rolled thick plates	October 2019
Brazil	Anti-dumping duty	USD 145.26–708.60 per ton	Steel pipes	September 2020
Taiwan	Anti-dumping duty	49,29%	Hot-rolled products	August 2018 (Suspended)
Egypt	Anti-dumping duty	17,2–27%	Rebar, wire rod, bars	June 2022
Iraq	Safeguard duty	20%	Rebar	October 2024
Turkey	Safeguard duty	USD 0.054 per kg USD 0.052 per kg USD 0.050 per kg	Polyester chips	13.12.2023 13.12.2024 13.12.2025
Turkey	Safeguard duty	USD 175 per ton USD 170 per ton USD 165 per ton	Hot-rolled bars	07.01.2024 07.01.2025 07.01.2026
Turkey	Safeguard duty	USD 87 per ton USD 86 per ton USD 85 per ton	Other paper and cardboard	28.07.2024



Madagascar	Safeguard duty	18% 17,5% 17% 16,5%	Certain types of plants	01.01.2025 01.01.2026 01.01.2027 01.01.2028
Marocco	Tariff quota	Year 1: 16,000 t Year 2: 17,600 t Year 3: 19,360 t	Fiberboard with a coating	February 2025
Marocco	Safeguard duty	Year 1: 25% Year 2: 24% Year 3: 23 %	Hot-rolled products	May 2023

Source: [Ministry of Economy, Environment, and Agriculture of Ukraine](#)

Vox Ukraine, a civil society organization, was founded in 2014 after the Revolution of Dignity. Its mission is to modernize Ukraine and raise the level of economic discourse to ensure effective public governance and the well-being of Ukrainians. For over 10 years, Vox Ukraine has been conducting quantitative assessments of reforms through its Reform Index project.

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