

# The Effect of Ukrainian War on the Global Economy, Politics, and International Relations

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**Abstract.** Since the invasion began at February 24th, 2022, things have changed a lot in this planet that we call home. In this paper, I will be analysing the change in the aspects of global economy, politics and International Relations. For global economy, because the sanctions for Russian fossil fuels and the SWIFT banking system, the inflation on the UK and the USA are the most significant, as well as the increased oil price in those countries. For global politics, Russia's hard power and soft power drops dramatically because of the invasion of Ukraine and commit multiple crimes such as breaking Geneva convention and law of wars and peace. On the other hand, Ukraine will rise after the war not only because it has more flexible commanding structure, but also it received more advanced weaponry. And for International Relations, Russia will no longer be a threat since the war ends due to out of armed personnel, and modern equipment that modern warfare required, and need to spend more time to do this.

**Keywords:** Economy; Politics; International Relations; Ukraine; Russia; Inflation; Oil Price; Sanctions; Military Support; Soft and Hard Power; NATO.

## 1. Introduction

On 24th of February 2022, the Russian Federation invaded its neighbour, Ukraine. This is a huge event on this planet and have had an enormous effect on many aspects, such as Economy, Politics, and the international relations and so on. And the reason why I want to focus my research topic on this not only due to fancy on this thing, but also because the Ukrainian War has the deep influence to the geopolitics between Russia and its neighbouring country, especially Ukraine, and the world economy as well.

In 2022, the COVID just ended and the global Gross Domestic Product growth which was predicted to increase to 4.4% or 4.9% in 2022 according to the IMF World Economic Outlook (Peterson K. Ozili, 2022), but this perspective had been disrupted because the president Vladimir Putin gave the order to his troops to invade Ukraine in order to prevent the east expansion of the North Atlantic Treaty Organisation(NATO), which cause the economic downfall, such as inflation and shortage on energy used at the European Continent and the North America. Also, the war which launched by Putin cause thousands and hundreds of Ukrainian refugees flee to the EU countries and result in working pressure on those countries, especially BRD, which is the short of Bundesrepublik Deutschland (Germany), and the Kingdom of Spain.

So, what are the reasons of Russia invaded Ukraine? First of all, there are two main ways for European countries to import the fossil resources. First is Russian-exported energies, and the second one is US-exported resources. When the United States government sanctions the Russian Federation-built oil pipes and the Nordstreams, those EU countries must buy that from the USA, which means that the United States actually have already monopolized the energy market of the Europe. And the second one is just like the reason of the event that led to the first DEFCON-2 in the US history ever, which is the October Crisis (of 1962), which caused by US missiles deployed at the Turkish territory. And the war that started last year was because when the president Volodymyr Zelenskyy reached his power, he wanted to let Ukraine join the NATO, which caused the geopolitical tension between Ukraine and Russia. And if the Ukraine joined the NATO successfully, then the USA can deploy its army inside the Ukrainian territory directly, which would cause the threat to Russian national security directly.

This paper will focus on the following aspects: 1) global economy: global energy shortage causes the inflation in EU countries; 2) politics: the geopolitical tension between Russia and NATO has intensified and accelerated; 3) international relations: the relations between countries who support Ukraine and those who don't, like Spain and Germany.

