



TERRA INCOGNITA

EXPLORING THE LONG-TERM IMPLICATIONS OF THE WAR IN UKRAINE

SUMMARY

The war in Ukraine carries extensive implications that intersect with multiple long-term trends and variables shaping international affairs. What lies ahead is *terra incognita* – a strategic landscape that eludes ready historical analogies. Strategic foresight is essential to be able to explore this territory, make sense of potential developments, and guide action.

This policy brief argues that the war in Ukraine affects the future in different ways. For one, it has accelerated patterns of change that predated it, including great power competition, middle power activism, and the crisis of multilateralism. For another, Russia's aggression has introduced major discontinuities, such as triggering a global energy crisis, fracturing the European security order, and sparking nuclear threats by Russia. In addition, the war has diverted focus from critical challenges, such as sustainable development and climate change, while aggravating these challenges both directly and indirectly.

The war in Ukraine has compounded the drift towards a fragmenting and polarised international (dis)order, but the future is not preordained. Long-term developments will at least in part depend on the outcome of the conflict, which cannot be predicted. This policy brief outlines some of the factors that will drive change alongside the ongoing war. They include the evolution of the rivalry between the US and China and of the partnership between China and Russia, the risks facing the global economy, the prospects for the clean energy transition and its strategic implications, and the rising costs of failure to address shared challenges through cooperation. By tackling geopolitical challenges and managing multi-dimensional competition, while seeking to advance a rules-based international order, leadership can make a decisive difference in shaping distinct pathways to the future.



AUTHOR

Dr GIOVANNI GREVI
Senior Fellow at the Centre for
Security, Diplomacy and Strategy
Brussels School of
Governance (BSoG-VUB)

IN PARTNERSHIP WITH

 **RennerInstitut**

**OLOF PALME
INTERNATIONAL
CENTER** 


Fondation
Jean Jaurès

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES



THE FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES (FEPS)

European Political Foundation - N° 4 BE 896.230.213
Avenue des Arts 46 1000 Brussels (Belgium)
www.feps-europe.eu
@FEPS_Europe



KARL-RENNER-INSTITUT

Karl-Popper-Straße 8
A-1100 Vienna (Austria)
www.renner-institut.at
@RennerInstitut



OLOF PALME INTERNATIONAL CENTER

Sveavägen 68, 5 tr
Stockholm (Sweden)
www.palmecenter.se
@palmecenter



FONDATION JEAN-JAURÈS

12 Cité Malesherbes
75009 Paris (France)
www.jean-jaures.org
@j_jaures



This Policy Brief was produced with the financial support of the European Parliament. It does not represent the view of the European Parliament.

TABLE OF CONTENTS

| | |
|--|----|
| Introduction | 2 |
| The big multiplier | 4 |
| Liaisons dangereuses | 4 |
| Russia's decline | 5 |
| More countries with more options | 6 |
| Collateral multilateral damage | 7 |
| Competitive messy-lateralism | 8 |
| The state is back | 10 |
| A gathering economic storm? | 10 |
| The big disruption | 12 |
| The global energy crisis | 12 |
| Green power plays | 14 |
| Nuclear threats and proliferation challenges | 14 |
| A new European order | 15 |
| The big diversion | 16 |
| Development reversing? | 16 |
| Climate change unleashed | 17 |
| Conclusion | 18 |
| Endnotes | 20 |
| About the author | 23 |

Introduction

Russia's invasion of Ukraine in February 2022 sent shockwaves through Europe and the world. Besides the dramatic human and material costs inflicted on Ukraine, it is difficult to think of one dimension of international affairs that has not been affected by this conflict. The impact of the war is both of urgent relevance and of long-term consequence. Tensions among great powers have risen, geopolitical tectonic plates are shifting, the international energy order is being upended, food supply chains have been disrupted, the global economy is facing severe headwinds, fragile countries and regions are being exposed to multiple shocks, and multi-lateral governance is faltering, as normative disconnects come to the fore. Taken together, this set of developments testifies to the critical interplay between interdependence and power politics, which is generating systemic instability across the international (dis)order.

The breadth of the war's repercussions makes exploring their implications over the medium and long term both necessary and very difficult. The higher the level of uncertainty, the more important it is to discern patterns of change and their possible consequences. In many ways, the bewilderment that surrounded Russia's attack on Ukraine points to the lack of anticipation of an event that was not supposed to happen, until it did. The outbreak of the war therefore underscores the need for foresight in assessing the potential implications of the current upheaval, in order to be able to devise a strategy to deal with them and to be better prepared for future shocks.

Charting the future is an exercise riddled with challenges – and even more so when facing an event of such magnitude as the war in Ukraine. To begin with, two pitfalls should be avoided. The first is that of focusing on the war as *the one*

inflection point that will shape change across the board, instead of assessing how this very important factor interacts with other major variables. The second pitfall is that of narrowing down the range of potential implications of the war too quickly, for example by favouring certain scenarios over others, which might lead to a confirmation of pre-existing beliefs. In both cases, the challenge is to take adequate stock of the historical importance of the event, while not necessarily framing the future course of international affairs as a by-product of the war only.

Some parameters can help steer foresight efforts when probing the war's long-term implications. A good starting point is to acknowledge that predicting the future is delusional, while considering plausible futures and preparing to deal with them – the purpose of strategic foresight – is sensible. Judgement is based on experience, but we have no experience of what has not yet happened.¹ History may sometimes rhyme but it rarely repeats itself, and excessive reliance on analogies from the past can be misleading. However, it is possible to detect emerging trends and outline plausible scenarios by thoroughly reviewing the factors and actors shaping change, their possible interaction, and the uncertainties ahead. In short, it is possible to gain a better understanding of what the future might hold.²

It is also critically important to take a cross-domain approach to strategic foresight, focusing on the interaction of different trends and on how these affect change across different agendas. Megatrends such as climate change or digitalisation affect all aspects of international affairs whereas geopolitical competition increasingly influences sectors such as industrial policies, trade, investment or development cooperation that have long been regarded (in Europe) as separate from strategic affairs.

An additional benchmark for effective foresight is to avoid one-dimensional readings of the implications of high-impact events such as the war in Ukraine. In some respects, the latter has marked major discontinuities; in others, it has accelerated existing trends (continuity) and, from yet another perspective, it has created more uncertainty. The assessment of how the war might shape the future would benefit from disaggregating these different dimensions. At the same time, it is important to recognise that some issues do not fit neatly into any of these boxes – either because they feature elements of continuity, discontinuity, and uncertainty at the same time, or because the exacerbation of current trends can eventually lead to their disruption.

Building on this approach, this policy brief aims to provide a non-exhaustive overview of the ramifications of the war in Ukraine and how they might affect international affairs down the line. The policy brief does not aim to address all major drivers and trends that shape the future, but instead focuses on those that appear most connected to the ongoing conflict. It thus highlights three ways in which the war appears to be affecting change. First, the war has amplified or accelerated patterns of change that predated it – the big multiplier. Second, the war has introduced major discontinuities, shifting agendas away from earlier assumptions – the big disruption. Third, the war has absorbed much political attention and resources, distracting from key issues on the global agenda that will nevertheless continue to shape the future – the big diversion. In conclusion, the war has injected a further dose of volatility into international affairs, compounding the uncertainty that already surrounded the shape of things to come.³ The emerging strategic landscape is *terra incognita*. However, the future is not preordained.

“

The impact of the war is both of urgent relevance and of long-term consequence.

”

The big multiplier

The war in Ukraine has accelerated a number of trends that were already at play, including the intensification of great power competition, the growing activism of middle powers, the crisis of multilateralism, and the return of the state as a provider of welfare and protection for economies and societies. It has also enhanced the risk of future economic crises and of incremental de-globalisation.

Liaisons dangereuses

The conflict in Ukraine is both a dramatic manifestation and a likely booster of the emerging geopolitical polarisation that is principally driven by a logic of competition between the US and China. The coming years will tell whether the ongoing war has conclusively tilted the balance of rivalry and engagement between the two superpowers towards confrontation, or whether some degree of dialogue will be pursued to avoid further degradation of the relationship. Three weeks before Russia's deliberate invasion of Ukraine, Beijing and Moscow issued a joint statement outlining a shared worldview. This statement was largely defined by opposition to the challenges allegedly posed by the US and to the worldview and values promoted by the West at large, and it proclaimed a 'no limits' partnership. Statements of principle may or may not fully translate into practice, and the war in Ukraine may introduce some limits to this strategic partnership, as noted below. However, the joint statement was consistent with the narrative that both parties have been vocally promoting over the last few years. As such, it signalled a significant evolution in the emergence of rivalling fronts on the global level.

