

**Royal University of Law and Economics** 

**Final Report on** 

# **Russia and Ukraine War-The Critical Juncture in the**

## EU's Economics, Politics, and Security Order

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#### ABSTRACT

The conflict between Russia and Ukraine began in 2014 when Russia annexed Crimea, a region of Ukraine. The conflict escalated into a war between the two countries, with Russia supporting separatist rebels in eastern Ukraine. The war has had significant impacts on global diplomacy and foreign relations.

The conflict has strained relations between the European Union (EU) and Russia. The EU has imposed economic sanctions on Russia in response to its actions in Ukraine. The conflict has also led to an increase in military spending by some EU countries, as they seek to protect themselves from potential Russian aggression

The conflict has had a significant impact on global diplomacy, with many countries taking sides or calling for a peaceful resolution. The United States and other Western countries have supported Ukraine, while Russia has received support from some countries in the Middle East and Asia. The conflict has also strained relations between Russia and NATO, with NATO increasing its military presence in Eastern Europe in response to Russian aggression. Keywords: Russia-Ukraine war, European security, political and economic crisis, regional and international order

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### LIST OF ABBREVIATION

EU	European Union
NATO	North Atlantic Treaty Organization
UN	United Nation
US	United States
UK	United Kingdom
EAEU	Eurasian Economic Union
AA	Association Agreement
DCETA	Deep and Comprehensive Free Trade Area
OSCE	Organization for Security and Cooperation in Europe
OECD	Organization for Economic Cooperation and Development
ECSC	European Coal and Steel Community
EEC	The European Economic Community
GDP	Gross domestic product
ASEAN	Association of Southeast Asian Nations
IMF	International Monetary Fund

#### **INTRODUCTION**

#### **1 Background of Information**

The conflict between Russia and Ukraine dates back to the early 20th century when Ukraine was part of the Soviet Union. In 1954, Crimea was transferred from Russia to Ukraine as a gesture of goodwill, but tensions between the two countries remained high. The conflict escalated into a full-blown war in eastern Ukraine, with Russia supporting separatist rebels. The war has resulted in thousands of deaths and displacement of civilians.

The military operation in 2022 by Russia in the territory of Ukraine has significant implications for modern society, particularly in terms of economic, political, and security order. The annexation of Crimea by Russia challenged the existing international order and raised questions about sovereignty and territorial integrity.

The war in Ukraine has also highlighted the importance of resolving conflicts through peaceful means and the need for international cooperation and diplomacy. The conflict has strained relations between Russia and the West, leading to economic sanctions and a new Cold War-like atmosphere.

#### 2 Statement of Problems

Russia's military action on Ukraine is widely seen as an attempt to exert its influence in the region and assert its dominance over its former Soviet neighbor. The conflict then escalated into a full-blown war, which has caused serious problems and challenges to various different players in the international Community. The conflict has had far-reaching implications for both Ukraine and Russia, as well as for the wider international community. For Ukraine, the conflict has resulted in the loss of territory and a humanitarian crisis, with thousands of people killed and millions displaced. For Russia, the conflict has led to economic sanctions and international isolation. The conflict has also strained relations between Russia and the West, with many Western countries condemning Russia's actions and imposing sanctions in response

#### **3 Research Question**

The conflict has strained the EU's relationship with Russia and has led to increased tensions between EU member states. The war has impacted seriously in a variety of factors. In this connection, the paper seeks to answer the significant questions as below:

#### **4 Main Questions**

How has the war between Russia and Ukraine impacted the economic, political, and security order of the EU in modern times?

#### **5** Sub-Questions

Why EU play an important role in Ukraine's war?

Is it EU benefit from supporting Ukraine?

Is it possible for the EU to overcome the shadow of the war?

#### **6 Research Objective**

In this research, the main objective is to research the impact that the Russia and Ukraine war impacted on European Union and its members ranging from politics, and economics, to social matters including migration, food security, etc. The other purpose of the research is to analyze how the impact has made the game change in the EU regional order and finally, this paper will further provide recommendations to migrant tensions.

#### 7 Scope and Limitation of the Research

The conflict between Russia and Ukraine occurred in 1954, Crimea was transferred from Russia to Ukraine, On the other hand, The scope of this research is mainly focusing this conflict in modern times from the year 2014 during which the Crimea crisis has been in a serious

situation until the present and is limited to focusing particularly on European Unions and some of their powerful members.

#### 8 Research Methodology

This research will be based on a qualitative research format mainly focusing on empirical analysis with local scholars' perspectives and international analysts' research study. In order to retrieve data from the primary sources, which narrowed down to the reachable local expertise, we will be using a semi-structured interview. This research will be conducted through a qualitative method which is collected through interviews and analyzed by informants. Most of the research in this thesis is based on secondary sources from the internet, such as news, legal documents, reports, journal, policy papers, and original websites. Those original websites are official websites from the Ministry of Foreign Affairs of Ukraine, Russia, and European countries; European Union Commission; other governmental webpages that are reliable and informative; International News and Local News. In the meantime, my research will use my viewpoints and earlier comments on relevant topics as a young IR scholar with my knowledge in the research field. In addition, the references are cited as footnote citations in the Chicago Manual Style 16th edition (author-date) format, the bibliography is cited in the Chicago Manual Style 16th edition (author-date) format. Additionally, the study will be conducted by contrasting the suggested tactics with the actual behavior of important state actors and the results of contemporary diplomatic strategies. At the same time, I work to assess scholar sharing and offer an analysis's conclusion.

#### 9 Structure of Research

This thesis is divided into five chapters. Before moving on to the first chapter this thesis will briefly about introduction, note the topic's background, research problem, research questions, research objectives, scope of limitation of the research, research methodology, and structure of research. The first chapter will show the literature review on the topic of the Russia and Ukraine War the critical juncture in the EU economic, political, and security order; and also illustrated an overview of the Russia and Ukraine War. The second chapter will briefly on Russia-Ukraine War and its Impact on the Largest EU Economies which included the energy crisis in Europe, food security, and high rocket inflation; the Direct Impact on Some of the Largest Economic Countries in the EU; and The Opportunity for Some EU Members. The third chapter will illustrate the EU Politics in the Shadow of the Russia-Ukraine Conflict which mentions many areas regarding the crisis of politics in the internal affairs of the EU and the EU political external affairs or the EU foreign relations. The fourth chapter will be about the changes in the security order in the EU such as the EU policy of defense, military assistance to Ukraine, the consequences of EU defense policy, and the problem in the EU regarding the Ukraine refugee. The fifth chapter will broaden my analysis of the problem and my own perspective through Analysis (Learning Outcome) Analyzation and Recommendations. The last point will illustrate the final point is a conclusion of the thesis.

# CHAPTER 1: LITERATURE REVIEW AND OVERVIEW OF THE RUSSIA-UKRAINE WAR

#### **1.1 Literature Review**

Author, Mrs. Agnieszka Pikulicka-Wilczewska, who is a Senior Central and Eastern Europe correspondent of Reuter news based in Warsaw, Poland had published a book called "Ukraine and Russia: People, Politics, Propaganda and Perspectives", has stated in her book about the 2014 Russia-Ukraine conflict triggered a new cold war between Russia and the West. Putin's belief that Russia is at war with the West has led to annexations, interventions, and cyber warfare, and disinformation, assassinations in Europe, and support for anti-EU populists. The book reveals that Russia's crisis confronts long-lasting issues such as the country's failure to reconcile with an autonomous Ukrainian state, its belief that the Orange and Euromaidan revolutions are Western plots, and its incapability to grasp that many Ukrainian-Russian speakers refuse to unite with Russia. Moscow perceives Ukraine as pivotal to rebuilding dominance within the former Soviet region and regaining its greatness. Additionally, the book demonstrates that Russia's employment of a variety of "hybrid" methods is consistent with the strategies of Soviet security services of the past.

This research paper will also focus on the Russia-Ukraine conflict but will mainly focus on the updated information particularly after Russia officially launched the military operation in Ukraine in 2022. The paper will also add some analysis and recommendations based on the current crises.

#### 1.2 Root Cause of Russia and Ukraine War

More than a year of bitter and bloody war in Ukraine, embarked by the Russian Federation's military invasion in February 2022, has devastated the country and brought about

various political, diplomatic, and economic instability in the global arena.<sup>1</sup> The conflict between the two nations is not just happened in 2022, it was a prolonged conflict in which there are significant root causes including the Annexation of Crimea, Russia's tension with the EU on Ukraine's accession to the EU, and particularly NATO expansion.

#### 1.2.1 Annexation of Crimea

The dispute between Russia and Ukraine have been emerged in 2014 when Russia conducted a referendum to annex Crimea for independence under the Russian Federation, later on under the influence of Russia, it was established the "Donetsk People's Republic" and the "Luhansk People's Republic" regarding these states' independence the Ukraine and EU were not recognized as legal in international law.<sup>2</sup> Before this illegal annexation of Crimea and Donbas, a Sanrio happened due to the unbalance of Ukraine's foreign policy to the EU. In 2013, Ukraine had politically destabilized under President Viktor Yanukovych who Moscow had influenced.<sup>3</sup> President Yanukovych rejected to join the free trade agreement with the EU and wanted to join the Eurasian Economic Union (EAEU).<sup>4</sup> The EAEU members consists of the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, and the Russian Federation as the member of the organization, this International Organization has created to bring the unbound flow of trade, goods, service, and labor for cooperation among those countries that close tie to Russia.<sup>5</sup> Due to the Euromaidan which known as the moment that Ukrainian stand up against with Yanukovych's government who the

<sup>&</sup>lt;sup>1</sup> DANIEL BEREHULAK, "Russia and Ukraine War", The New York Times; https://www.nytimes.com/news-event/ukrainerussia, Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>2</sup> Juan Barreto, "Understanding Russia's referendums in Ukraine," <u>https://www.aljazeera.com/news/2022/9/20/russia-unfolds-annexation-plan-for-ukraine,</u> Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>3</sup>Michael Ray, "Ukraine Crisis," Britannica, <u>https://www.britannica.com/topic/Ukraine-crisis</u>. Last accessed on June 12, 2023. <sup>4</sup> BBC News, "Ukraine protests after Yanukovych EU deal rejection," <u>https://www.bbc.com/news/world-europe-25162563#:~:text=Thousands%20of%20people%20have%20staged,chanted%20%22Ukraine%20is%20Europe%22</u>. Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>5</sup> EURASIAN ECONOMIC UNION (EAEU), <u>http://www.eaeunion.org/?lang=en</u>, Last accessed on June 12, 2023.

Russia's Pro to stopped his ambitious to join EAEU, meanwhile he was blaming in many cases of corruption and leak of ability to govern the country; Later on, Yanukovych was coup and lost his power, Russia reacted to this action by annexing the many regions in Ukraine and Crimea for the reason of protecting the Russian people from the "fascist coup"<sup>6</sup> and Putin indicated that the fascist coup in Ukraine had been supported by the West.<sup>7</sup>

However, beyond this reason, the annexation of Crimea had been a strategic plan for Moscow for a long time ago. Crimea is also known as a crucial strategic region to Russia for trade and security.<sup>8</sup> Significantly when Russia has access to control on Crimea, especially to the naval base at Sevastopol which is the only warm water get way to the Black Sea, Mediterranean, south Atlantic, and India ocean since Russia is a huge country in the world but struggles with access to warm water sea due to their geographical that mostly around by the iceberg ocean.<sup>9</sup> On the other hand, Crimea territory has a significant military base and maritime infrastructure for Russia to operate in any kind of military exercise or in any case of declaring war against their enemies. For instance; in 2008, this strategic military base had been used to escort against Georgia.<sup>10</sup>

#### 1.2.2 Russia and EU Tension

Russia and The EU tie seemed to be casual diplomacy because, since the start of the cold war, Russia and the EU have shared contrary ideologies from each other, Russia is a former

<sup>6</sup> fascist coup refer to a group of protest who stand against Yanukovych's government, which support by EU and the US, For further reading <u>https://www.reuters.com/article/us-ukraine-crisis-idUKBREA400LI20140509</u>. Last accessed on June 12, 2023. <sup>7</sup> Jonathan Masters, "Ukraine: Conflict at the Crossroads of Europe and Russia," Council on Foreign Relations, <u>https://www.reuters.com/article/us-ukraine-crisis-idUKBREA400LI20140509</u>. Last accessed on June 10, 2023.

<sup>8</sup> Annabelle, Sammy, Adam, and Ellen; "Why Crimea is so important in the Russia-Ukraine" The Washington Post. <u>https://www.washingtonpost.com/world/2022/08/18/crimea-russia-ukraine-war/</u>, Last accessed on June 12, 2023.

 <sup>&</sup>lt;sup>9</sup> CSIS, "Crimea's Strategic Value to Russia," <u>https://www.csis.org/blogs/post-soviet-post/crimeas-strategic-value-russia</u>, Last accessed on June 12, 2023.
 <sup>10</sup> Ben, Steven, and Ivanna; "Russia's Militarization of the Black Sea: Implications for the United States and NATO" CEPA.

<sup>&</sup>lt;u>https://cepa.org/comprehensive-reports/russias-militarization-of-the-black-sea-implications-for-the-united-states-and-nato/,</u> Last accessed on June 12, 2023.