## 2. The Effects of the War on Various Aspects

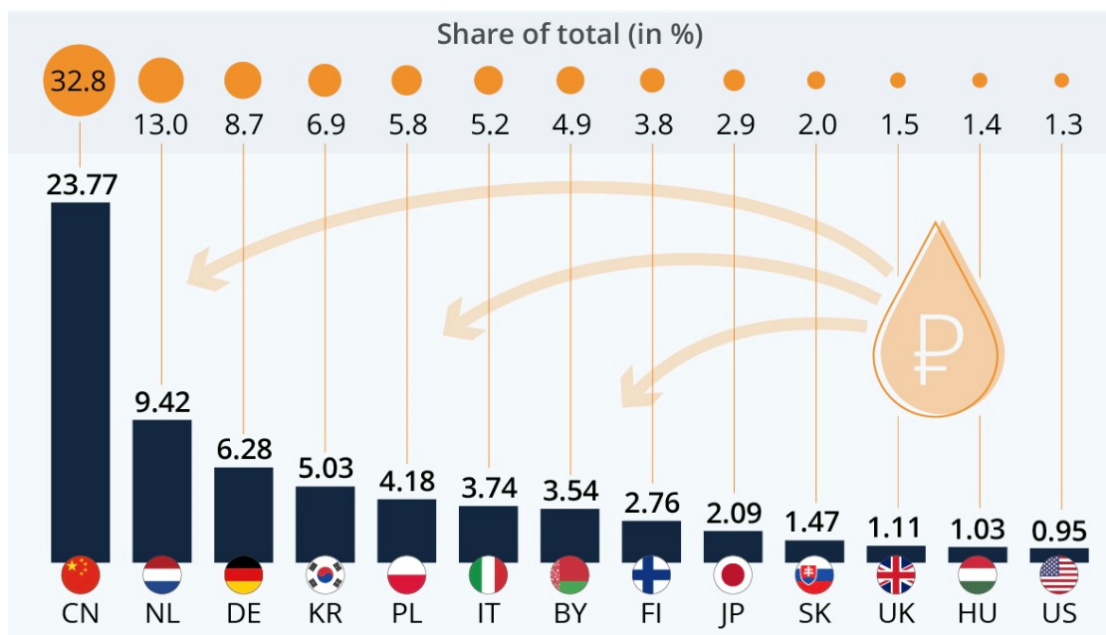
### 2.1. Effect of Ukrainian War on Global Economy

Lots of NATO countries are supporting Ukraine, such as UK and USA, so they are sanctioning the Russian economy, which cause the rising on price of imported raw materials, which means that the cost of production increases, and finally causes the inflation. And this inflation can be numerical as 6.7% and 8.5% of inflation rate respectively at the United Kingdom of Great Britain and the Northern Ireland and the United States of America (World Bank, 2022). Also, since the war has broken out, the price of crude oil and gas, which means the price of fossil fuels, has risen dramatically. This can be quantitative as increasing 13.5% and 17.1% in the price of crude oil and natural gas respectively (world bank, 2023). So, the rise of fossil fuels costs the shortage of energy used since Russia stopped sell fossil fuels to the North America and Europe.

After the breakout of the Ukrainian war, the NATO countries put a series of sanctions against Russia. For instance, the USA, UK and some western countries banned the SWIFT International banking system, which is a Belgian cooperative society providing services related to the execution of financial transactions and payments between certain banks worldwide, [1]. Furthermore, Russian Bank is sanctioned by the USA from accessing dollar reserve. Also, the United States banned all the fossil fuels of Russia. The EU imposed lots of regulations towards Russian Federation on its labor force and fossil fuels, such as coal and freight load operators who working in EU etc. There are lots of similar sanctions like these.

After these sanctions, the global supply chain is severely disrupted, because all kinds of transport that start from Russia has been disrupted, such as land-based trade routes between Asia and Europe, cargo transports and sea freight routes through the black sea, which means goods around Russia cannot flow freely. What is more, it cannot trade with big companies in many countries as it cannot access American reserves. In general, the global supply chain is severely affected, which also contribute to the price surge of imported goods.

**Table 1.** Russia's biggest oil export partners [2]



Russia is the third main supplier of crude oil and gas around the world in 2022, followed by the United States and Saudi Arabia.

Table 1 shows the biggest oil export partners throughout the globe in 2020. Although China, most of them are EU countries, such as Poland, Czechoslovakia and Hungary.

From this case, EU sanctions against Russia causing many severe problems, one among them is the surge of the global oil price.

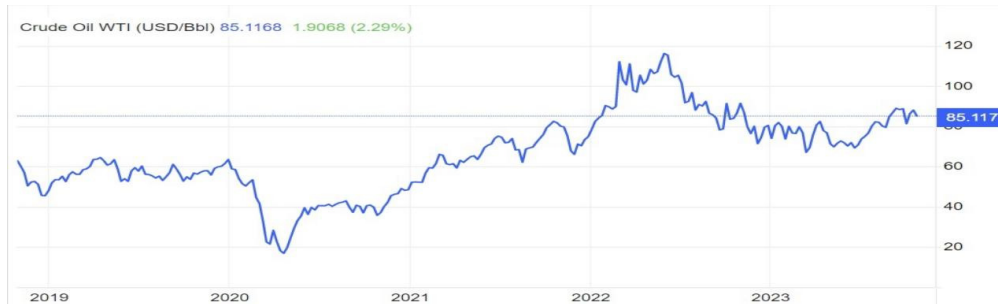


Figure 1. World crude oil prices [3]



Figure 2. World gasoline prices [4]

From figure 1 and figure 2, it is not very hard to understand that there was a great surge both in crude oil and gasoline in 2022.