The war has not determined this development, but it is accelerating it. The drift towards great power rivalry is largely rooted in the evolution of structural variables – chiefly the redistribution of power from the West to the rest, leading to the meteoric rise of China and causing tensions between the US (for decades the largest power on the global stage) and its emerging challenger. Although the shift of tectonic plates in global geopolitics is enhancing competition and increasing the risk of frictions sparking clashes, it does not definitively entail all-out confrontation. While structural variables delimit the scope for dialogue to manage competitive co-existence between the US and China, they do not necessarily preclude it. Against this background, the war has injected a major factor of instability into US-China relations, and has further weakened trust between them.

When the war started, evidence of a major (nuclear) power waging a large-scale war on a smaller neighbour sharpened concerns about how far others might be tempted to use their expanding resources for coercive purposes, including through military means. Fierce technological competition, a degree of economic de-coupling, and the build-up of respective military forces in the Indo-Pacific can be expected to define the rivalry between the US and China for the years to come.⁴ However, systemic competition does not rule out dialogue to prevent Sino-American tensions from escalating, such as over the issue of Taiwan, and to foster some degree of cooperation, where interests converge.⁵ President Biden and President Xi appeared to at least suggest that much at their summit in Bali last October. In early 2023, a rapid sequence of events exposed the volatility of Sino-American relations. The 'spy balloon' incident has frozen diplomatic efforts to stabilise this relationship, while reports have emerged that Xi Jinping would visit Russia in the spring. Multiple factors point to further stress in the US-China relationship, but

it cannot be excluded that the war in Ukraine may provide incentives for dialogue too, if anything with a view to containing the major risks that the conflict poses for global stability.

Russia's decline

Elements of continuity and discontinuity usually co-exist when major disruptions, such as the Ukraine war, hit consolidated trends. With regard to Russia, the main element of continuity is likely to be institutional, societal and economic decline – which the war has not triggered but deepened.⁶ While extensive economic sanctions may take time to bite, they will most likely degrade Russia's growth potential and depress investment for many years, with Russia falling further behind in the technological competition.⁷



With regard to Russia, the main element of continuity is likely to be institutional, societal and economic decline.



Russia's economy may have contracted by 'only' 2.5% in 2022 but, in autumn 2021, the IMF expected it to grow by about 3% over the same period.⁸ This amounts to an economy roughly 6% smaller today than it would have been without

the war, following a year of extremely high energy prices. The loss of income from starkly reduced energy exports to Europe will seriously hit the state budget and will not be compensated by alternative revenues in the foreseeable future. Russia's own finance ministry foresees revenues from oil and gas exports (which represent 40% of the federal budget) dropping by about a quarter in 2023. However, if the price of Russian oil, which is sold at a high discount, was to plunge further, the fall in revenues would be much bigger.⁹ At the same time, Moscow claims that defence expenditure will continue to expand, which will put huge pressure on much needed welfare spending (despite the recourse to Russia's national wealth fund) and wipe out investments and the potential for growth.

At the national level, developments in Russia's political system point to a shift towards a fully-fledged dictatorship, fuelled by extremist nationalist rhetoric.¹⁰ This shift seems hardly reversible for the foreseeable future, short of a major disruption in Russia's regime. Moreover, there is a debate on the resilience of the Russian state itself if the regime was to face defeat. Some analysts point to the scenario of a possible destabilisation of the country – which may also carry considerable risks for international security.¹¹ At the regional level, the war has introduced an element of discontinuity. Concerns with Russia's aggression, and the assessment of it failing, have shifted the calculus of neighbouring countries, from the Caucasus to Central Asia.¹² Russia's grip on the post-Soviet space is waning while the influence of Turkey and the European Union (EU) in the South Caucasus and the influence of China in Central Asia are on the rise. This is not a definitive trend, in that Russia remains a key player in these regions and much will depend on the outcome of the war in Ukraine. So far, however, this war is accelerating the disaggregation of the post-Soviet space as a geopolitical notion.

As far as the 'no limits' partnership between Russia and China is concerned, the war carries somewhat countervailing implications. Firstly, this partnership has always been asymmetric, with Moscow needing the partnership much more than Beijing. Unless reversed or tempered at some point in the future, Russia's Eurasian (down)turn will make Russia an economic appendix of China.¹³ With bilateral trade expanding 50% in 2022 compared to 2021, China is already a vital economic partner for Russia. How much Russia can rely economically on this relationship over the long term is nevertheless unclear, as China is unlikely to require much larger volumes of oil and gas imports from Russia beyond this decade.¹⁴ Secondly, as competition with the US increasingly frames China's grand strategy, Russia may become politically more important for Beijing, as a junior partner with no other option but aligning with China. At the same time, and also depending on developments on the field in Ukraine, the Russia-China partnership may become a growing political and reputational liability for China, which also worries about the risks that the war poses of further destabilisation of the global economy.

More countries with more options

The war's ripple effects through the international system have unlocked considerable margins for manoeuvre for middle powers such as Turkey and Saudi Arabia, and for major powers in the making like India. In this case too, the war has fostered an existing trend towards more countries having more options to advance their interests through multi-vector foreign policies.¹⁵ This trend is very unlikely to abate, although it will not be homogeneous given that the activism and clout of individual countries will depend on conditions specific to each of them. Turkey is likely to continue its pursuit of a controversial balancing act in its relations both with 'frenemy'

Russia and with its supposed Western allies. At a time of a potentially protracted energy and economic crisis, the fossil fuel reserves and financial wealth of Gulf countries will likely anchor their transactional relations with all major powers, while being friends to none. As the clean energy transition gains pace, however, the influence of these countries as major energy exporters is likely to decline over the long term. India will probably continue to benefit from advantageous terms of trade with Russia and to posture as a champion of the developing world, while selectively engaging with the US and its allies to balance China in the Indo-Pacific.



The war has fostered an existing trend towards more countries having more options to advance their interests.



While many middle powers from the so-called Global South have avoided confronting Russia over its invasion of Ukraine, prospects for the emergence of a new non-aligned movement are slim.¹⁶ In the absence of an ideological glue binding them together, the common denominator of middle powers from Latin America to South East Asia through Africa and the Middle East is pragmatism. They will thus likely continue to chart their own course and, in many cases, enhance their leverage. On normative grounds, these

middle powers will likely seek to avoid taking sides in the competition between great powers, in particular along the democracy-authoritarianism axis. However, middle powers may continue to join forces on 'North-South' issues about economic fairness and development, and push to enhance their clout in multilateral bodies.

In line with these prospects, the distinction between democracy and authoritarianism is likely to be an important divide in the international (dis)order in the making – but not the only or overriding fault line. This distinction will be central to issues such as human rights and the regulation of new technologies, but less so to issues related to sustainable development or climate change. Illiberal semi-democratic regimes in various global regions are likely to continue to blur the line between democratic and authoritarian forms of government and blocs. At the same time, an element of discontinuity may be emerging. The last two years have heavily affected the image of competent or viable authoritarianism that Russia and China, among others, sought to propagate. The disastrous impact of the Kremlin's decision to attack Ukraine, and China's protracted travails to deal with the Covid-19 pandemic, have exposed the serious risks of concentrated power and lack of accountability. The contested marketplace of ideas and political change¹⁷ will remain highly competitive but, just as success breeds influence and emulation, the recent track record of authoritarian countries may, by contrast, significantly undermine their appeal.

Collateral multilateral damage

There is a strong risk that the war in Ukraine inflicts substantial collateral damage on multilateral cooperation, but this is not a foregone conclusion. First, the war has polarised the

international order in ways that will not be easily reversed – although they might be contained. Second, as major powers increasingly mobilise multilateral fora as venues for normative and diplomatic competition, much will depend on these powers' commitment to an increasingly contested multilateral space. In the US, the Biden administration has re-emphasised engagement not only with allies and partners but also on the multilateral stage. While renewed American interest in multilateralism is uneven – for example with regard to trade issues – the overall approach of the Biden administration clearly departs from the multilateral decoupling pursued by Trump. Furthermore, despite the systemic rivalry with China looming large on the US strategic horizon, the importance that the Biden administration attaches to dealing with transnational challenges such as climate change leaves at least scope for dialogue with Beijing and others. China, for its part, has taken an increasingly selective and instrumental approach to multilateralism to multiply its influence, counter Western narratives, and prevent any external interference. However, China appears unwilling to rock the multilateral boat. Beijing is aware of its vulnerability to economic turmoil for example, as well as to energy crises and the impact of climate change – all of which can be better managed with a certain degree of international cooperation. Whether reinforcing nationalist or unilateralist reflexes, or enabling some degree of pragmatic cooperation, domestic political developments in the US and China in the medium term will be decisive variables in defining the future of multilateralism.