Soviet Union which knew as communism and The EU has a capitalist style.<sup>11</sup> Since the collapse of the Soviet Union, Russia, and the EU have improved their diplomatic tie, but sometimes the tie between both parties seem to be close due to the West like Germany being really depend on energy supply from Russia, for instance, such as the North Stream one and two that flow the natural gas and energy to Germany. However, the political tie has undeniable that the EU keeps releasing statements that offended Russia. As an actual example, in 2014, the EU sanction or release statement condensed Russia's action in Crimea.<sup>12</sup> The EU put many pressures and sanctions such as the economy, energy supply, defense, and financial sector; regarding this sanction, Moscow also responded to the EU by cutting almost 50% of its agriculture products to the EU. The EU's Parliament also adopted the resolution in 2021 to put more sanctions on many leaders and elite that are close to Moscow's administration.<sup>13</sup>

#### **1.2.3 NATO Expansion**

NATO<sup>14</sup> expansion has become a threat to Russia, In February 1990 the US Secretary of State James A. Baker on behalf of NATO, and President Mikhail Gorbachev who was the leader of the Soviet Union have been exchanged views regarding the reunification of Germany and the US Secretary also assurances to Gorbachev that NATO has no intension to extend its power to other nations which under the Warsaw Pact, however, it is clear that NATO is trying to expand its power, from 17 members in 1990 reach to 30 members. For example, the Czech

<sup>&</sup>lt;sup>11</sup> ERIN BLAKEMORE, "What was the Cold War—and are we headed to another one?," NATIONAL GEOGRAPHIC, <u>https://www.nationalgeographic.com/culture/article/cold-war\_</u>Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>12</sup> European Commission, For further reading <u>https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures/sanctions-adopted-following-russias-military-aggression-against-ukraine\_en</u>. Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>13</sup> European Council, "EU restrictive measures against Russia over Ukraine (since 2014)," <u>https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/</u>, Last accessed on June 5, 2023.

<sup>&</sup>lt;sup>14</sup> NATO is the North Atlantic Treaty Organization has created in 1949 in order to protect the security of the US and some European countries from any kinds of military confrontation that mind happen in the future, For further reading <u>https://www.nato.int</u>. Last accessed on June 12, 2023.

Republic, Poland, and Hungary have become a part of NATO in 1999.<sup>15</sup> The NATO strategy plan which was launched in 2022 is the indicator of no intentions to solve the crisis and focus on using hard power to apply it, and the purpose of the concept is to Put Russia as the target of the threat to the security architecture for its alliances. However, Russia fear of NATO expansion is really reasonable because in NATO's chapter or common value "when a state launch a scale of invasion against a member of NATO, there will be the War between the state and all member of NATO".<sup>16</sup> Reflecting the case of Russia's fear, if Ukraine will become a part of NATO one day, and NATO create a game for Ukraine to have excuses to make the war with Russia, so it will create a good opportunity for NATO to destroy Russia out of their path.

#### 1.3 Russia's Relations with the EU

Russia and the EU keep faced up and down diplomatic ties since the cold war and afterward, Russia and the EU's relations during the cold war were extremely poor due to the competition in ideologies, military, science, and beyond the earth to the space; all of this indicator in the period of cold war never make EU and Russia had a better environment of diplomatic; regarding the tension between both parties, it was lead to the creation of The North Atlantic Treaty Organization (NATO) in 1949 by EU and US alliances to confronted with The Warsaw Pact of Soviet Union and alliance in 1955, both of these International Organization has established in order to compete for each other with arm force.<sup>17</sup>

The EU and Russia have turned into a new era of turning down the diplomatic tie according to 2022 Russia's aggression against Ukraine, the EU has responded to the war by

<sup>&</sup>lt;sup>15</sup> Grégoire SAUVAGE, "Did NATO 'betray' Russia by expanding to the East?," FRANCE 24, <u>https://www.france24.com/en/russia/20220130-did-nato-betray-russia-by-expanding-to-the-east</u>, Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>16</sup> NATO 2022 STRATEGIC CONCEPT, <u>https://www.nato.int/nato\_static\_fl2014/assets/pdf/2022/6/pdf/290622-strategic-concept.pdf</u>, Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>17</sup> NORTH ATLANTIC TREATY ORGANIZATION, <u>https://www.nato.int/nato-welcome/index.html</u>, Last accessed on June 12, 2023.

condemning Russia and releasing many sanctions against Russia's government in order to end the war, respect the international law, withdraw the troop from Ukraine, and respect Ukraine's territory integration. Since February 2022, the council of European Union and the European Council have released many pressures and sanctions against Putin's administration. On the other hand, the European Council condemn Russia's on the case of indiscriminate attacks against civilians and also blame Russia and Belarus as the actor responsible for war crimes and other serious crimes committed during the war. The EU has put sanctions ten time against Putin's administration in many fields as summary below:

- The individual sanctions to President Putin and foreign minister Sergey Lavrov
- Economic Sanction to Pressure on Russia's Energy, financial, transport, and technology sectors.
- Ban visas from Russia's diplomat level, Russian officials, and business people.
- SWIFT banned seven Russian banks.
- Prohibition on the provision of Euro-denominated bank notes to Russia.
- Prohibition on the new investment in the Russia energy sector.
- Prohibition of Raw Materials export and import to Russia.<sup>18</sup>

#### 1.3.1 Russia Trade Relations with EU

Russia is one of the biggest trading partners with the EU in many sectors such as energy, goods, finance, and service. There are approximately 45 percent of foreign trade volume with the EU and Russia in 2015, and Russia is the fourth largest trading partner which shared 6 percent of the EU's foreign trade. From 2013 to 2014 the value of trade between both parties was estimated at 209.5 Billion euros. Russia is known as the biggest energy supplier to the EU

<sup>&</sup>lt;sup>18</sup> European Council, "EU response to Russia's invasion of Ukraine" <u>https://www.consilium.europa.eu/en/policies/eu-response-ukraine-</u>, Last accessed on June 12, 2023.

such as oil, coal, natural gas, and some agricultural products. The EU has exported to Russia like raw materials, chemicals, food, drink, machinery, and vehicle; In case of Germany has a huge economy in EU has imported more than 30 percent of natural gas and oil from Russia, and France also relied on the fossil fuel of Russia's export.<sup>19</sup>

#### 1.3.2 Political Relations with the EU and Some EU Members

The shifting geopolitics in 1991 created a new environment for Russia and the EU relation, throughout many decades of diplomatic tension, Russia and the EU have become the turning point of partnership and shared interests with each other, both parties also turned to a flash point of trading and economic relation; until the annexation of Crimea from Ukraine. From 2014 on the changes in politics and security in the EU by the annexation of Russia have become a considerable point for the EU relationship with Russia to think about since the post-cold war.<sup>20</sup>

Germany is a big brother of the EU that has been tied a good diplomatic relation with Russia many decided has been responded to Russia by the annexation of Crimea from Ukraine and later the invasion of Ukraine by Russia on February 2022, by changing its trade strategy, which imposed sanctions on Russia to end the energy supply and find the new supplier for its own market. On the other hand, there are many countries in the EU that use to strengthen relations the Russia such as Finland, Poland, Italy, and Greece also turning their direction to support Ukraine to join the EU and NATO.<sup>21</sup>

<sup>&</sup>lt;sup>19</sup> European Commission, "EU trade relations with Russia. Facts, figures and latest developments" <u>https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/russia en</u>, Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>20</sup> Kristi Raik, "EU–Russia Relations 30 Years After the Collapse of the Soviet Union: The Art of Managing Tensions," RKKICDS,<u>https://icds.ee/en/eu-russia-relations-30-years-after-the-collapse-of-the-soviet-union-the-art-of-managing-tensions/</u>, Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>21</sup>Kadri Liik, "The old is dying and the new cannot be born: A power audit of EU-Russia relations," EUROPEAN COUNCIL ON FOREIGN RELATIONS, <u>https://ecfr.eu/publication/the-old-is-dying-and-the-new-cannot-be-born-a-power-audit-of-eurussia-relations/</u>, Last accessed on June 12, 2023.

Even though the EU as a whole seems to condemn Russia for the invasion of Ukraine, on the other hand, there are few EU member like Hungary still remains in close cooperation with Russia. Hungary has not supported the EU on some sanctions against Russia, leading the EU to face a crisis internally. For instance, Hungary has rejected to impose more sanction on Russia regarding oil export from Russia, because Hungary as a country with close relation to Russia believe that it will strongly affect to Hungary's economy as a whole.<sup>22</sup>

#### **1.4 Ukraine Relations with EU**

The ironic relations between Ukraine and the EU have been strongly tied since 2014 when the annexation from Russia happened, the EU and Ukraine's diplomatic tie has become much more resilient due to Russia's opening scale to invade Ukraine in February 2022. Under the critical situation, the EU and Ukraine established a slogan called "Stronger Together" in 2022 in order to prioritize the relations and stand for united in peace; throughout the progress of the war the EU has supported Ukraine in many ways such as to condemns Russia from illegal annexation and the act of aggression against Ukraine in 2022, and the EU also step forward to assist financially to Ukraine through many programs; there are estimated at 19 billion Euro that divided into main area such as 7.3 billion Euro received from the EU members as loans, grants, and guarantees; and 12 billion Euro on a big scale of economic supports, humanitarian aid, and emergency needed; there also the sup program which under the 12 billion Euro assisted are 7.2 billion Euro adopted on macro-financial, 620 million Euro for the emergency budget on Ukrainian displace people, health care, infrastructure, media, and cyber security; 3.2 billion Euro on critical infrastructure that needs on the ground. Furthermore, there are probably 3

<sup>&</sup>lt;sup>22</sup> Bernadett Szabo, "Hungary cannot support new EU sanctions against Russia in present form, Orban says" Reuters, <u>https://www.reuters.com/world/europe/hungary-cannot-support-new-eu-sanctions-against-russia-present-form-pm-orban-</u> <u>2022-05-06/</u>, Last accessed on June 12, 2023.

billion Euro provided for Ukraine's military assistance. Beyond the support from the EU to Ukraine on the ground of war, there is also a program sponsored by the EU called "The Recovery Resilience Reform" that priority to building back Ukraine after the war, The Recovery Resilience Reform consist of promoting digital transformation, institution, economic, society, and green energy.<sup>23</sup>

#### 1.4.1 Ukraine Trade Relations with EU

Ukraine and the EU trade relations are really concrete ties, both of the parties are depending on each other in many aspects; throughout this significant trade relationship Ukraine and the EU have established the Deep and Comprehensive Free Trade Area called (DCETA) and entered into force on 1 September 2017. This trade agreement has the purpose to improve trading in goods and services between Ukraine and the EU; Furthermore, it brings both parties to enjoy the free flow of trade by cutting the tax on some products. Ukraine has become the 15 largest trading partner with the EU in 2021 by sharing 1.2 percent of the EU's trade output; the value of trade was estimated at 52.4 billion euro in 2021. Ukraine export to the UE's market such as raw materials, agricultural products, food, drink, electrical machinery, and cereals; and the EU's exports to Ukraine are Vehicle, transport equipment, machinery, mineral fuels, and pharmaceutical productions.<sup>24</sup>

#### 1.4.2 Ukraine's Political and Security Relations with the EU

On the side of political relations Ukraine and the EU have been promoting each other each other with a good environment of diplomacy tie, both of the parties became even closer since the annexation of Crimea in 2014. Ukraine and the EU ratified the Association Agreement

<sup>&</sup>lt;sup>23</sup> The European Union and Ukraine, <u>https://www.eeas.europa.eu/sites/default/files/documents/Factsheet%20-%20EU%20and%20Ukraine.pdf</u>. Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>24</sup> European Commission, "EU trade relations with Ukraine. Facts, figures and latest developments." <u>https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/ukraine\_en</u>, Last accessed on June 12, 2023.

on 21 March 2014; this agreement later on has gave birth to the (DCFTA) in 2017, regarding the two agreements Ukraine and the EU have been more closely because it provide each party to meet and discuss on a very broad topic such as trade, security, environment, and other related issues in the region and global. The Association Agreement (AA) has played a crucial role for both parties to build a strong political tie since both parties are the democratic state, promote a strong tie of economic, and bring the common value to develop more relationships.<sup>25</sup>

In the field of security; on 28 February, 2022 Ukraine addressed it form to join the EU, and on June the same year the EU also selected Ukraine as the candidate to join the Union; In response to Russia's military aggression against Ukraine. The EU had strongly condemned and put sanctions on Putin's administration in order to pressure the Russian government to respect the international law and the United Nations Charter; The EU also supports Ukraine by sending aid to assist the Ukrainians around 3 billion and sending military equipment to support Ukraine in the war.<sup>26</sup>

<sup>&</sup>lt;sup>25</sup> European Commission, "EU relations with Ukraine" <u>https://www.consilium.europa.eu/en/policies/eastern-partnership/ukraine/</u>, Last accessed on June 12, 2023.

<sup>&</sup>lt;sup>26</sup> Ministry of Foreign Affairs of Ukraine, <u>https://mfa.gov.ua/en/about-ukraine/european-integration/eu-ukraine-relations</u>, Last accessed on June 12, 2023.