Because the breakout of the Ukrainian war, there are many countries in the world which facing the issues of inflation.

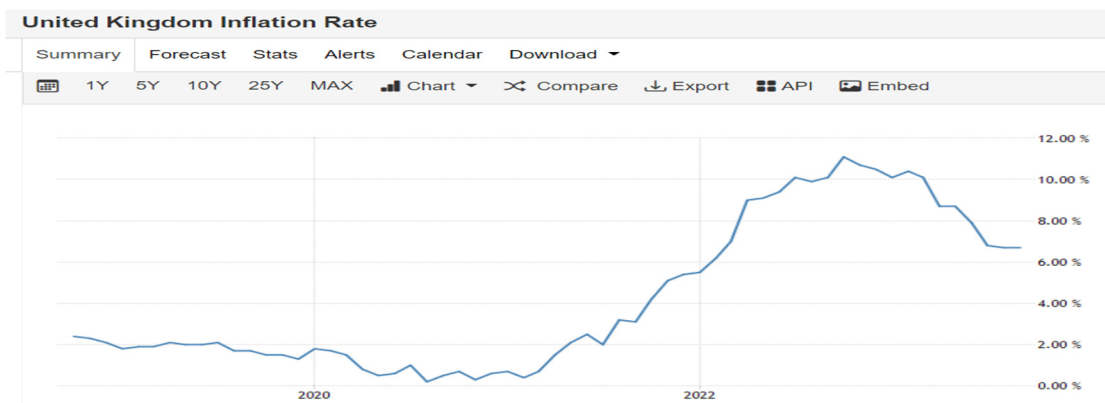
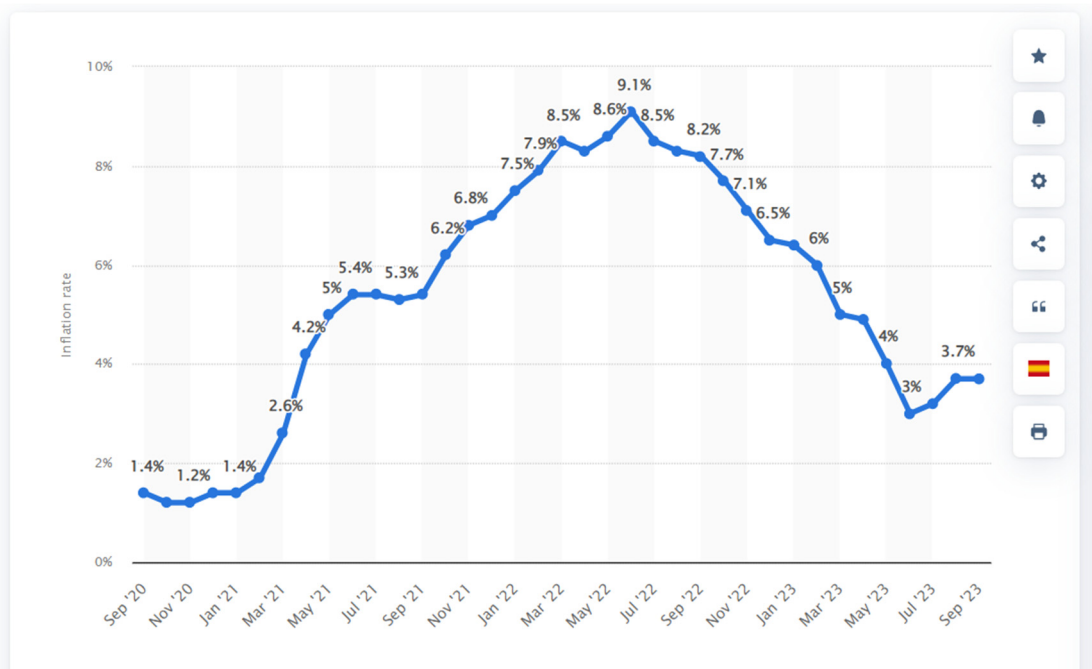