However, while the scope for multilateral cooperation is not necessarily foreclosed, multiple factors underscore the crisis that multilateralism is facing. They also point to emerging trends. Multilateralism may not just falter due to the deliberate choices of competing great powers, but also fall somewhat by the wayside,

due to a lack of maintenance and reform. A paradox has long been observed that although multilateral cooperation has enabled deep levels of interdependence, the collective-action problems generated by this interdependence overwhelm the mandate and resources of multilateral bodies, leading to gridlock.¹⁸ The gap between the supply of multilateral cooperation and the demand for it – the global governance deficit – has long been widening. Meanwhile, functional and political challenges cannot of course be separated. Just as political polarisation at the national level undermines cohesion and hinders sound policymaking, so geopolitical competition at the global level distracts from the requirements for effective multilateralism in terms of institutional design and adequate resources.

“

Multilateralism may not just falter due to the deliberate choices of competing great powers, but also fall somewhat by the wayside, due to a lack of maintenance and reform.

”

Competitive messy-lateralism

The shift from institutionalised forms of cooperation and binding commitments to a ‘messy-lateral’ world of contested multilateralism, mini-lateral groupings and soft law is an unfolding trend.¹⁹ Renewed activism by the US and its partners to establish new clubs or strengthen old ones, such as the G7, is a case in point. First, this is a parallel development to the investment by China and other emerging countries in cooperative formats that exclude Western powers – such as the BRICS or the Shanghai Cooperation Organisation. Second, new or upgraded clubs such as the Indo-Pacific Quad and the Indo-Pacific Economic Framework for Prosperity are vectors of US investment in cooperative regional structures that circumvent China. For its part, China launched the Global Development Initiative and the Global Security Initiative in 2022, both of which are directed at fostering China’s own approach to respective agendas and shaping international regimes accordingly. The ‘governance of the like-minded’ is on the rise, on all sides of the normative divides.

These developments of course raise a number of questions on the long-term resilience and reform of more inclusive frameworks, such as the G20. At times of global fragmentation, this format has the merit of existing and bringing together the representatives of all major powers. As such, short of other major conflicts destabilising the international system, its major stakeholders are likely to keep the G20 running. This framework is also valued as an important platform for bilateral and mini-lateral summits on the sidelines of plenary meetings, such as the meeting that took place between President Biden and President Xi in Bali in November 2022. However, the war in Ukraine has clearly exposed the underlying challenges facing this format. Following a poor performance in dealing with the impact of Covid-19 in 2020,

the G20 did not really mobilise in 2022 to tackle the clouds hanging over the global economy – from inflation to high debt levels, and from protectionism to recession.



The ‘governance of the like-minded’ is on the rise, on all sides of the normative divides.



Geopolitical tensions have affected climate governance too. For example, following the visit by US House Speaker Nancy Pelosi to Taiwan in August 2022, China interrupted the high-level climate dialogue with the US. Although this dialogue has now been resumed, the episode points to potentially growing difficulties in compartmentalising geopolitical frictions and areas of cooperation. Faltering US-China cooperation over the past year was one of the factors contributing to the rather disappointing outcome of the COP27 in Egypt. At a broader level, the energy and economic crises triggered by the war in Ukraine carry multiple implications for climate governance and action. First, as illustrated below, these crises might over time spur a faster clean energy transition to escape dependency on fossil fuels and their suppliers. Second, emerging and developing countries may nevertheless be less motivated to invest in their own transitions, or unable to do so at scale, at a time of high debt,

rising interest rates, and reduced fiscal space. Furthermore, the political disconnect between advanced and developing countries may deepen in this domain, with the latter accusing the former of not taking sufficient financial responsibility for the carbon problem that they have historically created, and with developing countries questioning advanced countries on the protectionist implications of the latter’s envisaged green policies, from industrial subsidies to border tariffs to avoid carbon leakage.

At UN level, the open clash between the permanent members of the UN Security Council (UNSC) over Russia’s invasion of Ukraine has marginalised the role of the top body in dealing with this war, but has not completely paralysed it.²⁰ Large multilateral institutions have a staying quality for both political and functional reasons. At a time of sprawling messy-lateralism, the UN system may offer added value as a hub connecting disparate initiatives. As great powers wage a battle of narratives and compete for legitimacy, they may wish to invest in the UN, which still provides the top global diplomatic stage, and to avoid taking responsibility for openly boycotting the organisation. Furthermore, although sidelined from the high politics of great power competition, there is an appreciation that UN agencies and field missions continue to deliver services and benefits (i.e. humanitarian action, development, mediation, and peacekeeping) that others may be unwilling or unequipped to provide. Nevertheless, when looking ahead there is a clear risk that normative disconnects and increasing tensions among great powers might shrink the space for convergence at UN level, with collective action increasingly taking place through more politically homogenous bodies. The follow up to Our Common Agenda – the reform blueprint presented by the UN Secretary General in 2021 – and its implementation will be an important test for the future role of the UN.

The state is back

As the global governance deficit has become apparent, a clear trend in the last few years has been the return of the state as a shelter from external threats, a regulator and a welfare provider. This trend is particularly relevant for market-based democracies, where the role of the state had been rolled back for decades, but it applies worldwide in different shapes and forms. It clearly intensified with the spread of the Covid-19 pandemic, when public authorities introduced unprecedented regulations and constraints to stem the contagion, and then organised massive vaccination campaigns. In the course of 2020 and 2021, governments reportedly spent an estimated 10% of GDP to subsidise their economies, and provided an additional 6% in loans.²¹

The economic shock triggered by the war in Ukraine has spurred governments into further action to cushion the impact of spiking energy and food prices through large subsidies and tax cuts. Governments and state-controlled companies are intervening in energy markets to uphold energy security and shape flows in line with the new geopolitical realities, while unilateral trade measures have quickly been introduced worldwide to cope with the food crisis. The return of industrial policies across Europe and the US to preserve or achieve technological leadership and enhance self-reliance in critical sectors is yet another manifestation of this trend, as is the increasing scrutiny by public authorities over foreign investment and the export of high-tech goods. In short, as multilevel competition blurs, to some degree, the distinction between security and economic affairs, the role of the state in ensuring the resilience of economies and societies is expected to expand. The problem, however, is that not all states are equally equipped for these tasks, and that playing this role carries huge costs, which may or may not prove sustainable.

The war in Ukraine has also elevated defence – a core state prerogative – on the political agenda. EU member states are planning to expand military investment over the coming years to enhance their (often very limited) capabilities, amid rising defence expenditure worldwide.²² A related challenge will be the regulation of defence technologies and systems, such as the applications of artificial intelligence in this domain. Such regulation will require international cooperation to be effective, which nevertheless may prove elusive if major powers fail to converge around common approaches and rules. Governments will also need to invest in the resilience of critical infrastructure against both physical and cyber-attacks. This priority will simultaneously underscore the responsibility of the state to deliver security, and highlight that doing so requires seamless cooperation between the public and the private sector, and across society at large. The same whole-of-society approach applies to the growing challenge of fighting disinformation and foreign interference, protecting democracy and upholding a sound public debate – a priority that Russia's foreign information manipulation activities surrounding the war in Ukraine have only highlighted.²³

A gathering economic storm?

The expansive national fiscal policies adopted since the outbreak of the pandemic, alongside low or negative interest rates, have been essential to mitigate the economic recession and to support households and companies. However, as growth picked up after 2020 and as supply shocks hit the global economy between 2021 and 2022, the monetary and fiscal stimulus has also contributed to the combination of high inflation, high (or rising) debt levels and rising interest rates that the world is now facing. Worldwide public and private debt

stands today at about 350% of global GDP and, according to some estimates, it might reach four times the size of global output by 2030.²⁴ Meanwhile, multiple factors – including the war in Ukraine – have contributed to the rapid rise of inflation across the world, and it is entirely possible that these factors will keep inflation persistently high (although lower than in 2022) in the years ahead. It is unclear how far central banks will go in raising interest rates, as they will need to avoid stifling the economy while fighting inflation, but it seems safe to assume that the era of loose monetary policy is over. This may in turn challenge the sustainability of swallowing debts, in particular across the developing world but not exclusively. Some believe that an extended period of uncertainty and shocks is on the cards.²⁵

Sustained growth would of course be the best antidote to mitigate the debt problem. However, the prevalent expectation is that, at least in the short term, global growth will slow down. At the turn of the year, the World Bank anticipated that one third of the global economy would face recession in 2023.²⁶ There is therefore a risk of a new phase of stagflation, which combines inflation and stagnation.²⁷ Some are more optimistic as to short-term prospects, at least for the European economy, because they point to the resilience of the European industrial base in the face of supply shocks, to very low levels of unemployment, and to potentially easing inflation due to falling energy prices.²⁸ These factors, alongside the expected rebound of China's economic growth, have recently engendered a more positive outlook, with international financial institutions revising their projections upwards. However, underlying long-term risk factors persist. Geopolitical developments will play a critical role in precipitating or averting new major financial and economic crises. If one were to take place, Russia's invasion of Ukraine would not

just have exacerbated global economic woes but would also have ultimately contributed to another highly disruptive development.