# CHAPTER 2: THE COST OF CONFLICT: ANALYZING THE ECONOMIC IMPACT OF THE RUSSIA-UKRAINE WAR ON THE EUROPEAN UNION

#### 2.1 The Impact of War on the EU's Economy

The war has caused an enormous turbulence to the European economy, particularly to the oil and food markets, disrupting supply and pushing up prices to unprecedented levels. Compared with other economic regions, the EU area has been particularly vulnerable to the economic consequences of Russia's invasion of Ukraine; this is mostly due to the EU's substantial reliance on energy imports, which in 2020 accounted for more than half of the energy consumption in the euro area. Russia was a significant energy provider to the Eurozone prior to the conflict. Prior to the commencement of the Russian invasion, imports of food and fertilizer into the euro area were heavily influenced by Russia and Ukraine.<sup>27</sup> A more general point is that the extremely open nature of the euro area's economy renders it susceptible to disruptions in EU markets and value chains. Beyond the food and energy shortages, there is also an issue with trade disruption, inflation, and societal vulnerability as a result of the significant military and refugee spending in Ukraine.<sup>28</sup>

However, there are also positive aspects to consider. Some countries have benefited from the decline in oil prices, which has lowered energy costs and stimulated growth. Additionally, the EU has taken steps to diversify its energy sources, reducing its dependence on Russian gas. Overall, it is clear that the economic impact of the conflict on individual EU countries is complex and multifaceted.

<sup>&</sup>lt;sup>27</sup> EUROPEAN CENTRAL BANK, "One year since Russia's invasion of Ukraine-the effects on euro area inflation" <u>https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog20230224~3b75362af3.en.html</u>, Last accessed on June 18, 2023.

<sup>&</sup>lt;sup>28</sup> United Nation, "Conflicts, Global Food Shortages, Energy Crises Sliding Millions Worldwide into Extreme Poverty, Chairs Says, as Second Committee Takes Up Regional Commissions" <u>https://press.un.org/en/2022/gaef3575.doc.htm</u>, Last accessed on June 19, 2023.

#### 2.1.1 The Serous Disruption of EU Energy Supplies

The EU is heavily dependent on Russia for its energy supplies, particularly natural gas. In fact, as of 2020, around 40% of the EU's natural gas imports come from Russia.<sup>29</sup> The decline in trade with Russia has had a significant effect on many EU countries, particularly those with strong economic ties to Russia. In addition, energy prices have been impacted, as Russia is a major supplier of oil and gas to the EU. The cost of sanctions has also been a burden on the EU economy, with some estimates suggesting that the cost could reach into billions of euros.

Many nations have promised to stop or limit their oil and gas imports in response to Russia's invasion of Ukraine in order to reduce Moscow's income and impede its military campaign.<sup>30</sup> Cutting the energy supply would be challenging since the Russian economy is heavily dependent on its energy industry and Europe is a significant buyer of Russian energy; However, there is also the impact on the Europe economy through the energy sanction to Russia.<sup>31</sup> The EU has stopped importing Russian oil by sea, and as on February 5, 2022; refined oil products will no longer be imported; and the UK was banning Russian energy on December 5, 2022. According to figures released by the EU statistics agency Eurostat, overall gas usage in the 27-country EU decreased by 17.7% from August 2022 to March 2023 when compared to the five-year average for the same period.<sup>32</sup> Europe was able to quickly increase its imports from other suppliers during the EU economic slowdown caused by the sharp decline in Russian pipeline supply. Gas consumption has decreased and gas storage facilities are virtually fully occupied.

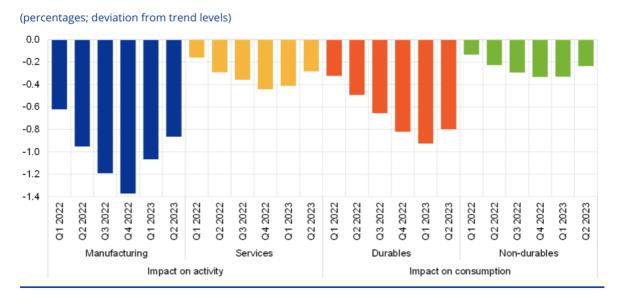
<sup>&</sup>lt;sup>29</sup> Paul Bolton, "Imports of fossil fuels from Russia" UK Parliament. <u>https://www.nato.int/nato-welcome/index.html</u> Last accessed on June 19, 2023.

<sup>&</sup>lt;sup>30</sup> BBC NEWS, "Russia sanctions: What impact have they had on its oil and gas exports?" <u>https://www.bbc.com/news/58888451.</u> Last accessed on June 19, 2023.

<sup>&</sup>lt;sup>31</sup> EUROPEAN UNION, "The sanctions against Russia are working?" <u>https://www.eeas.europa.eu/eeas/sanctions-against-russia-are-working\_en</u>, last accessed on June 19, 2023.

<sup>&</sup>lt;sup>32</sup> Kate Abnett, "EU cut winter gas use 18%, surpassing energy crisis goal" REUTERS, <u>https://www.reuters.com/business/energy/eu-cut-winter-gas-use-18-surpassing-energy-crisis-goal-2023-04-19/</u>, Last accessed on June 19, 2023.

The exceptional autumn of 2022 has aided efforts to cut gas use by private homes, companies, and governmental organizations. Europe may avoid gas shortages, rationing, and industrial shutdowns in the coming months, but high gas and electricity prices will likely persist. Gasintensive industries and high demand for gas could still experience disruptions in winter. High prices could damage Europe's competitiveness in high-energy manufacturing, cause market losses, and prompt companies to relocate to lower-cost countries. Europe's policymakers face difficult trade-offs as they adapt to new geopolitical and energy market realities. The high price of energy supply, the cutting down of energy supply in some countries in Europe, sanctions on Russia's energy, and stopping imported energy from Russia are the indicator to Impact on manufacturing, services, and durable and non-durable goods.<sup>33</sup>



The Chart Regarding the Impact on Manufacturing, services, and Durable and nondurable goods

Sources: Eurostat and ECB calculations.

<sup>&</sup>lt;sup>33</sup> EUROPEAN CENTRAL BANK, "The impact of the Russia invasion of Ukraine on euro area activity via the uncertainty channel"<u>https://www.ecb.europa.eu/pub/economic-bulletin/focus/2022/html/ecb.ebbox202204\_02~b5e18e967d.en.html</u> Last accessed on June 19, 2023.

#### 2.1.2 Food Crisis

The EU is also heavily dependent on imports of agricultural products from both Russia and Ukraine, but with the imposition of trade sanctions and the disruption of transport links, food prices have soared.<sup>34</sup> The fifth-largest market in the world for the sale of wheat, barley, corn, and sunflower oil, Ukraine is one of the major countries on the continent of Europe. It has contributed significantly to EU commerce because of its export of highly rich land.<sup>35</sup> And Russia is a significant exporter of agricultural products to the EU, including wheat, barley, and buckwheat; it is also the largest provider of raw materials to the EU, including coal, steel, diamonds, and gold and silver; Additionally, Russia is a major supplier of energy in Europe, including gasoline, gas, and oil.<sup>36</sup>

One of the most significant factors that lead to the food crisis in the EU was the conflict in Ukraine. The annual inflation rate in the euro area increased to 5.1% in 2022 from 0.9% in 2021 (1.5% for food, alcohol, and tobacco), and consumers in the EU had to pay more for staples like bread (7.3% more in 2022 compared to 1.7% in 2021).<sup>37</sup> In order to prevent the food crisis from getting worse, the EU refrained from imposing sanctions on agricultural and food products. In the meantime, Moscow blocked Ukrainian Black Sea ports for months in order to halt Kyiv's agricultural exports, of which 80% were carried out by sea until the EU solidarity lanes and the UN-mediated Black Sea Grain initiative allowed exports to resume. Food inflation became harder by European farmers' increased expenses for their primary inputs

<sup>&</sup>lt;sup>34</sup> European Parliament, "Russia's war on Ukraine: Impact on food security and EU response" <u>https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/729367/EPRS\_ATA(2022)729367\_EN.pdf</u>, Last accessed on June 21, 2023.

<sup>&</sup>lt;sup>35</sup> Ines Eisele, "Five Facts on grain and the war in Ukraine" DW ,<u>https://www.dw.com/en/five-facts-on-grain-and-the-war-in-ukraine/a-62601467</u>, Last accessed on June 18, 2023.

<sup>&</sup>lt;sup>36</sup> European Commission, "EU trade relations with Russia. Facts, figures and latest developments" <u>https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/russia en</u> Last accessed on June 18, 2023.

<sup>&</sup>lt;sup>37</sup> REUTERS, "Euro zone inflation confirmed at 9.9% as energy, food price surge" <u>https://www.reuters.com/world/europe/euro-zone-inflation-confirmed-91-energy-food-prices-surge-2022-09-16/</u>,Last accessed on June 21, 2023.

(such as electricity, fertilizers, and animal feed).<sup>38</sup> Due to rising energy prices, European ammonia production fell by 70% in September 2022, resulting in a 149% increase in fertilizer prices across the EU. Additionally, the EU imports significant amounts of oilseeds and maize from Ukraine, which are essential for animal feed, totaling 11 million tonnes annually on average. Last but not least, severe weather occurrences in Europe significantly decreased the yields of important crops. As a result, inflation in the euro area increased to 7.4% in March 2022 and continued to rise until it reached a peak of 10.6% in November. Energy, food, alcohol, and tobacco saw the biggest inflationary increase over 2022, hitting 13.8% in December.<sup>39</sup>

#### 2.1.3 High Inflation

The war significantly increased the inflationary pressures that were already present in the EU during the post-pandemic recovery and raised consumer prices, particularly for food and energy. The war in Ukraine caused headline inflation to rise from 0.3% in 2020 to 2.6% in 2021 and then to 8.4% in 2022.<sup>40</sup>

There are many roots that cause the high inflation in the EU but energy and food were the main problem. While food inflation has previously been the highest contributor to inflation, energy inflation was by far the biggest driver of inflation in 2022.<sup>41</sup> The cost of food rose 14.1% in January 2023 compared to the previous year. Given how energy-intensive the production of food is, the high rates of food inflation reflect some of the indirect and lag impacts of high energy prices, to which the war has been a major contributor. The impact of the war can be

<sup>&</sup>lt;sup>38</sup> Iurii Mykhaylov, "What's causing the food crisis in Europe" Successful Farming, <u>https://www.agriculture.com/news/whats-causing-the-food-crisis-in-europe</u>, Last accessed on June 21, 2023.

<sup>&</sup>lt;sup>39</sup> European Commission, "Ensuring availability and affordability of fertilizers" <u>https://agriculture.ec.europa.eu/common-agricultural-policy/agri-food-supply-chain/ensuring-availability-and-affordability-fertilisers en</u>, Last accessed on June 21, 2023.

<sup>&</sup>lt;sup>40</sup> THE WORLD BANK, "Russian Invasion of Ukraine Impedes Post Pandemic Economic Recovery in Emerging Europe and Central Asia" <u>https://www.worldbank.org/en/news/press-release/2022/10/04/russian-invasion-of-ukraine-impedes-post-pandemic-economic-recovery-in-emerging-europe-and-central-asia</u>, Last accessed on June 21, 2023. <sup>41</sup> IMF BLOG, "How Food and Energy are Driving the Global Inflation Surge"

https://www.imf.org/en/Blogs/Articles/2022/09/09/cotw-how-food-and-energy-are-driving-the-global-inflation-surge, Last accessed on June 21, 2023.

more clearly seen when focusing on the inflation rates of the various components. Prices for food items like wheat (a component of flour, bread, and pasta) or oilseeds, which imports from Ukraine and Russia had been crucial before the war, experienced inflation rates that were significantly higher than the national average for food inflation. For instance, the price of sunflower oil and other edible oils increased by nearly 47% for consumers in the euro area in January 2023 compared to the same month the previous year.<sup>42</sup>

Energy and food prices continue to have a big negative influence on every component of the EU economy and people's daily lives due to high inflation, which makes up a large amount of it. This is especially true for low-income households, where a sizable portion of consumption is made up of food and energy. Due to the strong reliance of the euro area on energy imports, the rise in energy import costs results in a significant and unavoidable loss of real revenue as a result of the decline in our terms of trade.<sup>43</sup>

#### 2.2 Direct Impact on Some of the Largest Economic Countries in the EU

The economic impact of the conflict on individual countries in the EU has been significant. Many European nations rely heavily on trade with Russia, and the sanctions imposed by the EU have had a negative effect on their economies.

#### 2.2.1 Germany Economy

Germany was severely impacted by Ukraine's war, with energy prices and input costs causing inflation to reach 11.6% in October 2022; By 2023, price controls on gas and electricity will be reduced, but consumer prices will remain high.<sup>44</sup> Producer costs will maintain strong

<sup>&</sup>lt;sup>42</sup> EUROPEAN CENTRAL BANK, "One year since Russia's invasion of Ukraine-the effects on euro area inflation" <u>https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog20230224~3b75362af3.en.html,</u> Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>43</sup> United Nation, "Department of Economic and Social Affairs" <u>https://knowledge4policy.ec.europa.eu/organisation/undesa-united-nations-department-economic-social-affairs\_en</u>, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>44</sup> German Council of Economic Experts, "ECONOMIC OUTLOOK FOR 2022 AND 2023"

https://www.sachverstaendigenrat-wirtschaft.de/en/economic-outlook-2022.html, Last accessed June 24, 2023.