Figure 3. UK inflation rate [5]



**Figure 4.** US monthly inflation rate [6]

From figure 5 and figure 6, the UK suffers the most significant inflation around the globe. This is because that country blockades the importation of energies in the Russian federation, which causes the most of its industrial machines cannot perform perfectly, and the consequences of low in supply is shortage, which cause prices of goods increase rapidly.

## 2.2. Effect of Ukrainian War on Global Political Influence

On 24th of February 2022, the Russian Federation invaded its neighbouring sovereign country, Ukraine, just because its president Volodymyr Zelenskyy has desired a strong backups for the homeland security, the sovereignty and the territorial integrity of the Ukraine, which is meant by the North Atlantic Treaty Organization, or NATO in short.

The occurrence this event let most of the 196 countries throughout the world divided into two hostile powers, which are countries leading by Kingdom of Spain and the USA, also including the Republic of China. The others are leading by Russian Federation and the People’s Republic of China ( although Chinese government doesn’t announce this, but its government has already transported the weaponry made by NORINCO and necessities to the front in order to support the tough fighting against the brave Ukrainian warriors and heroes whom determine to defend the happiness and freedom of the Ukrainian people, despite that the budgets of the government has already been over drafted for many years and the natural enemy with it is the former Russian Empire or Tsar Russia, nowadays Russian Federation which led by Dmitry Anatolyevich Medvedev and Vladimir Vladimirovich Putin.) Which led to invasion even tougher for the Russians is that the US and UK equipment is more advanced than the Russian-made T95 equipped with 130mm smoothbore gun, which are Leopard 2A8, KF51 and M1 Abrams main battle tanks equipped with 120mm smoothbore gun made by Rheinmetall, even Russians got the T14, the Ukrainians still can defend their country because the command structure of the Ukrainian army is more flexible than that of the Russian army, which embodied in the commander’s degree of quick reaction and flexibility to commanding troops in the battlefield full of hostile fire. This means that the Russian troop might lose tons of equipment and personnels to fight for a little village or town, just like what happened in Avdivka. And this battle has huge effects on the political influence of both Russian Federation and Ukraine. For Ukraine, its men and women who lay down their lives, left their warm homes and families because they have the same goal in mind: protecting their country and not let Russians rule them once again. And bringing this courage with them, they forced their enemies to fall back and retreat over and over again, which letting more people fight along those brave heroes, which taking over their lost land village by village, town by town.

This let those ideas like Russia is a strong and powerful state in the world vanished when the war started.

### **2.3. Effect of Ukrainian War on Global International Relations**

In order to let the war breakout and clear potential enemies around it, the Putin government made an excuse that there were many neo-Nazis in the Ukrainian territory and Ukrainians opened fire at their own civilians. Indeed, the Ukrainian armed personnels fired mortar shells and gun grenades in the Donetsk and Lugansk region, but this was just in order to swiped out the rebels in that area. And as I mentioned before, the Ukrainian military didn't fought against their people, that is the people they are responsible to protect, but a mercenary called Azov just like notorious Russian Wager Group. As a result, both the soft and hard power of Russia drops, for example, like political influence and Troops. On the contrary, however, the Ukrainian powers rise by the outbreak of the war because they defend the nation successfully, which means that this is a country that will catch more attention after the end of the war. Also, after the war ended, the Russian army will no longer be threat because the Russians need more time to develop their weapons than the NATO countries do. And that's the reason why it'll not threat anymore when the Russians negotiate or defeated. And that's also the reason why NATO could continue expanding in former USSR territory.

### **3. Conclusion**

Both Russian invaders and the west hemisphere gain their advantages. This is because for the Kremlin, they know a part of the strength of NATO and can make counteroffensive actions to counterbalance it as well as the importance of upgrading weaponry and strategy as the situation of the war changes. And for the NATO countries, they teach Russians a lesson that challenge NATO is a fault, also the importance of Russian heavy infrastructure in the energy supply for the European continent.

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