The challenges facing the global economy will affect the future shape of globalisation. Whether de-globalisation is an emerging trend, or a much more complex recalibration of global flows is underway, reshaping but not undermining globalisation, is a consequential question for the future of the international order.²⁹ While not pointing decisively in either direction, the regionalisation of economic flows is a growing trend. Protectionist measures have been on the rise for years, but merchandise trade volumes have not significantly abated (except for 2020) and trade in services and data flows have been expanding.³⁰ However, the surge of economic statecraft affecting trade and investment, as one dimension of broader geostrategic competition, and the risk of a subsidies race among major economies, to support digital and green industries and innovation in respective markets, may corroborate a 'zero-sum' logic that would further challenge globalisation.³¹

Inflationary pressures are in part generated by the disruption of global value chains, and the possible loosening of economic ties among major markets might enhance this trend. Economic crises, in turn, tend to drain support for economic openness, instead of introducing a deeper debate on how to manage globalisation. Economies and societies retrench to protect themselves from turmoil, instead of pursuing the level of cooperation that might prevent or reduce this turmoil. The war in Ukraine and broader geopolitical tensions risk compounding the drivers of de-globalisation on various levels, whether by creating incentives for financial decoupling to elude the impact of Western financial sanctions or by reshaping, to some degree, global value chains away from current or potential rivals.

The big disruption

The war in Ukraine has disrupted international affairs in many areas, but in different ways. In some cases, such as that of the global energy order, the war has been a game-changer on various levels, with long-term implications. This assessment can partly apply to food insecurity as well, although this did not start with the war and developments on this front depend on a wide range of factors, from deliberate policy choices to the impact of climate change. The war has not only aggravated political tensions at large, but also marked a turning point with Russia's threats to use nuclear weapons, which, even if unfulfilled, deal a further blow to already faltering arms control and non-proliferation regimes. At the same time, the conflict has ushered a new political reality into Europe, opening up the prospect of EU enlargement not only to Western Balkan countries but also to its partners to the East – a previously remote scenario.

The global energy crisis

Oil and gas prices were on the upswing well before Russia's invasion of Ukraine. This upswing was due to various conjunctural factors such as the 2021 global economic rebound, and consequent rising energy demand, following the steep 2020 downturn. However, broader structural factors were contributing to long-term uncertainty on the energy markets and on the prospects for a clean energy transition. These included growing energy demand by China, India, and other large emerging economies; inadequate volumes of investment to ensure both the surge of renewables and the reliable supply of fossil fuels during the transition, thus avoiding bottlenecks; and uncertainty about the supply of the minerals needed to deploy clean energy on a much bigger scale. These and other variables were expected

to compound price volatility over the medium to long term, and to carry significant geo-economic implications. The war exacerbated these challenges, triggering what the International Energy Agency (IEA) has called the "first global energy crisis", while also creating new opportunities for fast-forwarding the green transition.³²

Over the course of 2022, gas and oil prices skyrocketed before falling to much lower levels, which nevertheless remain high compared to the average of the years preceding the war in Ukraine. If energy and commodity prices stay high over the medium term, they will continue to fuel inflation and strain the spending capacity of those countries that seek to cushion the impact for their economies and citizens. EU member states, the UK and Norway have reportedly spent together over €700bn to finance measures protecting consumers from high energy prices between September 2021 and November 2022.³³ In the short term, high prices may be problematic but affordable for rich countries, but they have already imposed serious strains on poor energy-importing countries across the developing world. Meanwhile, these high prices have resulted in massive profits for producers, to the staggering level of \$2tr above their 2021 net income.³⁴

The breakdown of the energy relationship between Russia and the EU has sent EU member states scrambling for energy supplies worldwide, with major consequences over the medium and long term. One of these consequences is that growing competition, in particular for LNG, has complicated access to energy for those developing countries that are unable to afford higher prices, and has contributed to energy inequity and to increasing demand for coal.³⁵ Another consequence is that the war has very quickly redesigned energy geopolitics, enhancing the centrality of Gulf countries as major producers with vast reserves, strengthening the role of the

US as an energy provider to Europe, and reducing the position of Russia. The IEA expects Russia's share of internationally traded oil and gas to halve by 2030.³⁶



Alongside geopolitical variables, investment will be the crucial factor affecting the volatility of energy prices and progress with the clean energy transition.



Looking ahead, prices may continue to display high volatility. The EU successfully reduced its gas consumption in autumn 2022 by about 20% compared to the 2017-2021 average.³⁷ Meanwhile gas storage levels across Europe are relatively high due to a mild winter so far, and power supply from nuclear plants will expand in 2023. However, the challenge for Europe remains that of securing sufficient gas supplies with a view to next winter. The extent of the recession across parts of the global economy, the speed of China's economic rebound following the abrupt reversal of its zero-Covid policy, and future weather conditions, will be critical variables for determining energy prices in the short-term. The increasingly ambitious targets set in Europe and elsewhere to boost the share of renewables in the energy mix, alongside the falling prices of renewable energy and green hydrogen, may make energy durably less expensive in the medium term. New gas supplies, which are expected to

come on-stream from the mid-2020s, would also contribute to this. However, much will depend on the pace of the green transition and on adequate levels of investment to enable it.

Alongside geopolitical variables, investment will be the crucial factor affecting the volatility of energy prices and progress with the clean energy transition. Many observers regard the war in Ukraine as an inflection point. While the conflict has spurred a scramble for gas and revived coal consumption in the short term, the convergence of security, environmental and economic considerations would ultimately accelerate the energy transition.³⁸ Investment in clean energy is fast expanding, with the IEA expecting it to rise to \$2tr by 2030 (50% above current levels) under the 'stated policies' scenario. However, the IEA also estimates that, by the end of this decade, green investment should be twice as much as this amount if there is a chance of containing the rise of average global temperatures to 1.5 degrees above pre-industrial levels, under the 'net-zero emissions by 2050' scenario. In addition, and depending on the pace and scale of the green transition, investment will also be needed in the gas sector, as this fuel will likely remain an important part of the energy mix for years to come.

It remains unclear, however, whether adequate investment will follow. Scaling up financing will depend not only on public money but also, and above all, on delivering clear policy signals to the private sector. Yet the combination of high levels of debt, stubbornly high inflation (albeit lower than in 2022) and relatively high interest rates (at least compared to the last three decades) may constrain investment, notably across the developing world. Accelerating the energy transition in developing countries, while also expanding access to energy for the hundreds of millions who still lack it, will require much larger international finance.

Green power plays

Delinking economic growth from the growth of carbon emissions – a development already well underway in Europe and in the US – will be both an overarching driver and a fundamental dimension of change and technological innovation for decades to come. The clean energy transition will bring its own set of long-term strategic and geo-economic implications.³⁹ From a European standpoint, there is a debate on the risk of moving from dependence on Russia for fossil fuel supplies to dependence on a handful of exporters of the key minerals required to foster the transition. China looms large in this debate because it accounts for the vast majority of the tapped reserves of rare earths, holds large shares of other critical raw materials (CRMs) that are needed to build green infrastructure and batteries, and enjoys a quasi-monopoly on their processing. Demand for CRMs is expected to skyrocket in the next two decades and competition for access is already in full swing, with Europe highly exposed to the potential disruption of related value chains.⁴⁰ Nevertheless, when considering the location of major reserves, not all of these minerals are equally concentrated or are in the same countries, and furthermore some of the largest known reserves are currently untapped or under-exploited.⁴¹ In addition, the recent discovery of large reserves of rare earths in Sweden suggests that Europe's own dependency may be mitigated in the long-term, even though various hurdles must be overcome in the exploitation of these reserves.⁴²

Access to CRMs, leadership in green technologies, and the related regulatory power will be key factors of international influence as the energy transition picks up. The map of energy interdependence will be re-designed by various factors and policy choices, such as the impact of future geopolitical tensions, the diversification of suppliers, the possible exploitation of mineral

resources closer to consumer markets such as in Europe and the US (which would carry an environmental cost), technological innovation to lower energy demand, and the development of the circular economy to recycle minerals.⁴³ From this standpoint, the digital and the green transition can support each other, if both proceed at pace, because digital technologies can boost energy efficiency and the spread of renewable energy can reduce the carbon footprint of ever larger data-centres.⁴⁴ Some also suggest that the energy transition may contribute over time to the regionalisation of energy flows and may thus contribute to de-globalisation. Carrying green electricity over long distances is expected to remain relatively expensive and inefficient, whereas the spread of green energy infrastructure, smart grids, and greater capacity of power storage would cut global flows of fossil fuels and progressively localise energy production and consumption.