HICP inflation, reaching 6.8% in 2023. A drop in energy prices will moderate inflation to 2.7% in 2024. Germany's private consumption will continue to grow, leading to GDP growth of 1.4% in 2024 and 0.2% in 2023.<sup>45</sup>

The German economy appeared to be one of the strongest in many years, but the forecast is suddenly less optimistic. The war's immediate effects on Germany's trade with and investment in Russia and Ukraine are significant. Germany made investments totaling  $\epsilon$ 25 billion and shipped items to Russia worth  $\epsilon$ 27 billion last year.<sup>46</sup> Exports will plummet, and a significant amount of investment will be written off as a result of Western sanctions, German companies actively leaving, and a recession in Russia. Economic ties with Ukraine also suffer greatly due to business disruption and war-related destruction. And the effects of the Ukrainian conflict on the German economy will be considerably more extensive.<sup>47</sup>

Germany's substantial reliance on Russia's formerly affordable and reliable energy imports has unexpectedly turned into a significant economic danger. German industry is dependent on the supply of Russian gas, which is piped directly into Germany. Despite businesses' expectations of a decline this year, gas prices on the spot market have increased ten times in a single year as a result of the impending European (or Russian) energy sanctions and the German government's desire to reduce dependence as quickly as possible. This is increasing the cost of using gas and electricity in industrial operations, making some economic activities unprofitable. Supply lines in the German industrial sector are being disrupted, particularly supply linkages between Germany and Russia and Germany and Ukraine, shipping schedules,

<sup>&</sup>lt;sup>45</sup> European Commission, "Economic Forecast for Germany" <u>https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany\_en</u>, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>46</sup> The Moscow Times, "German Investment in Russia Reaches Its Highest Level in a Decade"

https://www.themoscowtimes.com/2019/07/25/german-investment-in-russia-reaches-its-highest-level-in-a-decade-a66576, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>47</sup> REUTERS, "War hit to German economy will last year -economist" "<u>https://www.reuters.com/markets/europe/war-hit-german-economy-will-last-years-economist-2022-08-24/</u>, Last accessed on June 24, 2023.

and the departure of Russian and Ukrainian maritime workers. Due to delays and a decrease in transport capacity, sanctions against Russian providers have hindered flying traffic between Europe and northern Asia.<sup>48</sup>

#### 2.2.2 France Economy

The invasion of Ukraine by Russia and the resulting oil crisis damaged the recovery by lowering consumer spending power, weakening consumer confidence, and intensifying supplyside issues.<sup>49</sup> According to IMF projections, French economic growth dropped to 2.6% in 2022 and should further decline to 0.7% in 2023 before picking up to 1.4% in 2024. The cost of food, which started to drive French inflation in September 2022, will keep rising. The average increase in food prices by the end of the year will be 12%. The unemployment rate reached 7.2% reached a record high, as labor hoarding gradually fades away, apprenticeship contracts have less of an impact, hours worked are back to where they were in 2019, and labor productivity increases. In 2023, the unemployment rate is projected to rise to 7.4% before stabilizing at 7.5% in 2024.<sup>50</sup>

Energy and commodity price increases and inflation climb up to 5.9% in 2022 but remained the lowest in the EU, if compare to the inflation rate in Germany at 11.6% at the same time. However, the increase in regulated electricity and gas prices, the loss of the fuel rebate, and the delayed rise in core inflation all contributed to the increase in headline inflation. As wage increases filter into core inflation, decreased energy prices take time to drop down to nonenergy industrial goods, and food product inflation stays high, it is predicted that headline

<sup>&</sup>lt;sup>48</sup> NEW ZEALAND FOREIGN AFFAIRS & TRADE, "Germany economic update: emerging impact of the war in Ukraine" <u>https://www.mfat.govt.nz/assets/Trade-General/Trade-Market-reports/Germany-economic-update-emerging-impact-of-the-war-in-Ukraine.pdf</u>, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>49</sup> IMF BLOG, "How War in Ukraine Is Reverberating Across World's Region"

https://www.imf.org/en/Blogs/Articles/2022/03/15/blog-how-war-in-ukraine-is-reverberating-across-worlds-regions-031522, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>50</sup> IMF, "France is Building Resilience Through Bold Reforms" <u>https://www.imf.org/en/News/Articles/2023/01/27/cf-france-is-building-resilience-through-bold-reforms</u>, Last accessed on June 24, 2023.

inflation would decline only gradually over the course of the forecast period. As a result, it is expected that overall inflation would be 5.5% in 2023 before declining to 2.5% in 2024.<sup>51</sup>

#### 2.2.3 United Kingdom Economy

Even though, UK is no longer in the EU but it influence to the EU and Russia's aggression against Ukraine so it is important to point out how the war make a significant impact to the United Kingdom's economy. Only 0.7% of UK exports of products and services and 1.5% of imports come from Russia. Vehicles and their components, machinery, and appliances make up the majority of British exports to Russia. Oil & petroleum products and precious metals made up almost all of Russia's imports to the UK in 2019.<sup>52</sup>

Gas is one of the main fuels used to produce electricity in Britain, and because of the way the power market is now set up, gas costs are correlated with electricity prices. However, a large decrease in Russian pipeline flows negatively impacted gas supplies.<sup>53</sup> As a result, there were not enough alternative sources of gas and oil to supply Europe's demand; although UK natural gas prices reached a peak that was 350% in August 2022 higher than they were at the beginning of the conflict in February 2022, considerably bigger rises were being suggested to rural businesses looking to renew their energy tariffs. At that time, the energy markets were extremely erratic and unstable.<sup>54</sup>

Despite the fact that inflation has been high, there are indications that it could be decreasing in 2023. However, there is still some ambiguity surrounding the dispute, and the

<sup>&</sup>lt;sup>51</sup> European Commission, "Economic Forecast for France" <u>https://economy-finance.ec.europa.eu/economic-surveillance-eu-economics/france/economic-forecast-france\_en</u>, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>52</sup> OLLY BARTRUM, "Russia-Ukraine war: How could it affect the UK economy?" INSTITUTE FOR GOVERNMENT, <u>https://www.instituteforgovernment.org.uk/article/explainer/russia-ukraine-war-how-could-it-affect-uk-economy</u>,Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>53</sup> NIESR, "The Economic Consequences of the Ukraine War for UK Household Income" <u>https://www.niesr.ac.uk/publications/economic-consequences-ukraine-war-uk-household-incomes?type=uk-economic-outlook-box-analysis</u> Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>54</sup> MARK TOPLIFF, "The Ukraine war impact on UK consumer" Knight Frank,

https://www.knightfrank.com/research/article/2023-02-24-the-ukraine-war-impact-on-uk-consumers, Last accessed on June 24, 2023.

UK's energy and food security remain in risk if world events continue to have an impact on supply.<sup>55</sup>

#### 2.3 The Opportunity for Some EU Members

On the table of the EU, it seems that the EU has put ten numerous sanctions against Russia in many fields, but in reality, there are many exceptional cases for both parties to stay in touch and still have a better flow of trade. Trade flow with goods exchanges of 258 billion euros (\$280 billion), Russia was the EU's fifth-largest trading partner in 2021. Fuel, wood, iron, steel, and fertilizers were the top imports into the EU; Between March 2022 and the end of January 2023, the EU imported commodities from Russia totaling 171 billion euros (\$186 billion); this indicator shows EU continues to conduct business with Russia despite sanctions.

There are no sanctions against Russia's nuclear industry, which Bulgaria and Hungary have openly opposed and where Russian state-owned nuclear energy business "The Rosatom" is planning to expand the Power Plant. Nearly 750 million euros (\$814 billion) in items from the Russian nuclear industry were imported by the EU in 2022. Russia supplied a fifth of the uranium used by EU consumers in 2021.<sup>56</sup> The French energy ministry rejected some of Greenpeace's findings, claimed that since the invasion, Paris has significantly increased its purchases of enriched uranium from Russia. Paris claimed that ending its contracts with Russia would cost more money than keeping them in place.<sup>57</sup>

According to Eurostat, the EU purchased Russian diamonds worth 1.4 billion euros (\$1.52) last year despite neither prohibiting the import of diamonds nor blacklisting the

<sup>&</sup>lt;sup>55</sup> THE WORLD BANK, "Inflation, GDP deflater (annual %) -United Kingdom"

https://data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=S4, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>56</sup> Al Jazeera, "Despite sanction, EU keeps on doing business with Russia"

https://www.aljazeera.com/news/2023/3/29/despite-sanctions-eu-keeps-on-doing-business-with-russia, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>57</sup> Michael Fitzpatrick, "Greenpeace cries scandal as France continues to import Russian uranium" RFI,

https://www.rfi.fr/en/international/20230320-greenpeace-cries-scandal-as-france-continues-to-import-russian-uranium,, Last accessed on June 24, 2023.

country's state-owned company Alrosa; However, Belgium is one of the world's largest diamond trading centers also opposed and stand alone to against sanction on Russia diamonds.<sup>58</sup>

Regarding the energy sector, Hungary is one of the EU members that can buy a good deal of energy price from Russia for its individual relationship with Russia; In order to maintain its trade and political connections with Moscow, Hungary jumped out at deals that guaranteed its access to Russian energy, Hungary was granted a license by the Russian state-owned energy company Gazprom to import more natural gas than was specified in a long-term agreement that was reached in 2022. The cost of the gas would be regulated at 150 euros (\$163) per cubic meter and would travel through the Turkstream Pipeline to Hungary.<sup>59</sup>

<sup>&</sup>lt;sup>58</sup> Carol Hills, "Belgium faces pressure to support sanctions on Russian diamonds" The World, <u>https://theworld.org/stories/2023-02-02/belgium-faces-pressure-support-sanctions-russian-diamonds</u>, Last accessed on June 24, 2023.

<sup>&</sup>lt;sup>59</sup> Radio Free Europe News, "Hungary Concludes New Energy Agreements with Russia" <u>https://www.rferl.org/a/hungary-russia-energy-agreements-szijjarto/32359045.html</u>, Last accessed on June 24, 2023.

# CHAPTER 3: THE CHANGING IN WORLD ORDER: EU POLITICS IN THE SHADOW OF THE RUSSIA-UKRAINE CONFLICT

#### **3.1** The Changing in the Political Order in the EU

Many observers have been surprised by the strong political unity displayed by the European Union in response to Russia's brutal invasion of Ukraine in February 2022. They anticipated Vladimir Putin to use Russian influence, particularly Europe's long-recognized reliance on Russian energy, to divide and incapacitate the European Union effectively.<sup>60</sup> Putin, however, was mistaken in his forecast that Europe was not going to risk its economic security for Ukraine. European unity survived a year into the war, The United States and other Group of Seven (G7) members worked together to launch an international price cap on the purchase of Russian oil, in addition to EU sanctions on the maritime transport of Russian oil, just a few weeks before the European Union passed its tenth sanctions package against Russia.<sup>61</sup>

However, through encouraging strong ties within the EU, the European political order has demonstrated both favorable and unfavorable outcome in its internal affair; by promoting strong relations in the EU; the EU faces the Ukraine conflict, is compelled to tackle democratic decline; and Concerns arise over European populism and far-right parties revival.<sup>62</sup>

#### 3.1.1 The Resilient Relations between EU Members and Its Allies

It is important to keep in mind that European integration emerged from the ashes of World War II and following the Cold War in the form of a network of connected and overlapping institutions, including the Organization for Security and Cooperation in Europe

<sup>&</sup>lt;sup>60</sup> Jonathan Masters, "Ukraine: Conflict at the Crossroads of Europe and Russia", COUNCIL on FOREIGN RELATIONS, <u>https://www.cfr.org/backgrounder/ukraine-conflict-crossroads-europe-and-russia</u>, Last accessed on July 1, 2023.

<sup>&</sup>lt;sup>61</sup> Maksim Levin, "War in Ukraine", Global Conflict Tracker, <u>https://www.cfr.org/global-conflict-tracker/conflict/conflict-ukraine</u>, Last accessed on July 1, 2023.

<sup>&</sup>lt;sup>62</sup> Mykhailo Minakov, Daniela Irrera, Michael Emerson, "How Europe Is Changed by Russia's War on Ukraine: Three Experts", Wilson Center, <u>https://www.wilsoncenter.org/blog-post/how-europe-changed-russias-war-ukraine-three-experts</u> Last accessed on July 1, 2023.

(OSCE), the Organization for Economic Cooperation and Development (OECD), the European Coal and Steel Community (ECSC), the European Economic Community (EEC), and NATO. Similar to how the sudden collapse of the Cold War was a major historical turning point for European integration.<sup>63</sup> The Iron Curtain's imposed political regime essentially disappeared overnight. Transatlantic relations and the sustainability of the Western alliance system were left in doubt as a result. Now that things have shifted once more, it's possible that the conflict in Ukraine has unintentionally served as an encouragement for a refocus on European integration and an upheaval of the transatlantic relationship.<sup>64</sup>

The political, geopolitical, and economic framework for transatlantic relations and regional cooperation in Europe has changed due to the Ukraine War. Moscow's assault has maybe not entirely without irony reminded the European Union of its Cold War roots. In fact, some of the smaller European nations have been the strongest advocates of NATO in recent years due to their long-standing concern for Russia. The conflict has brought attention to the complexity of security issues as well as the tight interdependence between NATO (and its ingrained transatlantic partnership) and the EU, the two primary pillars of the Western alliance system. The conflict will give the EU's Common Foreign and Security Policy fresh life and strengthen EU-NATO collaboration.<sup>65</sup> The invasion by Russia is also very symbolic since it attacks the fundamental norms of the European integration project, including its ideals of democracy, human rights, freedom, and the rule of law. The Ukrainian attempt to emerge from

<sup>&</sup>lt;sup>63</sup> Journal of Common Market Studies, "The Return of Politics – The European Union after the crises in the eurozone and Ukraine", <u>https://luukvanmiddelaar.eu/media/files/Publication/28/downloads/22the-return-of-politics-the-european-union-after-the-crisis-in-the-eurozone-and-ukraine.pdf,</u> Last accessed on July 1, 2023.

