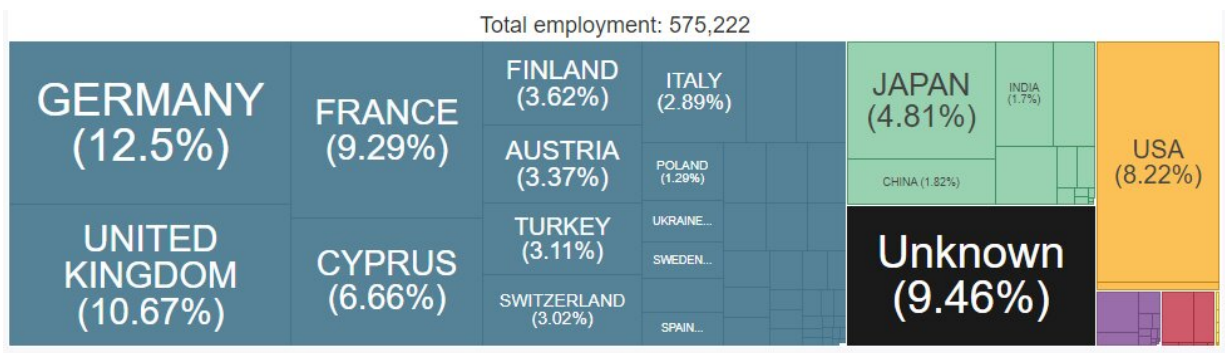


# Researchers analyze origins/economic disruption of Ukraine War

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Number of employees in foreign-owned establishments, by headquarter location of their parent firms. Credit: Complexity Science Hub Vienna/Harvard's Growth Lab

Researchers at Harvard's Growth Lab and the Complexity Science Hub Vienna have released a new analysis detailing how the Ukrainian economy has been steadily moving away from Russia and towards the West, what impact that relocation of businesses had on regional specialization and education skills, and what consequences companies outside Ukraine, especially in Russia and the EU, now face due to the war.

The published analysis, *The Economic Geography of the War in Ukraine*, provides 12 facts and visualizations about the relationship between the

economies of Ukraine, Russia, and the EU. The analysis includes:

## **The Tectonic shift in trade begin in 2013**

In 2012, Ukraine sent approximately 25% of its exports to both Russia and the European Union. In 2014, the exports to Russia collapsed to about one-third of their 2012 levels. Nowadays, just 7% of Ukrainian exports go to Russia. In contrast, the EU nowadays imports more than 40% of all Ukrainian exports. In its shift towards the West, Ukraine expanded its presence in supply chains serving European manufacturing hubs and benefited from growing [foreign investment](#). Germany, for instance, is an important investor in Ukraine.

## **Impact on foreign investment**

Western companies with investments in Ukraine and Russia will not face huge losses, but the exposure is unevenly distributed across countries. Supply-chain related investments are even more concentrated in a few countries and regions: the impact of the war will be mostly felt in Europe—with the largest losses affecting the South of Germany, Paris, Southern Finland, and Northern Italy—and some other neighbors of Russia in Asia, such as Japan. Moreover, in per capita terms, several smaller eastern and central European countries are disproportionately hit, such as Austria, Switzerland, Estonia, Lithuania, and Slovakia.

The analysis was led by Frank Neffke, team leader and senior scientist at Complexity Science Hub Vienna, in collaboration with Matté Hartog and Yang Li, research fellows at the Growth Lab at Harvard Kennedy School. Their analysis is driven by Metroverse—the Growth Lab's data visualization tool which illustrates the technological capabilities of more than 1,000 cities worldwide and their opportunities for future growth and diversification. The dataset includes spatial, ownership, and industry

information of over 200 million economic establishments.

"The dataset allows us to study the economic makeup of cities not just in one country, but across different nations", added Neffke. "As we know what each city does, and also where investment flows between cities at a global scale, we can see the effects of the war in Ukraine on the economies in the West."

**More information:** Paper: [vis.csh.ac.at/12-facts-ukraine-rus-eu/](https://vis.csh.ac.at/12-facts-ukraine-rus-eu/)

Provided by Harvard Kennedy School

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