Over a shorter timeframe, the energy crisis triggered by Russia's aggression has compounded the gravity of the food crisis that the world is facing. High energy prices make fertilisers more expensive and translate more broadly into higher costs for farmers, while the war has temporarily blocked exports of cereals from Ukraine (and severely reduced them for the foreseeable future). With the energy and food crises being closely connected, the latter will be addressed more broadly below as a critical challenge that risks being sidelined by pressing concerns over the war in Ukraine and broader geopolitical tensions.

Nuclear threats and proliferation challenges

The outbreak of large-scale war in Europe has aggravated international insecurity in many

ways. One of the most disruptive and damaging implications concerns the nuclear domain, with President Putin repeatedly threatening the use of all possible weapons, including nuclear. Whether these threats are credible or not (and the mere suspicion that they might be marks a striking development), they send ominous signals at various levels.⁴⁵ Firstly, they risk setting a dangerous precedent, in terms of even contemplating a potential recourse to tactical nuclear weapons in the context of a deliberate war of aggression, well beyond any conceivable requirement to ensure national survival. Secondly, giving in to the Russian leadership's nuclear blackmail might translate into an incentive for nuclear proliferation in the short to long term because non-nuclear states would feel more vulnerable to potential external threats by nuclear powers.⁴⁶

Brandishing the nuclear threat further degrades the context for arms control and disarmament talks, at a time when the only treaty binding the US and Russia is the new START agreement that is set to expire in 2026. At the same time, China appears very reluctant to enter arms control discussions, as it is developing both its missile capabilities and its stockpile of nuclear weapons. Indeed, the Pentagon expects these weapons to grow from about 400 today to 1500 by 2035 (an equivalent figure to those currently deployed by the US and Russia).⁴⁷ The coming years will also likely challenge the nuclear non-proliferation regime. Among other variables, such as the expansion of North Korea's nuclear arsenal, the prospect of striking a new nuclear deal with Iran appears increasingly distant. Failing to do so, and Iran coming very close to or crossing the nuclear threshold, may well trigger a new arms race in the Middle East, or spark a pre-emptive strike by Israel, or both, with serious risks of further escalation destabilising the region and carrying wide potential repercussions.

A new European order

The war has also shifted the agenda on other geopolitical issues. One of these concerns the future of the European political and security order. Russia's aggression has marked a neat watershed from this standpoint, creating a deep geopolitical fracture between Moscow and the rest of Europe. Looking ahead, some degree of dialogue will likely be pursued with Russia to prevent the war in Ukraine from further escalating, and to manage any ceasefire or post-war arrangement, in agreement with Ukraine. This dialogue could also possibly cover advancing the arms control agenda. However, the prospect of entering serious negotiations over shared parameters for stability, governance, and cooperation in Europe with a Russian leadership that has defined itself by its opposition to anything that Europe stands for appears remote, unless Moscow's approach to relations with Ukraine and the rest of Europe changes in fundamental ways.

The war has already determined two major discontinuities. Finland and Sweden are joining NATO, and the EU has granted candidate status to Moldova, Ukraine and, depending on further reforms, Georgia. While the war will continue to test the EU's resilience, Moscow's aggression has boosted the role that both the EU and NATO are likely to play in shaping the European order. Alongside these developments, a new European Political Community has been launched, which gathers all European countries except Russia and Belarus, and which is a potential harbinger of political dialogue and practical cooperation. In short, the war is reshaping the European (geo)political space in ways that will reverberate long into the future. This will require both rethinking the EU enlargement process and reforming the EU in order to equip it to function effectively following the accession of several additional member states.

The big diversion

Russia's invasion of Ukraine has accelerated existing trends and sparked new disruptions, thus affecting an international order that was already weakened by multiple crises. It is widely understood that these crises – financial, economic, geopolitical, environmental, energy and health-related – are interconnected and fuel each other. Politically, however, each successive major crisis tends to supersede the previous ones in the perception of most political leaders and much of public opinion, saturating the public sphere and capturing the strategic bandwidth available for dealing with competing priorities. This is to some extent inevitable because any governance system, from the national to the global level, struggles to apprehend and manage increasing complexity. There is, however, a risk that swings in political focus may lower attention to highly consequential trends that unfold over and above successive crises, such as climate change, or to the challenges that these crises exacerbate, such as sustainable development and human security. To be clear, these trends and challenges are of course neither unknown nor ignored. The question is whether sufficient political capital and resources will be directed to managing them in the short to long term. The war in Ukraine has simultaneously aggravated some of these challenges and reduced the ability of the international community to deal with them – the big diversion.

Development reversing?

This consideration applies to the many factors that are hampering sustainable development, threatening human security across vulnerable regions, and undermining the prospect of achieving many of the Sustainable Development Goals by 2030. As with other agendas, the war has affected a context that was already shifting. The Covid-19 pandemic had already set many development indicators into

reverse. Back in 2020, foresight reports anticipated fast rising levels of poverty and hundreds of billions of dollars in lost growth in Africa by 2030, given the potential economic consequences of the pandemic.⁴⁸ In the Middle East, the pandemic hit local economies (except those of big energy exports) especially hard, leading to a severe deterioration in living conditions. The economic downturn accentuated the debt crisis across the developing world, which further eroded the capacity of the poorer countries to cater for the basic needs of their (often expanding) populations. Alongside longstanding drivers of fragility, the wide-ranging ramifications of Russia's aggression have exacerbated many of the challenges hindering sustainable development.

The UN has sketched out an alarming picture of the current situation, highlighting that 60% of workers in the world have lower real incomes than before the pandemic and that 60% of poor countries are in debt distress or at high risk of it. The UN has also highlighted the three main interconnected drivers of falling living standards – rising food prices, rising energy prices, and tighter access to finance – observing that 1.2 billion people live in countries affected by all of them. These are the conditions for a 'perfect storm'.⁴⁹ Furthermore, none of these drivers of fragility is likely to recede in the foreseeable future. Food security is a particularly pressing challenge. According to the World Food Programme (WFP), hunger affects 828 million people today, with those facing acute food insecurity rising from 135m to 345m since 2019.⁵⁰ Others put the number of people at risk of food insecurity due to rising prices at 1.6bn.⁵¹ The war has disrupted food markets both directly and indirectly. The temporary halt to the export of cereals from Ukraine, and the rising prices of energy and fertilisers, concurred with the especially severe impact of climate change on harvests worldwide in 2021 and 2022 to trigger a supply shock. On the trade front, 87 unilateral measures including curbs on exports, and subsidies to domestic consumption, compounded the spike in prices.⁵² By the end of 2022, prices had

fallen considerably since the summer but they remain, at this stage, higher than after previous food crises, and are subject to further disruptions.

Climate change unleashed

Conflicts, such as in Ethiopia or Yemen, regional destabilisation, such as in the Sahel, or state failure, such as in Somalia and Afghanistan, often generate protracted cycles of violence that threaten human security and development over the long term. Climate change is of course a major multiplier of all the other drivers of fragility, and it is expected to carry an even more severe impact in the coming years, disproportionately (but not only) weighing on less developed countries in tropical or subtropical areas. All indicators are now blinking red. The last ten years included eight of the warmest on record. The massive floods that hit Pakistan in summer 2022 are just a dramatic instance of a large and accelerating pattern of extreme weather events, which in 2022 included record heatwaves and droughts in India, China, East Africa and Europe, exceptional rains and floods in part of West Africa, ever stronger hurricanes from the Philippines to the US, and glaciers melting at record speed.⁵³

Besides thousands of casualties and several million of (often already poor) people losing their means of subsistence every year, some projections provide a broad sense of the staggering long-term economic costs of climate change. As far as Europe is concerned, climate change might entail a total loss of up to €6 trillion over the next 50 years.⁵⁴ According to a recent estimate, climate change may cut Federal revenues in the US by \$2tr per year by the end of the century.⁵⁵ Another report anticipates that climate change may reduce global GDP by between 11% and 18% by 2050 unless the Paris climate goals are met – an amount potentially well above \$20tr (roughly the current size of the US economy).⁵⁶

Tellingly, the last report of the Intergovernmental Panel on Climate Change (IPCC) was published in April 2022, when all major powers were grappling with the immediate consequences of Russia's invasion of Ukraine – and it sent a stark message. Despite some progress towards the energy transition and on stated emissions' reduction pledges, the world is on course to a level of global warming much higher than the 1.5 degree target set in the 2015 Paris Agreement at COP21.⁵⁷ This dire prospect fell well short of generating additional consequential commitments at COP27 in 2022, in particular on the mitigation front. An important agreement in principle was reached on a "loss and damage fund" to compensate poor countries for the devastating impact of climate change but it remains unclear what financial volumes will be committed, by whom, and with what implications for other strands of climate or development finance.