<sup>&</sup>lt;sup>64</sup> SCOTT BESSENT, "The World After Ukraine" THE INTERNATION ECONOMY, <u>http://www.international-</u> <u>economy.com/TIE Sp22 WorldAfterUkraine.pdf</u>, Last accessed on July 1, 2023.

<sup>&</sup>lt;sup>65</sup> Uwe Wunderlich, "Russia's invasion of Ukraine: A turning point for European integration?" LSE,

https://blogs.lse.ac.uk/europpblog/2022/04/05/russias-invasion-of-ukraine-a-turning-point-for-european-integration/, Last accessed on July 1, 2023.

under the dominance of Moscow in search of a democratic and European future, at least in part, served as the catalyst for the war.<sup>66</sup>

### 3.1.2 The Conflict in Ukraine Additionally Compelled the European Union to Treat the Democratic Slide in Hungary and Poland Seriously

The EU has established several programs and support for many EU nations, like Hungary and Poland, which have weak democratic systems, the crisis between Ukraine and Russia was noted as a turning moment for the return of democracy in the EU. The EU, meanwhile, has frozen its funding to support democracy and begun giving money to Ukraine's military support as a top priority since the start of the conflict.<sup>67</sup>

Brussels refuses all 22 billion euros in coherence funding designated for Budapest from the 2021–2027 long-term budget of the European Union until the Viktor Orbán administration accepts conditions on the independence of the judiciary, academic freedoms, LGBTQ+ rights, and the asylum system. Additionally, 5.8 billion euros in funding from the pandemic recovery fund had been delayed until the Hungarian government addressed longstanding concerns about its legal system. In the end, an agreement was reached, with Budapest mainly caving. Only 6.3 billion euros would be kept by the European Union from Hungary, which would then implement 27 measures aimed at eliminating corruption and enhancing judicial independence. Additionally, Hungary removed its vetoes against the 18 billion euro EU aid package for Ukraine and the 15% worldwide business tax. While this hasn't even come close to resolving

<sup>&</sup>lt;sup>66</sup> U.S. DEPARTMENT of STATE, "Russia's Strategic Failure and Ukraine's Secure Future", <u>https://www.state.gov/russias-strategic-failure-and-ukraines-secure-future/</u>, Last accessed on July 1, 2023.

<sup>&</sup>lt;sup>67</sup> Max Bergmann, Ilke Toygür, and Otto Svendsen, "A Continent Forged in Crisis: Assessing Europe One Year into the War" Center for Strategic and International Study, <u>https://www.csis.org/analysis/continent-forged-crisis-assessing-europe-one-year-war</u> Last accessed on July 1, 2023.

Hungary's problems with corruption or the rule of law, it does show how willing the EU is to take advantage of its great power.<sup>68</sup>

In addition, Poland has not received 35 billion euros in loans and grants from the European Commission's epidemic recovery fund, and the money will be frozen until the legal framework is changed. Additionally, Warsaw owes an additional 436 million euros as part of a fine of one million euros per day issued by the EU Court of Justice last year for violating a court order to suspend its controversial disciplinary system for judges. Warsaw must adopt legislation to release the funds, which it urgently needs given that inflation in November was one of the highest in the European Union at 17.5 percent year-over-year. However, there is a division in the ruling coalition, where the smaller, far-right United Poland Party must support the Law and Justice Party, which controls the majority, in order to create a government. One of the goals set forth by Brussels to unfreeze the pandemic recovery money is addressed by legislation that was recently passed in the lower house of parliament and seeks to allay concerns of the European Commission by eliminating contentious powers of the Supreme Court. But President Andrzej Duda still needs to sign off on the revised measure, and it's still not clear if the European Union will find the amendments acceptable.<sup>69</sup>

# 3.1.3 The Concern Arises over European Populism and Far-Right Parties Revival

The conflict in Ukraine has not just impacted Ukraine's sovereignty, but it has also been used as a political tool by some opposition politicians in some EU nations to criticize the government for its ineffective response to the conflict, which has caused those countries to enter a recession. Throughout the 2022 European elections, far-right parties made an effort to control

<sup>&</sup>lt;sup>68</sup> Yusuke Ishikawa, "As war in Ukraine continues, Poland and Hungary threaten EU stability", The Japan Times, <u>https://www.google.com/search?client=safari&rls=en&q=Yusuke+Ishikawa,+%E2%80%9CAs+war+in+Ukraine+continues,</u> <u>+Poland+and+Hungary+threaten+EU+stability%E2%80%9D,+The+Japan+Time&ie=UTF-8&oe=UTF-8,</u> Last accessed on July 1, 2023.

<sup>&</sup>lt;sup>69</sup> Bernd Riegert, "Rule of law: EU reprimands Poland and Hungary" DW, <u>https://www.dw.com/en/rule-of-law-eu-reprimands-poland-and-hungary/a-66165982</u> Last accessed on July 13, 2023.

their radical waves and become more acceptable in voters' views.<sup>70</sup> For instance, as President Emmanuel Macron served as the representative of the establishment in France, Le Pen went to the middle and ran as the change candidate. Le Pen performed better than she did in 2017, but she was still defeated by a rather unpopular incumbent by 17 percentage points.<sup>71</sup> Giorgia Meloni, a member of the Brothers of Italy party with fascist roots, won the election and was subsequently elected prime minister of Italy. However, Meloni also tried to adopt a more moderate approach, strongly backed Ukraine, and toned its previous anti-EU statements.<sup>72</sup> The second-largest party in Sweden, the neo-Nazi Sweden Democrats, contributed to the centerright Moderate Party's election as prime minister. Even if the Sweden Democrats' victory is worrying, the party was not formally a part of the new administration, and the issues that dominated the election were precisely the ones that gave it prominence to crime and immigration.<sup>73</sup> There is no obvious indication that a rise in anti-EU sentiment in these elections; However, this might one day be a threat to the EU voice because those leaders might see their nation's interest brighter and the Union's interest because most of the far-right parties in the EU have a political concept of realism.<sup>74</sup>

<sup>71</sup> Jemima Kelly, "Polls show Macron, Le Pen going through to French election run-off" REUTERS,

https://www.bbc.com/news/world-europe-63029909 Last accessed on July 3, 2023.

<sup>&</sup>lt;sup>70</sup> Jon Henley, "How Europe's far right is marching steadily into the mainstream" The Guardian,

https://www.theguardian.com/world/2023/jun/30/far-right-on-the-march-europe-growing-taste-for-control-and-orderLast accessed on July 3, 2023.

https://www.reuters.com/article/us-france-election-markets-idUSKBN17P0T2, Last accessed on July 3, 2023. <sup>72</sup> Paul Kirby, "Giorgia Meloni: Italy's far-right wins election and vows to govern for all", BBC News,

<sup>&</sup>lt;sup>73</sup> Leila Nezirevic, "Far-right Sweden Democrats set to become nation's 2nd largest party ahead of polls" Anadolu Agency, <u>https://www.aa.com.tr/en/europe/far-right-sweden-democrats-set-to-become-nations-2nd-largest-party-ahead-of-polls/2667145</u>, Last accessed on July 3, 2023.

<sup>&</sup>lt;sup>74</sup> Realism is the international relations theories that indicate the model of the states, state interest, and power in world Politic, Further reading: <u>https://www.britannica.com/topic/realism-political-and-social-science</u>. Last accessed on July 3, 2023.

# **3.2** The EU's Political Relation: The New Path for EU Foreign Policy in the Shadow of the Russia-Ukraine War

Despite the critical situation change in the EU's internal affair, the war in Ukraine also create a dramatically move for EU's foreign policy in order to seek the global support to them.<sup>75</sup> In this approach, the EU have been trying to strengthen the Transatlantic Relations (EU and US), EU relations with China, and EU relation with Indo-Pacific.

# 3.2.1 Transatlantic Relations in the New Era of the Ukraine War

Transatlantic relations have improved dramatically as a result of the conflict in Ukraine. The Biden administration established a much more diplomatic soft tone than the Trump administration in its first year, emphasizing the value of transatlantic ties.<sup>76</sup> However, it was also evident to Europe that China and the Indo-Pacific were the areas of attention. The United States gave no advance notice of its intention to withdraw from Afghanistan to Europe; in September 2021, the Australia-United Kingdom-United States (AUKUS) submarine deal nearly brought the Franco-American relationship to an end; and in U.S.-German relations, opposition to the Nord Stream II pipeline predominated.<sup>77</sup>

This shift to Asia was put on hold by the conflict in Ukraine, and key American officials flocked to Europe. The battle also led to the cancellation of the Nord Stream II project and a sharp rise in the European defense budget. Furthermore, the United States extraordinarily forceful response to the conflict in Ukraine has shown how crucial it is for European security. Through extensive security support to Ukraine, the United States has demonstrated its military

https://www.epc.eu/en/Publications/Europe-in-the-world-in-2022-The-transatlantic-, Last accessed on July 5, 2023.

 <sup>&</sup>lt;sup>75</sup> Heidi Maurer, Richard G Whitman, and Nicholas Wright; "The EU and the invasion of Ukraine: a collective responsibility to act?" OXFORD ACADEMIC, <u>https://academic.oup.com/ia/article/99/1/219/6967342</u>, Last accessed on July 3, 2023.
 <sup>76</sup> EUROPEAN POLICY CENTRE, "Europe in the world in 2022: The transatlantic comeback?",

<sup>&</sup>lt;sup>77</sup> Max Bergmann, Ilke Toygür, and Otto Svendsen, "A Continent Forged in Crisis: Assessing Europe One Year into the War" Center for Strategic and International Study, , <u>https://www.csis.org/analysis/continent-forged-crisis-assessing-europe-one-year-war</u>, Last accessed on July 5, 2023.

and intelligence capabilities.<sup>78</sup> The majority of European respondents to a German Marshall Fund inquiry from September 2022 anticipate steady EU-U.S. relations over the next five years, while more than a quarter anticipates deeper connections. According to the same respondents, there is widespread support for President Biden's management of international relations throughout European nations, with Eastern Europe receiving the most approval.<sup>79</sup>

However, there was also a chance that transatlantic relations may peak in 2022. The publication of the National Security Strategy and National Defense Strategy in past September 2022 made it plain that the U.S. shift to Asia was no longer on hold. The frequency of senior-level visits to Europe and the force posture the US deployed into Europe when it appeared that Russia may annex Ukraine are unlikely to continue. Given its dependence, Europe might respond by becoming more alarmed if it believes Washington is not paying enough attention to the challenges facing the region.<sup>80</sup>

# 3.2.2 The EU's Political Relations with China

China-EU relations face more challenges as the Ukraine conflict continues. Beijing has tried to maintain a delicate line between keeping its strategic alliance with Russia and managing the pressure on its relationship with the European Union. The 12-point position paper from China is the most recent example of Beijing's efforts to present itself as a third-party neutral to the war in Ukraine.<sup>81</sup> On the other hand, the sincerity of Beijing's strategy has been questioned

<sup>&</sup>lt;sup>78</sup> Abhay Krishna, "View: Root cause of Ukraine-Russia conflict" The Economic Time, <u>https://economictimes.indiatimes.com/news/defence/view-the-root-cause-of-the-ukraine-conflict/articleshow/89807225.cms</u> Last Last accessed on July 5, 2023.

<sup>&</sup>lt;sup>79</sup> The German Marshall Fund, "Transatlantic Trends 2022" <u>https://www.gmfus.org/news/transatlantic-trends-2022</u>, Last accessed on July 5, 2023.

 <sup>&</sup>lt;sup>80</sup> Nikolas K. Gvosdev, "The Regional Dimensen to U.S. National Security"; FOREIGN POLICY RESEARCH INSTITUTE, <u>https://www.fpri.org/article/2022/07/the-regional-dimension-to-u-s-national-security/</u>, Last accessed on July 5, 2023.
 <sup>81</sup> Ministry of Foreign Affairs of the People's Republic of China, "China's Position on the Political Settlement of the Ukraine Crisis" <u>https://www.fmprc.gov.cn/eng/zxxx\_662805/202302/t20230224\_11030713.html</u>, Last accessed on July 6, 2023.

in Brussels due to China's failure to use its influence to force on Russia to respect the UN Charter.

In this circumstance, China have been played the most important role to out stand its position in Ukraine's war by its hard and soft power; Beijing is increasingly viewing the world through a lens of its geopolitical rivalry with the US (and the rest of the West in general). This means that China will not support the US or Europe in a conflict with nations that it considers to be geopolitical or strategic allies.<sup>82</sup> However, China still keep good in touch with Russia due to the interest in which China could access to Russia energy in a lowest price to booster its industry and China also have abroad interest in trading with Russia; on the top of these, China and Russia also share the same ideology and strategic partner as a party of revival to the west.<sup>83</sup>

The bigger lesson is that economic interdependence may even be used as a weapon in times of conflict, proving that conflicts do not end just because of it. If this were to be applied to EU China policy, Europe would need to diversify its economic relationships and lessen its reliance on China. It's crucial that this lesson is applied beyond the nations who are currently experiencing an energy constraint, like Germany.<sup>84</sup> Economic relations between the EU and China are far more extensive and have an impact on a wide range of industries and nations, including those in Southern Europe that have escaped the brunt of the energy crisis.<sup>85</sup>

<sup>82</sup> Jorge Liboreiro, "The European Commission believes China's 12-point plan is built on "misplaced" ideas of security interests and implicitly justifies Russia's invasion." euronews, , <u>https://www.euronews.com/my-europe/2023/02/24/chinas-peace-plan-for-ukraine-is-selective-and-blurs-roles-of-aggressor-and-victim-says-br</u>, Last accessed on July 6, 2023.
 <sup>83</sup> Muyu Xu and Emily Chow, "China reaps energy windfall as West shuns Russian supplies" REUTERS,

https://www.reuters.com/business/energy/china-reaps-energy-windfall-west-shuns-russian-supplies-2022-09-14/, Last accessed on July 6, 2023.

<sup>84</sup> MERICS, "EU-China Opinion Pool: Key lessons for the EU from China's position on the Ukraine war" <u>https://www.google.com/search?client=safari&rls=en&q=MERICS,+%E2%80%9CEU-</u> <u>China+Opinion+Pool:+Key+lessons+for+the+EU+from+China%E2%80%99s+position+on+the+Ukraine+war%E2%80%9D</u> <u>&ie=UTF-8&coe=UTF-8</u>, Last accessed on July 6, 2023.

<sup>&</sup>lt;sup>85</sup> Ng Han Guan, "Western anger over China's ambiguity on Ukraine cannot hide growing divisions in EU over support for Kyiv", THE CONVERSATION, <u>https://theconversation.com/western-anger-over-chinas-ambiguity-on-ukraine-cannothide-growing-divisions-in-eu-over-support-for-kyiv-204213</u>, Last accessed on July 6, 2023.

#### 3.2.3 The EU's Political Relations with Indo-Pacific

The Indo-Pacific is the biogeographic and economic region that extended from the Indian Ocean to Western Americas during the interwar period. German geopoliticians anticipated an Indo-Pacific region under German leadership, made up of Chinese and Indian anti-colonial forces, to be useful in their hegemonic war against the British Empire and the United States. Similar to how it views the Indo-Pacific as a crucial area in the context of its efforts to control China, which necessarily involve the so-called Island Chain strategy.<sup>86</sup>

Unavoidably, the conflict in Ukraine will limit European capabilities elsewhere. But the desire to participate in the Indo-Pacific region still exists. European Asia policy faces limitations due to distance, power projection, unclear objectives, and urgent priorities. Observers argue Moscow and the immediate neighborhood should be Europe's main strategic concern. Europe's re-prioritization will affect resource allocation to align investment with security threats. While geopolitics and defense are crucial, "trickle-down effects" to the Indo-Pacific will be minimal. Germany's investments will focus on NATO commitments, while Germany plans to invest 100 billion euros in modernizing its military.<sup>87</sup>

The EU has successfully managed regional pandemics, particularly in Southeast Asia. As pandemics likely recur, sharing best practices and developing resilience is crucial for Brussels' outreach. Europe can contribute to economic and sustainable development agendas, complementing security mechanisms like the Quad and AUKUS. A "soft" European focus on

<sup>&</sup>lt;sup>86</sup> European Union, "EU Strategy for Cooperation in the Indo-Pacific", <u>https://www.eeas.europa.eu/eeas/eu-strategy-</u> <u>cooperation-indo-pacific en,</u> Last accessed on July 6, 2023.

<sup>&</sup>lt;sup>87</sup> France Diplomacy, "The European Union in the Indo-Pacific"

https://www.google.com/search?client=safari&rls=en&q=France+Diplomacy,+%E2%80%9CThe+European+Union+in+the+ Indo-Pacific%E2%80%9D&ie=UTF-8&coe=UTF-8, Last accessed on July 6, 2023.

security goods contributes to a comprehensive security order, including China and the US, to maintain cooperation and civility, ideally preventing similar situations in Europe.<sup>88</sup>

<sup>&</sup>lt;sup>88</sup> Thomas des Garets Geddes, "Chinese debates on Ukraine + EU-Indo-Pacific Forum + Strategic dependency" MERICS, <u>https://merics.org/en/merics-briefs/chinese-debates-ukraine-eu-indo-pacific-forum-strategic-dependency</u>, Last accessed on July 6, 2023.

# CHAPTER 4: THE CHANGING IN WORLD ORDER: EU SECURITY IN THE SHADOW OF THE RUSSIA-UKRAINE CONFLICT

#### 4.1 The Changing in the Security Order in the EU

Europe's security system is facing a structural change as a result of Russia's illegal invasion of Ukraine. The war has reshaped EU security more quickly than any previous development in the three decades since 1989.<sup>89</sup> Germany is pledging major investments in defense and energy security and calling for a historic shift. NATO is significantly bolstering its presence on the Alliance's eastern flank, Sweden and Finland are considering joining NATO, the EU is arming Ukraine, and Russia is moving faster to China as a result of the economic and political sanctions imposed by the West, which are isolating it further. These alterations directly affect the institutional framework that organizes European security. Only four of the 27 EU countries—Austria, Cyprus, Ireland, and Malta—will not also be NATO members once Sweden and Finland have joined. Denmark's desire to join the CSDP has increased its coherence. The institutional structure of European security appears much more cohesive now than it did only half a year ago due to this nearly full overlap of membership of European states within NATO and the EU.<sup>90</sup>

# 4.2 Defense Policy in Europe

Europe is taking defense seriously nowadays more than ever due to the conflict in Ukraine and the EU's involvement in military policy is growing. The EU has announced a number of steps to deal with some of the current problems. The Strategic Compass, the

<sup>&</sup>lt;sup>89</sup> Carla Babb and Iuliia Iarmolenko, "Russian Invasion Changed Europe's Security Environment 'for Decades'" VOA, <u>https://www.voanews.com/a/russian-invasion-changed-europe-s-security-environment-for-decades-/6976875.html</u>, Last accessed on July 8, 2023.

<sup>&</sup>lt;sup>90</sup> HANS VON DER BURCHARD, PAUL MCLEARY AND LAURA KAYALI,"Western powers race to finish security pledges for Ukraine" POLITICO, <u>https://www.politico.eu/article/western-powers-nato-security-pledges-ukraine-putin-russia-war/</u>, Last accessed on July 8, 2023.

European Union's first-ever version of a national security plan, was adopted in March 2022. It was rapidly rewritten to account for this significant change after being negotiated and largely completed prior to the Russian invasion of Ukraine, but it was unable to fully represent the impact and consequences of the war.<sup>91</sup> However, it offers a realistic although ambitious road map for the European Union to improve its accountability and credibility in the security sector. The document lays out a joint threat assessment that presents China as a systemic competitor, an economic rival, and a partner for cooperation while characterizing Russia as a serious and immediate threat to the European security order.<sup>92</sup> It also emphasizes how crucial it is for Europe to build up its military prowess, including the capacity to send out 5,000 troops anywhere at any time. This objective was established as a direct reaction to the challenges of the withdrawal from Afghanistan, where the European Union was reliant on the American military to evacuate its citizens.<sup>93</sup>

# 4.2.1 The crucial role of Germany as the biggest country in the EU for Defense Security

Germany's decision to take a step back from its Pacifist tendencies and adopt a more active role in Europe's security system was the most significant national development in the defense sector. Only three days after Russia's invasion of Ukraine, Chancellor Scholz announced a Zeitenwende ("change of era") in his speech to the Parliament at an emergency session. He promised to spend 2% of the nation's GDP on defense and to support the change in

<sup>&</sup>lt;sup>91</sup> European Union, "A Strategic Compass for Security and Defence" <u>https://www.eeas.europa.eu/eeas/strategic-compass-</u> security-and-defence-1 en, Last accessed on July 9, 2023.

<sup>&</sup>lt;sup>92</sup> NATO, "NATO 2022 STRATEGIC CONCEPT" <u>https://www.nato.int/cps/en/natohq/topics\_210907.htm</u>, Last accessed on July 9, 2023.

<sup>&</sup>lt;sup>93</sup> Max Bergmann, Ilke Toygür, and Otto Svendsen, "A Continent Forged in Crisis: Assessing Europe One Year into the War" Center for Strategic and International Study, , <u>https://www.csis.org/analysis/continent-forged-crisis-assessing-europe-one-year-war</u>, Last accessed on July 10, 2023.

the structure of the German armed services with a 100 billion euro special emergency fund. He also called for a significant revision of German defense planning.<sup>94</sup>

Since then, the view has asserted that the German chancellor and government lack the capacity to fulfill their storied commitments. First, analysts believe that Berlin hasn't changed its foreign policy enough, because it hasn't taken the initiative to help Ukraine's efforts to maintain its sovereignty, and has only agreed to provide Kyiv with essential military supplies after being subjected to intolerable political pressure. Second, Germany is acting diplomatically in a manner that resembles to its past engagement with Russia, as demonstrated by Scholz's status as the first Western leader to visit Beijing following Xi Jinping's reelection as head of the Chinese Communist Party in October 2022.<sup>95</sup> Lastly, critics accuse Berlin of failing to take meaningful real action to distinguish its present defense reform from other unsuccessful reform attempts. Instead of using this money to fund expensive national or European defense programs, it has primarily used the emergency fund to purchase off-the-shelf American equipment and added it to the regular defense budget. Germany may not meet the 2% spending goal it has set for itself until as late as 2025.<sup>96</sup>

It is evident that despite decades of lack of attention, 100 billion euros will not be enough to address all the issues the German military forces are currently facing. The amount of the increased investment is still unclear, but it will greatly strengthen the German military and make the nation a far more potent player in the defense arena.<sup>97</sup>

<sup>&</sup>lt;sup>94</sup> DW, "Germany must accept leading military role: Defense minister" <u>https://www.dw.com/en/germany-must-accept-leading-military-role-says-defense-minister/a-63089386</u>, Last accessed on July 10, 2023.

<sup>&</sup>lt;sup>95</sup> Sudha David-Wilp, "Germany Still Hasn't Stepped Up" FOREIGN AFFAIRS,

https://www.foreignaffairs.com/germany/germany-still-hasnt-stepped, Last accessed on July 10, 2023.

<sup>&</sup>lt;sup>96</sup> Fiona Ortiz, "Spain seeks direct EU bank aid, Germany resists", REUTERS, <u>https://www.reuters.com/article/us-spain-banks-idUSBRE8530MC20120604</u>, Last accessed on July 10, 2023.

<sup>&</sup>lt;sup>97</sup> Ben Knight, "What happened to the German military's €100 billion fund?" DW, <u>https://www.dw.com/en/what-happened-to-the-german-militarys-100-billion-fund/a-64846571</u>, Last accessed on July 10, 2023.

#### 4.2.2 France's Defense Policy in the Context of the Ukraine War

The conflict in Ukraine, according to President Macron, gave the "brain-dead" NATO an additional contract on existence. On the other hand, it appears to have had the opposite impact on France's ambition to lead European security or as a major global player.<sup>98</sup> France's standing in Europe has been undermined by statements regarding security guarantees to Russia and the fact that it has contributed relatively less to the defense of Ukraine than some of its allies. Paris appears prepared to collaborate more closely with NATO because of this, despite the fact that some incoherence still reduces the message's clarity.<sup>99</sup>

Greater collaboration between France and its NATO members is suggested by three factors. The new Loi de Programmation Militaire (military programming law), which goes into effect after Macron's address in Bratislava in May 2023, governs military maneuvers. The ORION 2023 operation, which began in 2021 and ended in May 2023, is the best illustration of recent collaborative military operations. In its final stage during the spring of 2023, these exercises, which were the largest for the French military in thirty years, included about 14 allies, including Rafale planes from the Indian air force.<sup>100</sup> In ORION, France demonstrated that it was prepared to serve as a NATO framework nation in the event of high-intensity combat. The words made by French President Macron in 2019 have alarmed France's friends, who were reassured by this. After leaving the Sahel, France has finally been able to give European security more serious consideration. Macron's statement in Bratislava was another indicator of a shift in French policy toward transatlantic security. The French president sought to reassure his partners

<sup>98</sup> Radek Sikorski, "Europe's Real Test Is Yet to Come" FOREIGN AFFAIRS,

https://www.foreignaffairs.com/europe/european-union-defense-war-ukraine-radek-sikorski, Last accessed on July 10, 2023. <sup>99</sup> euronews, "Macron blasted for saying Moscow needs 'security guarantees' to end the Ukraine war"

https://www.euronews.com/my-europe/2022/12/04/russia-needs-security-guarantees-to-end-the-war-in-ukraine-says-macron, Last accessed on July 10, 2023.