The debt stress that much of the world has now been facing for three years and the further economic slowdown induced by the war in Ukraine risk dragging resources from being used to address the interconnected climate and development challenges. Institutions and experts point to a scenario of growing needs and shrinking finance, which could heighten detrimental competition for limited funds to meet equally pressing priorities – such as climate change mitigation and adaptation measures, coping with the food crisis, poverty reduction, and supporting larger cohorts of migrants and refugees.⁵⁸ Factors that might in part offset these challenges include stronger governance frameworks to prevent disjointed measures (such as those on the trade, climate and public health front) from unintendedly aggravating collective challenges; the mobilisation of the private sector by creating further incentives for sustained investment in developing countries; progress towards debt relief or restructuring for the poorer countries; and technological innovation to enhance the energy transition and boost agricultural productivity.

Conclusion

The review carried out in this policy brief shows that the war in Ukraine is a highly disruptive event, whose wide-ranging implications intersect with other major variables and larger trends shaping the future. Change in international affairs is determined by the conjunction of high-impact events, long-term patterns of change, and human agency, including decisive leadership. The war in Ukraine affects other dimensions of change in multiple ways – whether accelerating pre-existing trends, upending assumptions, shifting expectations, or diverting focus from critical long-term challenges, while aggravating them at the same time.



*What lies ahead is terra incognita
– a strategic landscape that
eludes ready historical analogies.*



Overall, the war has exacerbated the tensions and amplified the vulnerabilities that affect the precarious transition underway in the international order, making its direction, let alone its destination, even harder to decipher and anticipate. What lies ahead is *terra incognita* – a strategic landscape that eludes ready historical analogies. Geopolitical competition in itself is nothing new, even if it subsided for a

couple of decades. However, the risks it poses are increased by the fact that it is surging at a time of power transitions and unprecedented economic, technological, and ecological interdependence, which is itself becoming a playground for power politics. Normative competition among different value systems is on the rise, threatening democracy and human rights. At the same time, no government or political regime will ultimately deliver if mounting common challenges are mismanaged.

In some ways, the war has proved a watershed event – in particular by shattering the European security order and marking a deep fracture between Putin’s Russia and the large coalition of countries countering its aggression. It has also epitomised the return of aggressive nationalism as a destabilising force on the international stage, which directly challenges basic principles of international law and the UN Charter. Whether the war in Ukraine will precipitate a fully-fledged paradigm shift in international affairs – such as by triggering a new cold war or the unravelling of globalisation – is a question that cannot be answered conclusively at this stage. The long-term impact of the war in Ukraine will crucially depend on developments on the ground and on its outcome, as has been the case for other major conflicts in the past. Some of the major variables that carry very different long-term implications are whether a further escalation will take place, involving more countries or even resulting in the use of nuclear weapons by Russia; which side (if any) will ultimately prevail; and what the potential impact of defeat would be on Russia’s regime and future course.⁵⁹

The war in Ukraine has compounded the drift towards a polarised and fragmenting order, deepening the systemic rivalry between the US and China and heightening tensions around Taiwan, but it is not clear that this will lead to bloc politics in a new cold war. First, many countries

in the world, including major regional powers, reject this prospect and pursue strategic hedging, changing their alignment to fit their own interests (although, for some of them, the margin of manoeuvre may be shrinking). Second, while Washington and Beijing will surely continue to reduce their respective mutual vulnerabilities, and to brace for possible security crises or clashes, they have also signalled that a boundary needs to be put on the deterioration of their relationship, and that competitive co-existence needs managing.

The war in Ukraine has starkly exposed how economic interdependence can be weaponised for strategic ends. As such, the war has also fostered some of the drivers of de-globalisation. Whether prompted by the war, such as the disruption of energy flows or the development of payment systems not denominated in dollars, or not, such as the US ban on the export of advanced semiconductors to China, various measures point to the alignment of economic flows and geopolitical cleavages. However, by many other measures, global economic ties continue to run deep and value chains continue to wrap the world. Furthermore, interdependence cannot always be chosen, as the experience of climate change and of pandemics clearly shows. The choice is rather whether to join forces in managing these challenges, or not. Failing to do so will not only seriously hurt the growth prospects of all major economies and developing countries, but may also threaten the legitimacy of the national governments that do not rise to the task. Nationalist or populist narratives may buy some time (while often producing a fair amount of damage), but they have never delivered in the long term. Such a prospect might still focus minds.

Strategic foresight can help explore the *terra incognita* that lies ahead, detecting consolidated and emerging trends and their potential

variations, alongside more or less foreseeable high-impact events. The war in Ukraine is one of these events, carrying ramifications that will reach far into the future. Russia's deliberate attack is also a powerful warning of the grave danger that the combustible mixture of faltering international order and rising nationalistic or imperialistic narratives can detonate, with destructive consequences.

From a European standpoint, recognising and tackling mounting geopolitical challenges, while seeking to tame the drift towards confrontation and to spur collective action, will take true leadership. Strategic leadership will consist of making a difference between future scenarios, ensuring that power does not make right and aggression fails, coping with the many challenges of systemic competition, and striving to shape a stable, rules-based international order.

“

The long-term impact of the war in Ukraine will crucially depend on developments on the ground and on its outcome, as has been the case for other major conflicts in the past.

”

Endnotes

- 1 Scoblic, P. (2020) 'Learning From the Future', *Harvard Business Review*, July-August.
- 2 Wilkinson, A. (2017) *Strategic Foresight Primer*, European Political Strategy Centre, European Commission, November.
- 3 For an overview of global trends before the outbreak of the war in Ukraine, see Gaub, F. (2021) 'The Global Future – An Update', ESPAS Global Trends Mid-Term Report, European Strategy and Policy Analysis System, European Union, November.
- 4 Allison, G., Klyman, K., Barbesino, K. and Yen, H. (2021) 'The Great Tech Rivalry: China vs the U.S.', Belfer Center, Harvard Kennedy School, December; Allison, G. and Glick-Unterman, J. (2021) 'The Great Military Rivalry: China vs the U.S.', Belfer Center, Harvard Kennedy School, December; Allison, G., Kiersznowski, N. and Fitzek, C. (2022) 'The Great Economic Rivalry: China vs the U.S.', Belfer Center, Harvard Kennedy School, March.
- 5 Blinken, A. (2022) 'The Administration's Approach to the People's Republic of China', Speech at George Washington University, 26 May.
- 6 For an analysis of various trends and factors pointing to Russia's decline before the outbreak of the war, see Movchan, A. (2017) 'Decline, Not Collapse: the Bleak Prospects for Russia's Economy', Carnegie Endowment for International Peace, February; Kolesnikov, A. and Volkov, D. (2021) 'The Coming Deluge: Russia's Looming Lost Decade of Unpaid Bills and Economic Stagnation', Carnegie Endowment for International Peace, 24 November.
- 7 Prokopenko, A. (2022) 'The Cost of War: Russian Economy Faces a Decade of Regress', Carnegie Endowment for International Peace, 19 December.
- 8 International Monetary Fund (2021) *World Economic Outlook: Recovery during a pandemic – Health Concerns, Supply Disruptions, Price Pressures*, October.
- 9 Stognei, A. (2023) 'Oil price cap and falling cost of crude worry Kremlin', *Financial Times*, 19 January.
- 10 Fischer, S. (2022) 'Russia on the Road to Dictatorship', SWP Comment No.30, April; Guriev, S. (2022) 'Putin's dictatorship is now based on fear rather than spin', *Financial Times*, 17 April.
- 11 Tertrais, B. (2022), 'The fall of Russia', Analyses, Institute Montaigne, 14 December 2022; Fix, L. and Kimmage, M. (2023) 'Putin's Last Stand. The Promise and Peril of Russian Defeat', *Foreign Affairs*, Vol 102, No. 1.
- 12 Laurelle, M. (2022) 'The End of the Post-Soviet Order. How Putin's War Has Hurt Russia in Central Asia and the Caucasus', *Foreign Affairs*, 13 October.
- 13 Gabuev, A. (2022) 'China's New Vassal', *Foreign Affairs*, 9 August.
- 14 International Energy Agency (2022) 'World Energy Outlook', November.
- 15 Grevi, G., Keohane, D., Lee, B. and Lewis, P. (2013) 'Empowering Europe's Future. Governance, Power and Options for the EU in a Changing World', European Strategy and Policy Analysis System (ESPAS), European Union, December.
- 16 Mohan, R. (2022) 'Why Non-Alignment is Dead and Won't Return', *Foreign Policy*, 10 September; Krastev, I. (2022) 'Middle Powers are reshaping geopolitics', *Financial Times*, 18 November.
- 17 Carothers, T. and Samet-Marram, O. (2015) 'The new global marketplace of political change', Carnegie Endowment for International Peace, April.
- 18 Hale, T., Held, D. and Young, K. (2013) *Gridlock. Why Global Cooperation is Failing When We Need It the Most*, Polity Press.
- 19 Haass, R. (2010) 'The case for messy multilateralism', *Financial Times*, 5 January; Patrick, S. (2015) 'The New "New Multilateralism": Minilateral Cooperation, but at What Cost?', *Global Summitry*, Vol 1, No 2.
- 20 Gowan, R. (2022) 'The U.N. and Multilateralism Made it Through 2022 in Pretty Good Shape', *World Politics Review*, 1 December.
- 21 'Regime Change' (2022) Special Report: The world economy, *The Economist*, 8 October.

- 22 Stockholm International Peace Research Institute (2022) *SIPRI Yearbook 2022: Armaments, Disarmament and International Security*, Stockholm International Peace Research Institute.
- 23 European External Action Service (2023) '1st EEAS Report on Foreign Information Manipulation and Interference Threats', February.
- 24 Roubini, N. (2022) *Megathreats. The ten trends that imperil our future, and how to survive them*, John Murray Press.
- 25 Ibid; and El-Erian, M. (2022) 'Not Just Another Recession', *Foreign Affairs*, 22 November.
- 26 Temple-West, P. and Fedor, L. (2023) 'Recession will hit a third of the world this year, IMF chief warns', *Financial Times*, 1 January.
- 27 Roubini, op cit.
- 28 Darvas, Z. (2022) 'Inflation Peak, Recession Looming?', in *The World in 2023*, ISPI Dossier, December.
- 29 Posen, A.S. (2022) 'The End of Globalization?', *Foreign Affairs*, 17 March; Aiyar, S., Ilyina, A. et al (2023) 'Goeconomic Fragmentation and the Future of Multilateralism', Staff Discussion Note SDN/2023/001, International Monetary Fund, January; Garicano, L., Rohner, D. and B. Weder di Mauro (eds) (2022) 'Global Economic Consequences of the War in Ukraine', Centre for Economic Policy Research; Burrows, M. and Manning, R.A. (2022) 'Correspondence: Fixing the Current System or Moving Towards Value-Based Globalization?', *Texas National Security Review*, Vol. 5, Issue 4, Fall.
- 30 Seong, J. et al (2022) 'Global flows: the ties that bind in an interconnected world', Discussion Paper, McKinsey Global Institute, November.
- 31 'Zero-sum economics' (2023) Briefing, *The Economist*, 14 January.
- 32 International Energy Agency, op cit.
- 33 Sgaravatti, G., Tagliapietra, S. and Zachmann, G. (2022) 'National fiscal policy responses to the energy crisis, Dataset', Bruegel, 29 November.
- 34 International Energy Agency, op cit.
- 35 Kuzemko, C. (2023) 'The Russia-Ukraine war: An inflection point for sustainable energy transitions', Policy Brief, FEPS, December; International Energy Agency (2022) 'Global coal demand is set to return to its all-time high in 2022', 28 July.
- 36 International Energy Agency, op cit.
- 37 Eurostat (2022) 'EU gas consumption down by 20.1%', 20 December.
- 38 International Energy Agency, op cit; Samandari, H. et al (2022) 'The net-zero transition in the wake of the war in Ukraine: A detour, a derailment or a different path?', *McKinsey Quarterly*, 19 May.
- 39 Bardoff, J. and O'Sullivan, M.L. (2022) 'Green Upheaval. The New Geopolitics of Energy', *Foreign Affairs*, Vol. 101 No. 1, January/February; Global Commission on the Geopolitics of Energy Transformation (2019) *A New World. The Geopolitics of the Energy Transformation*, IRENA.
- 40 European Commission (2021) Raw Materials Scoreboard.
- 41 Ibid; and Ritchie, H. (2023) 'The mineral monopoly: will low-carbon technology be controlled by a few countries?', *Substack*, 9 January.
- 42 Fleming, S. (2023) 'Sweden discovers biggest rare earths deposit in EU', *Financial Times*, 12 January; Milne, R. (2023) 'Reasons for scepticism over Swedish rare earths find', *Financial Times*, 26 January.
- 43 'Critical raw materials for transition in the EU: how circular economy approaches can increase supply security for critical raw materials' (2022), *Sistemiq*, 13 November.
- 44 European Commission (2022) *2022 Strategic Foresight Report. Twinning the Green and Digital Transitions in the New Geopolitical Context*, COM(2022) 289 final, 29 June.

- 45 'The nuclear taboo' (2022), Briefing, *The Economist*, 4 June.
- 46 O'Hanlon, M.E. and Riedel, B. (2022) 'The Russia-Ukraine war may be bad news for nuclear proliferation', Brookings, 29 March; Einhorn, R. (2022) 'Will Russia's war on Ukraine spur nuclear proliferation?', *Arms Control Today*, October.
- 47 Sevastopulo, D. (2022) 'China set to expand nuclear arsenal to 1,500 warheads by 2035, US says', *Financial Times*, 29 November.
- 48 Cilliers, J. (2020) 'Impact of COVID-19 in Africa. A scenario analysis to 2030', Institute for Security Studies, Pardee Center for International Futures, Gordon Institute of Business Science, Africa Report 24, July.
- 49 UN Global Crisis Response Group on Food, Energy and Finance (2022) 'Global impact of the war in Ukraine: Billions of people face the greatest cost-of-living crisis in a generation', Brief No. 2, United Nations, 8 June.
- 50 World Food Programme (2022) 'War in Ukraine drives global food prices', 24 June.
- 51 'The food crisis' (2022), Briefing, *The Economist*, 21 May.
- 52 Espitia, A. et al (2022) 'Widespread food insecurity is not inevitable: Avoid escalating food export curbs', in Garicano, L., Rohner, D. and B. Weder di Mauro (eds), op. cit.
- 53 World Meteorological Organization (2022) 'Eight warmest years on record witness upsurge in climate change impacts', 6 November.
- 54 Pradeep, P., Ibrahim, C. and Hodges, C. (2021) 'Europe's turning point. Accelerating new growth on the path to net-zero', Deloitte, October.
- 55 Vahlsing, C. and Yagan, D. (2022) 'Quantifying Risks to the Federal Budget from Climate Change', Office of Management and Budget, The White House, 4 April.
- 56 Swiss Re (2021) 'World economy set to lose up to 18% GDP from climate change if no action taken, reveals Swiss Re Institute's stress-test analysis', 22 April.
- 57 Working Group III (2022) 'Climate Change 2022: Mitigation of Climate Change', Intergovernmental Panel on Climate Change, 4 April.
- 58 Ahmad, Y. and Carey, E. (2022) 'How COVID-19 and Russia's war of aggression against Ukraine are reshaping official development assistance', Development Co-operation Profiles, Organisation for Economic Cooperation and Development, October.
- 59 For a range of different scenarios on the evolution of the conflict and its potential implications, see the series of articles published in *Foreign Affairs* by Liana Fix and Michael Kimmage and collected in 'Exploring the Possible Outcomes of Russia's Invasion, A Foreign Affairs Collection', 20 April 2022. See also Burrows, M. and Manning, R.A (2022) 'How will the Russia-Ukraine war reshape the world? Here are four possible futures', Atlantic Council, 5 April; Ségur, M. (2022) 'What Scenarios for the War in Ukraine? The Progression of the Conflict and Geopolitical Trajectories to 2025', *Futuribles*, No. 272, 12 July; Van der Togt, T. (2022) 'End of an era. Three scenarios for the future of Russia-West relations', *New Eastern Europe*, Issue 6/2022, 8 December.

About the author



Dr Giovanni Grevi

Dr Giovanni Grevi is a senior fellow at the Centre for Security, Diplomacy and Strategy (CSDS) of the Brussels School of Governance (BSoG-VUB) where he teaches European foreign policy and international relations, as he also does at the College of Europe, Bruges, and at Sciences Po, Paris. He has worked and published extensively on EU foreign and security policy, global order, US foreign policy, foresight and EU politics and institutions. Giovanni was formerly head of the foreign affairs programme at the European Policy Centre (EPC), director of the Foundation for International Relations and External Dialogue (FRIDE) and a senior research fellow at the EU Institute for Security Studies (EUISS). He is also a senior associate fellow with the Institute for International Political Studies (ISPI) and the EPC.