<sup>&</sup>lt;sup>100</sup> ahramonline, "Macron urges 'tangible' NATO security guarantees for Kyiv", <u>https://english.ahram.org.eg/News/502073.aspx</u>, Last accessed on July 10, 2023.

over NATO's importance to the security of Europe. Instead of focusing on "strategic autonomy," he emphasized the significance of developing stronger ties with the United States. He even emphasized how NATO had been revitalized by Vladimir Putin's assault in Ukraine.<sup>101</sup>

The military programming statute for 2024–2030 is the final component of France's resolve to take a more proactive role in transatlantic security. This law appears great at first glance: with an estimated cost of €413 billion over the following seven years, it would increase the defense budget from €32 billion in 2017 to €44 billion in 2023, reaching €69 billion in 2030. The issue is that similar to Germany or the UK, we don't know whether this increased funding will actually strengthen European military capability. Instead of funding a high-intensity conventional fight like the one in Ukraine, France, and the UK allocate a significant portion of their military budgets to nuclear deterrents.<sup>102</sup>

#### 4.2.3 The UK's Defense Policy in the Context of the Ukraine War

The UK has supported Ukraine with military aid since 1993, with bilateral agreements and the Political, Free Trade, and Strategic Partnership Agreement in November 2020. Since the Crimea Crisis in 2014, the UK has provided aid, investment schemes, and training programs, primarily on a bilateral basis, partly to deliver NATO commitments. Between 2014 and 2022, the UK led Operation Orbital, training over 22,000 Ukrainian Armed Forces members to NATO standards. Operation Interflex followed, with 15,000 Ukrainian soldiers

https://www.lemonde.fr/en/international/article/2023/07/11/france-to-send-scalp-long-range-missiles-to-

accessed on July 10, 2023.

<sup>&</sup>lt;sup>101</sup> Le Monde, "France to send SCALP long-range missiles to Ukraine"

ukraine 6049285 4.html#:~:text=France%20will%20provide%20Ukraine%20with,Macron%20said%20Tuesday%2C%20Ju ly%2011. Last accessed on July 10, 2023.

<sup>&</sup>lt;sup>102</sup> Ronald Hatto, "French Defence and Foreign Policy and the War in Ukraine" Australian Outlook, https://www.internationalaffairs.org.au/australianoutlook/french-defence-and-foreign-policy-and-the-war-in-ukraine/, Last

trained in 2022 and 30,000 in 2023. The UK also led cyber warfare exercises with 11 other countries, providing combat medical courses and military chaplain training.<sup>103</sup>

In addition to offering training, the UK was the first country to provide Ukraine deadly weaponry following the 2022 invasion. The UK contributed a variety of tools during the year, including tanks, ammunition, and defense systems as well as non-lethal aid including armor, helmets, emergency vehicles, and medical supplies.<sup>104</sup> Generally, the UK claimed that a "fully funded" £242 billion 10-year equipment plan supported the armed services and would enable the UK to lead NATO, give Ukraine critical support, and operate in accordance with British interests globally. It also mentioned that £41 billion will be invested over ten years to make sure the army had advanced, stronger warfare equipment.<sup>105</sup>

# 4.3 The EU Direct Military Assistance to Ukraine

Through the European Peace Facility (EPF), the European Union has for the first time in its history given deadly security support to a foreign partner. More than 3.1 billion euros have been given to Ukraine. The EPF was initially created for use in nations outside of Europe, but it is now used to repay EU members who sent military hardware to Ukraine. Additionally, the union established the EU Military Assistance Mission in support of Ukraine (EUMAM Ukraine), which gives the Ukrainian armed forces combat training.<sup>106</sup>

 <sup>&</sup>lt;sup>103</sup> Kamila Kwapińska and Richard Whitman, "UK and EU responses to the war in Ukraine" UK in a changing Europe, <a href="https://ukandeu.ac.uk/explainers/uk-and-eu-responses-to-the-war-in-ukraine/">https://ukandeu.ac.uk/explainers/uk-and-eu-responses-to-the-war-in-ukraine/</a>, Last accessed on July 10, 2023.
 <sup>104</sup> GOV.UK, "UK-Ukraine political, free trade and strategic partnership agreement",

https://www.gov.uk/government/collections/uk-ukraine-political-free-trade-and-strategic-partnership-agreement, Last accessed on July 10, 2023.

<sup>&</sup>lt;sup>105</sup> Claire Mills, "Military assistance to Ukraine since the Russian invasion", House of Commons Library, <u>https://commonslibrary.parliament.uk/research-briefings/cbp-9477/</u>, Last accessed on July 10, 2023.

<sup>&</sup>lt;sup>106</sup> European Union, "Ukraine: Council agrees on further military support under the European Peace Facility", <u>https://www.consilium.europa.eu/en/press/press-releases/2023/02/02/ukraine-council-agrees-on-further-military-support-</u> under-the-european-peace-

facility/#:~:text=Ukraine%3A%20Council%20agrees%20on%20further%20military%20support%20under%20the%20European%20Peace%20Facility,-

This%20document%20is&text=Ahead%20of%20the%20summit%20between,the%20Armed%20Forces%20of%20Ukraine. Last accessed on July 10, 2023.

Direct military aid has also been given to Kyiv by European countries, sometimes on a strictly national basis and other times as part of a multilateral framework. The Kiel Institute's most recent data show that as of November 2022, EU members had committed 8.61 billion euros to military commitments to Ukraine; this sum is made up of both specific purchases of weapons and equipment as well as monetary commitments with a military purpose. The entire amount of European military commitments to Ukraine as of November was 15.84 billion euros, with contributions from EU institutions totaling 3.1 billion euros through the EPF and 4.13 billion euros from the UK. Despite being smaller than the United States contribution of 24.44 billion dollars (\$22.86 billion), this is still a sizeable amount.<sup>107</sup>

#### 4.4 The Consequences of EU's Defense

Therefore, even before they started providing warfare to Ukraine, European nations lacked the military capabilities necessary for high-intensity conflict. This is a problem for NATO, not the least of which is the rate of attrition that has highlighted the necessity of massproducing basic supplies like armaments and ammunition quickly.<sup>108</sup> Now, Europe would probably not be able to fight a conventional war for more than a few days until its resources ran out. In light of allegations that its defense sector is already struggling to meet the demand that Russia's war has stoked, Europe's capacity to quickly overcome these issues is in doubt.<sup>109</sup> Fortunately, European nations have committed to raising defense spending, and the European Union has created a number of initiatives to either compensate EU nations for sending military hardware to Ukraine (through the EPF, for example) or to encourage cooperation (such as the

<sup>108</sup> Zoriana Stepanenko, "Stoltenberg Says NATO 'Ramping Up' Arms Production For 'War Of Attrition' In Ukraine", RadioFreeEurope, , <u>https://www.rferl.org/a/ukraine-nato-stoltenberg-interview/32348518.html</u>, Last accessed on July 11, 2023
 <sup>109</sup> European Union, "Impact of Russia's invasion of Ukraine on the markets: EU response",

<sup>&</sup>lt;sup>107</sup> Max Bergmann, Ilke Toygür, and Otto Svendsen, "A Continent Forged in Crisis: Assessing Europe One Year into the War" Center for Strategic and International Study, <u>https://www.csis.org/analysis/continent-forged-crisis-assessing-europe-one-year-war</u>, Last accessed on July 11, 2023.

https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/impact-of-russia-s-invasion-of-ukraine-on-themarkets-eu-response/ , Last accessed on July 11, 2023.

European Defense Fund, the European Defense Industry Reinforcement through Common Procurement Act, and the upcoming European Defense Investment Program, as an example). However, there are three things remain unclear as of yet: the extent to which national defense spending commitments will actually result in purchases; whether member states will provide enough funding for EU initiatives; and whether the funds that do materialize will be used effectively, collaboratively, and in a way that revitalizes the European defense industry.<sup>110</sup>

#### 4.5 Ukrainian Refugees Problem for The EU

The majority of the over 8 million migrants who have fled Ukraine since Russia's invasion in February are now living in the European Union, making this the greatest wave of refugees to hit Europe since World War II. Currently, the majority of refugees are living in EU nations like Poland (5.4 million), Hungary (1.2 million), Romania (1 million), Slovakia (690,000), Moldova (573,000), etc. The primary objective is to ensure refugees can return home after the war ends and reconstruction begins. The Ukrainian refugees also created tremendous challenges for Europe such as the accommodation for Ukrainian refugees, labor force, health, and education.<sup>111</sup>

#### **4.5.1 Employment Matter**

Ukrainian refugees may stay in their adopted countries for some time, benefiting host countries due to labor shortages and aging populations. Europe has provided support, with 4.8 million people from Ukraine registered for temporary protection in the EU or similar programs.<sup>112</sup> However, in the medium run, migrants might increase economic growth and

<sup>111</sup> Omer Karasapan, "Ukrainian refugees: Challenges in a welcoming Europe", BROOKINGS,

<sup>&</sup>lt;sup>110</sup> Max Bergmann, Ilke Toygür, and Otto Svendsen, "A Continent Forged in Crisis: Assessing Europe One Year into the War" Center for Strategic and International Study, <u>https://www.csis.org/analysis/continent-forged-crisis-assessing-europe-one-year-war</u>, Last accessed on July 11, 2023.

https://www.brookings.edu/articles/ukrainian-refugees-challenges-in-a-welcoming-europe/, Last accessed on July 11, 2023. <sup>112</sup> Nicolo Bird and Neree Noumon, "Europe Could Do Even More to Support Ukrainian Refugees" IMF BLOG, https://www.imf.org/en/Blogs/Articles/2022/12/15/europe-could-do-even-more-to-support-ukrainian-refugees Last accessed on July 11, 2023.

revenues from taxes while also helping the tight labor markets that some regions of Europe are currently experiencing. By the end of 2022, Ukrainian migrants are projected to add 0.6 percent to Europe's labor force and 2.7 percent to that of the nation receiving the greatest influx, where they will help to alleviate labor shortages.<sup>113</sup>

However, Ukraine's martial law bans men aged 18-60 from leaving the country, primarily affecting working-age women, children, and the elderly. Once lifted, future waves will likely include men of working age, increasing the proportion of refugees entering the Euro area.<sup>114</sup> Women make up 80% of refugees and 80% travel with at least one child. If the war is severe, a higher percentage of refugees will be working-age, with some males eventually joining families abroad and entering the Euro area.<sup>115</sup>

# 4.5.2 Health Security

The recent invasion's terrible effects remind one of earlier horrors that Ukrainians endured during decades of unrest with Russia and military conflict in the country's east. According to the World Health Organization, mental illness was one of the main causes of disability in Ukraine prior to the present conflict and impacted roughly 30% of the population. The growing mental health needs of recent Ukrainian arrivals, in addition to the continuous needs of already-existing refugee groups, are currently being fulfilled by EU health systems. There have been calls for policy changes to improve the quantity and quality of mental health services provided by national health systems, but disorganized refugee policies have resulted

<sup>114</sup> Lorenzo Tondo, "Ukraine urged to take 'humane' approach as men try to flee war", The Guardian,

<sup>&</sup>lt;sup>113</sup> Olga Pogarska, Olga Tucha, Inna Spivak, and Olga Bondarenko; "How Ukrainian migrants affect the economies of European countries"; VOXEU/COLUMNS; <u>https://cepr.org/voxeu/columns/how-ukrainian-migrants-affect-economies-</u> <u>european-countries</u>, Last accessed on July 11, 2023.

https://www.theguardian.com/global-development/2022/mar/09/ukraine-urged-to-take-humane-approach-as-men-try-to-fleewar, Last accessed on July 11, 2023.

<sup>&</sup>lt;sup>115</sup> Vasco Botelho, "The impact of the influx of Ukrainian refugees on the euro area labour force" EUROPEAN CENTRAL BANK, <u>https://www.ecb.europa.eu/pub/economic-bulletin/focus/2022/html/ecb.ebbox202204\_03~c9ddc08308.en.html</u>, Last accessed on July 11, 2023.

from disagreements over the types of health services that should be offered to migrant and refugee populations and at what stages of the migration process.<sup>116</sup>

Another significant issue is the lack of psychologists, psychiatrists, and other mental health specialists in the host nations of Europe, which makes it difficult to meet the growing need for services for recent Ukrainian arrivals as well as the pre-existing needs of other refugee groups. More recently, the World Health Organization created mental health working groups for the entire EU, which can unite different stakeholders to plan the MHPSS response. This includes professionals with expertise working with other displaced populations from around the EU.<sup>117</sup>

#### 4.5.3 Education

According to the UN, since the outbreak of the war, 1.5 million children have fled Ukraine, with 55 crossing the border on average every minute. Children's safety, rights, and physical and mental health are significantly at risk due to the conflict in Ukraine, so the European Commission has made meeting their humanitarian needs a top priority.<sup>118</sup> The proposed EU measures aim to improve the recognition of Ukrainian certificates, grant schools access to the national curriculum of Ukraine and allocate funds for children fleeing battle to receive psychological help. Following earlier tests of the tool in Southern Europe, refugees will also soon have access to the EU Talent Pool, a web-based platform that allows candidates to digitally present their talents and availability to potential employers. The EU will also provide

<sup>&</sup>lt;sup>116</sup> euronews, "War in Ukraine having a devastating impact on people's mental health" <u>https://www.euronews.com/2023/02/20/war-in-ukraine-having-a-devastating-impact-on-peoples-mental-health,</u> Last accessed on July 12, 2023.

<sup>&</sup>lt;sup>117</sup> WHO, "Being able to listen, having a true interest in what other people are saying' – mental health experts reflect on their work in refugee-receiving countries"; <u>https://www.who.int/europe/news/item/20-04-2023-being-able-to-listen--having-a-true-interest-in-what-other-people-are-saying----mental-health-experts-reflect-on-their-work-in-refugee-receiving-countries</u> Last accessed on July 12, 2023.

<sup>&</sup>lt;sup>118</sup> UNICEF, "Two million refugee children flee war in Ukraine in search of safety across borders", <u>https://www.unicef.org/press-releases/two-million-refugee-children-flee-war-ukraine-search-safety-across-borders</u>, Last accessed on July 12, 2023.

"psychosocial support and therapy" for kids and will establish a new platform called the European Union Network for Children's Rights to "strengthen coordination among key children's rights actors to identify further needs".<sup>119</sup>

#### **4.5.4 Accommodation**

In Europe, there are fewer and fewer affordable housing options due to rising inflation. The shortage of housing services offered by national governments also affects access to social housing. These issues also impact Ukrainian refugees who are able to acquire temporary accommodations but subsequently experience difficulty finding decent housing For access to the temporary protection directive's health, labor market, welfare, and other benefits, having a fixed residential address is frequently necessary, absence of official long-term planning to enable a transition to independent living, leaving people to fend for themselves in a system with a sometimes oversaturated and expensive housing market while overcoming administrative and linguistic difficulties.<sup>120</sup>

The EU's Temporary Protection Directive, which established the legislative guidelines to help manage a large number of people, was put into effect by the European Union. Corresponding to this, the European Commission rapidly started working with other EU nations to coordinate information gathering about the ground reality and to stop human trafficking. The Solidarity Platform, which brings together EU nations, outside partners, and EU organizations to ensure the Temporary Protection Directive's implementation, is coordinated by DG HOME.

<sup>&</sup>lt;sup>119</sup> EUROPEAN UNION, "Fleeing Ukraine: support for education", <u>https://eu-solidarity-ukraine.ec.europa.eu/information-</u> people-fleeing-war-ukraine/fleeing-ukraine-support-education\_en, Last accessed on July 12, 2023. <sup>120</sup> Ana P. Santos, "How Europe's housing crisis impacts migrants", INFO MIGRANTS, <u>https://www.infomigrants.net/en/post/48959/how-europes-housing-crisis-impacts-migrants</u>, Last accessed on July 12, 2023.

Important data, such as refugee arrivals, is gathered by the EU Migration Preparation and Crisis Framework in order to appropriately mobilize the migration management response.<sup>121</sup>

<sup>&</sup>lt;sup>121</sup> EUROPEAN UNION, "Temporary protection", Migration and Home Affairs, <u>https://home-affairs.ec.europa.eu/policies/migration-and-asylum/common-european-asylum-system/temporary-protection\_en#:~:text=Temporary%20protection%20is%20an%20exceptional,to%20their%20country%20of%20origin. Last accessed on July 12, 2023.</u>

# CHAPTER 5: ANALYZATION THE IMPACT OF RUSSIA AND UKRAINE WAR ON EU

#### **5.1 Analyzations**

The Russia-Ukraine war has caused significant turbulences to the region. It has become a threat to the roots of peace and stability in the EU. The EU has played the most significant role in the conflict because this war has interrupted the EU's economic, political, and security order. Even though the EU institution has released many emergency actions and the rule of law to strengthen stability in the internal affairs of the EU. However, it was not really working at all because the war was breaking out so quickly, which affected many EU countries that rely on trade with Ukraine as a big agricultural country in the EU and Russia as the biggest energy supplier to the EU. Due to a huge dependence on Russian energy, there are many countries in the EU that are struggling to solve their own internal affairs regarding the cutting down of the energy supply from Russia and food security due to the lack of supply from Ukraine.

# **5.1.1** Analysis on the Economic Aspect

The EU was the continent that emerged with the Industrial Revolution. That is why manufacturing and industry have become crucial components for the EU to build its economy and become a wealthy Union as it is today. Since the EU economy has depended on manufacturing and industrial activity, the energy sector is the root cause of making the manufacturing activities work. On the other hand, the energy sector is also important for human daily life, such as providing fuel and gas for vehicles, cooking, and warmth during the winter. When energy and food consumption have been disrupted in the EU, there is a new issue arising from "high inflation," rising from 0.3% in 2020 to 2.6% in 2021 and then to 8.4% in 2022 in the EU due to the war. The massive wave of recession has been hitting many big countries in Europe, such as Germany, France, and the UK, because all of those countries import more than

50% of Russia's energy every year. In addition, on the international stage, the EU has put huge pressure on Russia by releasing 10 sanctions on Putin's government in many areas, but in reality, there are still many ways under the table for some nations in the EU to get benefits from trading with Russia, such as France, which has significantly increased its purchasing of enriched uranium from Russia; Belgium, which still buys diamonds and precious stones from Russia; and Hungary, which was granted a license by the Russian state-owned company to buy Russian oil.

#### 5.1.2 Analysis on the Political and Security Aspects

The war in Ukraine is not just making the EU's economy worse, but it has also created a difficult time for the EU's political and security order. Regarding the political affairs in the EU, there are two main problems to be concerned about: the first is the decline of democratic systems in Hungary and Poland; this problem has become more sensitive since the EU froze its funds to support democracy and began to give financial support to Ukraine's military on battlefields; the second is the emergence of concern over European far-right parties in some countries like France, Italy, and Sweden because those parties have a political concept of realism that sees their own interests brighter than the Union; this might one day affect the EU voice on the international stage. However, besides the negative aspects of EU politics, there is also a great time for the EU in history because the relations between the EU and its allies became more resilient and dynamic than ever before. Instead of changing the situation in the EU's internal affairs, the war also created a new movement for the EU's foreign policy in order to gain support from the global community and put more pressure on Russia. In this scenario, the EU has been trying to strengthen transatlantic relations (EU and US), the EU with China, and the EU with Asia.

On the other hand, the security order in the EU has been transformed by the huge number of Ukrainian refugees. There are probably 8 million refugees who have fled from Ukraine since Russia invaded Ukraine in February 2022. This massive amount of immigration has created a new complex internal security issue in the EU because there is an issue that happens without preparation or any signal. Some of the EU countries have struggled to protect the individual security of Ukrainian refugees by lacking health services. Most people who fled to the EU have mental issues because of the prolonged periods of war in their homeland, and at the same time, when too many people are affected by mental illness, the host EU nation is lacking psychologists and other mental health specialists. However, the Ukrainian refugee also poses tremendous challenges for the EU, such as employment matters, accommodation for refugees, and education for the youth refugees. In addition, Europe's security system is undergoing a structural change due to Russia's invasion of Ukraine. Germany is investing in defense and energy security; NATO bolsters its eastern flank; Sweden and Finland consider joining; Ukraine is arming; and Russia moves closer to China due to West sanctions. This shift affects the institutional framework of European security, with only four EU countries remaining NATO members. Denmark's desire to join the CSDP has increased coherence.

All of these indicators are the driving forces that make the EU fall into the complexity of moving forward to the next stage of digital transformation and globalization because the situation in Ukraine is a shadow that makes the EU's move complicated. However, It is believe that the disabilities and challenges that happen in the EU cannot be solved in the short term or in the middle term, It is also positively note that in the long term, the EU will be trying its best to broaden the problem to the table instead of Supporting Ukraine on the battlefield with Russia. Since war is not a result of peace and prosperity, it will be a result of devastation for all parties to the conflict.

# CONCLUSION

To sum up, Russian military action in Ukraine in 2022 will have a huge impact on contemporary society, especially in terms of the structure of the economy, politics, and security order. Russia's takeover of Crimea posed a threat to the status quo of world order and called into doubt its sovereignty and territorial integrity. The situation in Ukraine has also brought attention to the necessity of international collaboration and diplomacy, as well as the significance of peaceful conflict resolution. Russia and the West's relations have been strained by the conflict, which has resulted in economic sanctions and a new climate resembling the Cold War.

Russia and Ukraine War in this Context has illustrated the big scale of changing the EU order through many fields such as the Direct Impact on Certain of the Largest Economic Countries in the EU; the Opportunity for Some EU Members; and the Impact on the Largest EU Economies, which included the Energy Crisis in Europe, Food Security, and High Rocket Inflation; the EU Politics in the Shadow of the Russia-Ukraine Conflict, which covers several of issues relating to the political crises in the EU's internal affairs and its political exterior affairs, often known as its foreign relations; And lastly, the alterations in the EU's security structure, including its defense policy, military aid to Ukraine, effects of that policy, and the issue with Ukrainian refugees in the EU.

All of these signs lead to the challenge of the EU's transition to the next stage of digital transformation and globalization since the situation in Ukraine casts a shadow that complicates the EU's advance. The EU will, however, do its best to bring the issue to the table rather than supporting Ukraine on the front lines of combat with Russia in the long run. It is believed that the difficulties and challenges that the EU faces cannot be resolved in the short or middle term. War will be devastating for all parties involved since it never leads to peace and prosperity.

# RECOMMENDATION

Even though Europe's response to the war has been admirable, many issues remain unresolved, such as economic, political, and security, which are still the hottest areas of the EU institution. Regarding this case, there is also a solution to apply in order to make the EU reduce the pressure and tension. The method is to end the war as soon as possible because there is no way to bring full stability and prosperity to the EU without fighting in Ukraine. In this approach, the EU should consider using more soft power to solve the conflict in Ukraine.

It is generally known that the one year on the battlefield in Ukraine, which has been sponsored and supported by the EU and the US, does not really work at all. Those strong attitudes from both sides of the conflict that have no intention to negotiate through diplomatic ties make it sometimes difficult to escalate how to end the war in the medium term. To understand why Ukraine and Russia are so reluctant to move forward with negotiations in order to end this war, there are many reasons behind the situation. The first reason is the intervention from the superpower countries such as the EU and the US, which is known as the bloc, that is not really glad to see Russia become a superpower state again like its former Soviet Union because the West still has the perspective that if Russia becomes a powerful state, it will threaten their peace and prosperity due to their differences in ideology in the past, and the US, as the most powerful country on earth, does not want any country that is not one of their allies to surpass their great nation. From Ukraine's side, even Ukraine still has limited capacity in security and defense compared to Russia. However, Ukraine still has a strong attitude in the war because Ukraine has been receiving many kinds of support from the EU, such as financial support to help the Ukraine government and people during the war and military support through the European Peace Facility (EPF), which has provided and assisted with many pieces of warfare equipment, training for the Ukraine army, and a budget of more than 3 billion US

dollars. In addition, even though Russia has been pressured and sanctioned by the West and the EU to decrease their income to slow down the war, all of these measures are not really working to apply to Russia; in the EU, some countries like France, Hungary, Poland, The UK, Belgium, and Sweden are still doing trade with Russia in many areas such as energy, agricultural production, and mining like diamonds, gold, and many precious minerals. The sanctions imposed by the EU to stop purchasing Russian energy are not a concern for Russia anymore because China, India, some African countries, and some Asian countries are still buying Russian energy at a cheap price.

# A. Soft Attitude Approaches

Since hard power could not apply effectively to the case in order to make the war and situation in the EU better, the parties to the conflict, especially the EU, should have to consider the other approach of soft attitudes to solve the Ukraine crisis instead of supporting Ukraine with military methods to fight against Russia. The EU, as the involvement party, should bring both parties to negotiations through diplomatic means because the only good solution is to exchange views, understand the environment around the conflict, and learn to sacrifice a little or a lot in order to move forward for peace and prosperity, as in reality, in order to achieve big things, people always sacrifice, compromise, and feel loss, pain, and unfairness until they reach their final destination.

#### **B. Reduce Military Equipment Assistance to Ukraine**

On the other hand, the EU should reduce sanctions against Russia and decrease its assistance to the Ukrainian army in order to make Russia and Ukraine shift from a hard attitude to a soft attitude for pushing both sides in diplomatic ties and negotiations. Lastly, the EU should exchange views or broad economic interests as the core values for Russia and Ukraine to consider; in this context, the EU should build better relationships with Russia on political, economic, and security grounds.

# C. Provide More Humanitarian Assistance to Ukrainian

The European Union has been providing humanitarian assistance to Ukraine since the start of the conflict in 2014. This assistance has been crucial in addressing the humanitarian needs of the population affected by the conflict, including those who have been displaced from their homes.<sup>122</sup>

However, there is a need for the EU to provide more humanitarian assistance to Ukraine, particularly in light of the ongoing conflict and the impact it is having on the civilian population. By doing so, the EU can help to address the immediate needs of those affected by the conflict, while also contributing to political stability and regional security in the region.<sup>123</sup>

Providing humanitarian assistance can have a positive impact on political stability and regional security. By addressing the immediate needs of those affected by the conflict, the EU can help to build trust and goodwill among the population, which can contribute to a more stable political environment. Additionally, by providing assistance to those in need, the EU can help to reduce the risk of further conflict and instability in the region.

#### **D.** Diplomatic Efforts

One potential solution is for the European Union to increase diplomatic efforts to resolve the conflict. This could involve increased dialogue between Russia and Ukraine by using neutral third parties, as well as the involvement of other international organizations such as the United Nations.

<sup>&</sup>lt;sup>122</sup> The Federal Government, "What is the EU Doing for Ukraine" https://www.bundesregierung.de/breg-en/news/what-is-theeu-doing-for-ukraine-2017556, last accessed on July 20, 2023.

<sup>&</sup>lt;sup>123</sup> European Commission, "European Civil Protection and Humanitarian Aid Operations" https://civil-protection-humanitarian-aid.ec.europa.eu/where/europe/ukraine\_en, Last accessed on July 20, 2023.

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