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES



About FEPS

The Foundation for European Progressive Studies (FEPS) is the think tank of the progressive political family at EU level. Its mission is to develop innovative research, policy advice, training and debates to inspire and inform progressive politics and policies across Europe.

FEPS works in close partnership with its 68 members and other partners -including renowned universities, scholars, policymakers and activists-, forging connections among stakeholders from the world of politics, academia and civil society at local, regional, national, European and global levels.

European Political Foundation - N° 4 BE 896.230.213 | Avenue des Arts 46 1000 Brussels (Belgium)

www.feps-europe.eu | Twitter/Instagram: @FEPS_Europe | Facebook: @FEPSEurope



About the Karl-Renner-Institute

The Karl-Renner-Institute is the political academy of the Austrian Social Democratic Party. It is a forum for political discourse, a centre for education and training and a think tank on the future of social democracy.

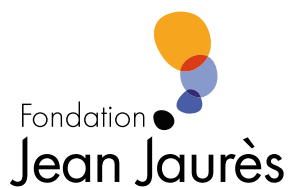
www.renner-institut.at | Twitter/Instagram: @RennerInstitut | Facebook: @renner.institut



About the Olof Palme International Center

Olof Palme International Center is the Swedish labour movement's umbrella organisation for international solidarity and advocacy. We work globally for democracy, human rights, peace and social justice, in the spirit of Olof Palme.

www.palmecenter.se | Twitter/Instagram: @palmecenter | Facebook: @olofpalmeinternationalcenter



About Fondation Jean-Jaurès

Fondation Jean-Jaurès is the leading French political foundation, which not only works as a think tank but also as a grassroots actor and a historical memory centre at the service of all those who defend progress and democracy in the world.

www.jean-jaures.org | Twitter/Instagram: @j_jaures | Facebook: @fondationjeanjaures

ON SIMILAR TOPICS

POLICY BRIEF
December 2022

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES

WAR IN UKRAINE, REFUGEES, INCLUSION AND HUMAN MOBILITY

THE CHALLENGES FOR A PROGRESSIVE EUROPEAN UNION POLICY



ABSTRACT
After summarising the main EU decisions on the reception of Ukrainian refugees, with reference to the decision to grant them temporary protection, this policy brief analyses the migration profile and problems of reception and integration. The flows from Ukraine are largely composed of women and children, posing pressing needs for integration into schooling and the labour market, addressing the problems of urban waste and segregation.

The latter are also discussed in the light of the different geopolitical scenarios and therefore with respect to short-term and medium-to-long-term needs. The importance for the EU to equip itself with a flexible capacity to foresee and respond to migratory flows, combining measures for social and economic integration with measures that enable the mobility of people, overcoming existing discrimination in the treatment of different nationalities, is highlighted. This requires more solidarity among EU member states and territories. More generally, the proliferation of protected crises around Europe calls for a new risk-management policy outside and inside the Union. Growing tensions must be prevented and governed with a progressive policy based on the recognition of human rights, investing in universal welfare and social and territorial cohesion, as well as on the nexus between migration and development in Ukraine.

Finally the Pact on Migration and Asylum should provide for more diversified and intertwined safe channels of entry and mobility.

AUTHOR
ANDREA STOCCHERO
Research Coordinator on Migration and Development at CeSPI

IN PARTNERSHIP WITH
FRIEDRICH EBERT STIFTUNG
Jean Jaurès

IN CONJUNCTION WITH
CeSPI

POLICY BRIEF
December 2022

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES

THE RUSSIA-UKRAINE WAR: AN INFLECTION POINT FOR SUSTAINABLE ENERGY TRANSITIONS

SUMMARY



Russia's war on Ukraine has led to a reorientation of EU energy policy towards phasing out Russian fossil fuel imports. This, in turn, has necessitated an ambitious and highly complex restructuring of EU energy systems, markets and infrastructures. For this reason, a considerable number of new policies are in place to accelerate clean energy production and usage within the EU but the knock-on effects of the EU's new focus on security of supply is making high-carbon energy phase-out more complicated, whilst EU coal usage is expected to grow in 2022.

High energy prices within the EU are being addressed through a series of social policies that focus on certain EU energy justice concerns, but greater coordination and support for EU-wide demand-side policies would do much more to insulate citizens from high energy costs in the long term. EU policies on supply security also raise important questions about North-South energy and climate change relations – not least by placing the EU in direct competition with Global South countries for liquefied natural gas (LNG) and by contributing to high global prices.

In recognition of the complex global knock-on effects of its policies, this Policy Brief proposes that the EU's global climate diplomacy strategy should include measures to assuage Global South countries – like increased commitment to loss and damage, and support for renewable energy development. Furthermore, the European Commission should use this moment of crisis to develop EU-level coordination on high-carbon energy phase-out.

AUTHOR
DR CAROLINE KUZEMKO
Reader in International Political Economy, University of Warwick

IN PARTNERSHIP WITH
FRIEDRICH EBERT STIFTUNG
Jean Jaurès


IN CONJUNCTION WITH
CeSPI

POLICY BRIEF
December 2022

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES

THE EU ASYLUM SYSTEM AND THE UKRAINIAN HUMANITARIAN CRISIS

ABSTRACT



This policy brief sums up the main findings of an international roundtable to discuss the future of the European Union asylum policies after the war in Ukraine.

The roundtable took place in Como, Italy, from 7 to 9 October 2022. It was organised by the Foundation for European Progressive Studies (FEPS), the Friedrich Ebert Foundation Italian Office, the Fondation Jean Jaurès and the Centro Studi di Politica Internazionale (CeSPI), in conjunction with the German-Italian Centre for the European Dialogue, Villa Vigoni.

The objective of the workshop was to promote an essential and timely debate on the political pathways through which the EU can shape its asylum and migration policies, avoiding previous imbalances and inequities.

Thanks also to a preliminary background paper, 'War in Ukraine, refugees, inclusion and human mobility: The challenges for a progressive European Union policy' (A. Stocchero, September 2022, CeSPI), the high-level debate underlined different critical aspects and agreed upon some relevant recommendations in order to enrich a progressive policy agenda regarding the EU migration and asylum policies in the medium and long term.

AUTHOR
ANNA FERRO
Senior Researcher, CeSPI


IN PARTNERSHIP WITH
FRIEDRICH EBERT STIFTUNG
Jean Jaurès

IN CONJUNCTION WITH
CeSPI

Builders of Progress: Europe's NextGen

The War in Ukraine Through the Eyes of Youth

Insights from a survey of 7,367 young Europeans



FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES

ThinkYoung

POLICY BRIEF
July 2022

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES

PARTNERSHIPS AND EUROPEAN STRATEGIC AUTONOMY

HOW TO TURN THEM INTO A WIN-WIN APPROACH

SUMMARY



To become more strategic and autonomous, the European Union has to better use its global partnerships. Managing external security threats to the EU requires active and reliable partnerships, first and foremost with more capable and like-minded partners. Moreover, partnerships can increase the Union's capacity to act in Europe and beyond. Today, the EU has several partnerships. While the number has grown over the last decades, their palpable use in the security and defence domain has rarely been demonstrated.

But the pressure on the EU to deliver more in the field of international security is growing. The Russian war against Ukraine is a watershed for European security, by pressuring both EU institutions and members to unprecedented collective decisions, such as sanction packages on Russia and the delivery of weapons financed by the European Peace Facility. Russian military aggression adds to ongoing security challenges around Europe, from instability in the south to transatlantic challenges. While the US administration is strongly committed to supporting Ukraine and European defence, America's focus on the systemic rivalry with China remains a structural trend that risks turning US attention away from Europe again.

Internally, the narrative of strategic autonomy has been pushed mainly by France and the European Commission led by Ursula von der Leyen. The 2022 Strategic Compass operationalises that ambition through four lines of action: Act, Secure, Invest and Partner. The importance of partnerships as an enabling tool is hence growing. In order to deliver, EU partnerships with NATO, the US and the UK have to be prioritised and pushed forward. The EU should focus on identifying its interests, engage partners and invest in implementation.

AUTHORS
CLAUDIA MAJOR
Head of the International Security Research Division, Stiftung Wissenschaft und Politik (SWP)

ALESSANDRO MARDONE
Head of the Defence Programme, Istituto Affari Internazionali (IAI)

FRIEDRICH EBERT STIFTUNG
Jean Jaurès

STRATEGIC AUTONOMY SERIES

PROGRESSIVE YEARBOOK 2023



FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES