

# Impact of the Ukraine-Russia War on the Globe

## Introduction:

- Russian invasion of Ukraine on Feb, 24, 2022, signalled the first full scale interstate war in Europe since World War II.
- It has created a profound strategic and economic crisis across the world.
- The Russia-Ukraine conflict has not only created a world wide political, diplomatic, economic, food and energy crisis but also exposed the double standards of the world powers towards the principles of international politics and global governance.

## Overview of the Russia-Ukraine War:

- After the Soviet Union collapsed in the early 1990s, NATO expanded eastward.
- The Baltic republics of Lithuania, Latvia,

and Estonia, once parts of the Soviet Union joined NATO, as did Poland, Romania and others.

- In 2008, it stated that it planned to enrol Ukraine, though that is still seen as a far-off prospect.
- The Russian president calls NATO's expansion menacing, and the prospect of Ukraine joining it a major threat.
- East-West relations worsened drastically in early 2014, when the mass protests in Ukraine forced out a president closely allied with Moscow.
- Russia swiftly invaded and annexed Crimea, part of Ukraine.
- Moscow also fomented a separatist rebellion that took control of part of the Donbas region of Ukraine, in a war that still grinds on, having killed more than 13,000 people.

### Global Strategic Implications of the War:

#### i. Russia's resurgence agenda:

- Russia's resurgence agenda refers to its

efforts to regain influence, assert itself as a global power, and restore its position on the international stage.

- Russia's resurgence agenda has far-reaching strategic implications that affect international security, alliances, regional stability, and balance the power.
- Understanding these implications is crucial for formulating effective foreign policy strategies and managing potential conflicts.

#### ii. Revival of NATO (Open Door Policy):

- The revival of NATO's open door policy, which aims to expand the alliance by allowing new member countries to join, has several strategic implications for both NATO and the international security landscape.
- These implications can impact regional stability, relation with Russia, NATO's effectiveness and global dynamics.

#### iii. Warm Water Access of Russia:

- The ongoing conflict in Ukraine and Russia's actions in Crimea have

Significant strategic implications.

- Control over warm water ports is strategically important, for Russia's maritime trade, military projection, and geopolitical influence.
- It has far-reaching global strategic implications that affect security, trade, geopolitical dynamics, and diplomatic relationships.
- It grants Russia the ability to shape events beyond its immediate borders and to influence the behavior of other major powers and regional actors.

#### iv. Expansionist Agenda of Russia:

- This agenda involves actions such as territorial annexations, military interventions, and attempts to assert influence in various regions.
- It impact international relations, security dynamics, alliances, and regional stability.
- These implications extend beyond Russia's immediate neighbors and can influence the behavior of other countries.

shape geopolitical alignments, and contribute to a more complex and competitive global security environment.

#### v. Global Hybrid Warfare:

- The Russia-Ukraine war has significant implications for global hybrid warfare as it serves as a prominent example of how hybrid tactics can be employed by a state actor to achieve strategic objectives.
- The conflict has highlighted various hybrid warfare elements and their impacts on international relations, security dynamics, and regional stability.

#### vi. Domino Effect - The Taiwan Question:

- The Russia-Ukraine war and its global strategic implications can have potential ripple effects on other geopolitical situations, including the Taiwan question.
- There are certain lessons, dynamics, and concerns that could be relevant to the Taiwan issue.
- Some potential ways the Russia-Ukraine

conflict could impact the Taiwan question and create a "domino effect," like; precedent for Territorial Annexation, deterrence and Strategic Calculation, hybrid warfare tactics and Regional power dynamics.

### vii. Cyber and Space war:

- The Russo-Ukraine war has highlighted the potential global strategic implications in the realms of cyber & space war.
- Its implications extend beyond the immediate conflict zone, impacting information dissemination, critical infrastructure, military capabilities, and international norms.

### viii. Nuclear Flashpoint:

- The war has implications that extend to the realm of nuclear security, particularly in terms of potential nuclear flashpoints and the global strategic landscape.
- The conflict itself may not directly result in a nuclear flashpoint, the broader security dynamics it has

highlighted underscore the importance of maintaining effective crisis management mechanisms, open communication, arms control agreements and efforts to prevent unintended escalation in the nuclear realm.

### ix. Revival of Cuban Missile Crisis Strategy:

- The revival of the Cuban Missile Crisis Strategy in the context of the Russia-Ukraine war would involve the potential reemergence of a tense and dangerous confrontation b/w major nuclear powers, reminiscent of the Cold War era.
- The Cuban Missile Crisis of 1962 was a pivotal moment when the United States and the Soviet Union came closer to nuclear conflict over the placement of Soviet missiles in Cuba.
- The concept of strategic brinkmanship, risk of escalation, and nuclear weapons could resonate in the context of the Russia-Ukraine conflict.

# Global Political Implications

## of the Russia-Ukraine War

### i. Changing global Order - Challenges to American Unipolar World Order:

- The war in Ukraine has intensified the US great power competition with China and Russia.
- The distribution of power across the world is changing, this crisis has aggravated and has seriously threatened the peace in the world.
- US Punitive Sanctions to persuade a resurgent Russia to agree to negotiations did not attain the desired results.

### ii. Revival of Cold War Politics:

- Due to Russia-Ukraine War, the world is, once again, being plunged into the dangerous politics of the Cold War and the 'great power competition' is going to become the great power 'confrontation.'
- Russia has been pushed closer to



China at a time when U.S. Strategy is still focusing as much on Beijing as the re-emergence of Moscow.

- China also, however, may now see Russia as a potential partner whose weak economy, declining technology base, and alienation from Europe make it far more dependent on China.

#### iii. Polarization in Europe:

- The Russia-Ukraine conflict is likely to accelerate a long-standing transition to a multi-polar world, one that will be increasingly shaped by a competition over strategic connectivity.
- The increased polarization in Europe is evident in both political and strategic dimensions and has the potential to reshape dynamics within the continent.
- This include NATO & EU Divide, Sanctions Debates, Energy dependency, Neutral States etc.

#### iv. Emergence of Bloc Politics (East and West Divide):

- One of the global political implicat-

ion of Russia-Ukraine was is the emergence of bloc politics.

- Europeans and Americans agree they should help Ukraine to win, that Russia is their avowed adversary.
- In contrast, Citizens in China, India, and Türkiye prefer a quiet end to the war even if Ukraine has to concede territory.
- Western decision-makers should take into account that the consolidation of the West is taking place in an increasingly divided post-Western world; and that emerging powers such as India and Türkiye will act on their own terms and resist being caught in a battle between America and China.

#### v. Imbalance in Organizational Cooperation:

- Russia's aggression against Ukraine has contributed not only to the accelerated erosion of the international order but also to decline in trust in international organization.

- The United Nations is treated disrespectfully as much as instrumentally by Russia.
- In the instrumental dimension, Russia consistently uses its status as a permanent member of the UN Security Council to block all UN initiatives and actions that are unfavourable to it.
- The only exception in practice is the EU, has more decision-making powers than "traditional" international organizations (UN, OSCE, NATO, Council of Europe etc).

#### vi. Refugees Influx:

- According to the UN refugee agency, more than 13 million people, or nearly a third of Ukraine's prewar population, have been displaced since the invasion.
- Of that, more than 5 million are internally displaced, while over 8 million are refugees living in neighboring countries.
- Approximately 17.6 million people are in need of humanitarian assistance in 2023.

## Global Economic Implications of the Russo-Ukraine War

- The war triggered a massive shock to the global economy, especially to energy and food markets, squeezing supply and pushing up prices to unprecedented levels.

### i. Economic Sanctions Leading Global Inflation:

- Post invasion, Russia faced serious sanctions by the US and its NATO allies.
- In six rounds more than 4000 sanctions were imposed due to which ~~is imposed by~~ Russia faced deepening isolation in the global world.
- Russia, in return, has deliberately restricted some of its food export in retaliation against the sanctions.
- This conflict is a major blow to the global economy that has been hurting growth and raised prices.
- The entire global economy is currently

feeling the effects of slower growth and faster inflation.

ii. **Emerging Energy Crisis:**

• The key destination for Russia's energy exports in 2021 for crude oil and condensate: OECD Europe 49%, Asia & Oceania 38%, while the rest of the world 13%.

EU dep-  
endency on  
Russia in  
Energy

• For natural gas OECD Europe 74%, Asia and Oceania 13%, while, the rest of the world 13%.

41%  
Natural  
gas

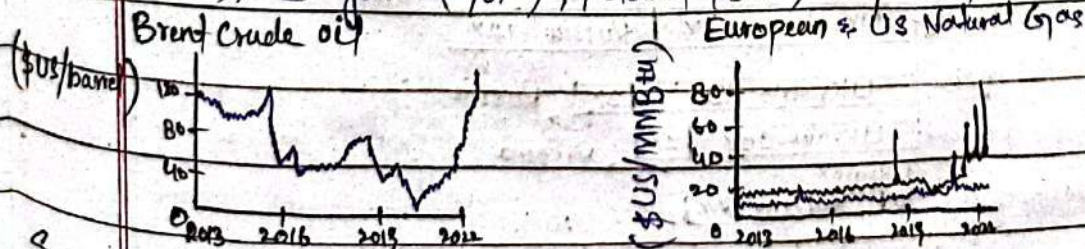
• The above number suggests that Europe is dependent on Russia for its energy needs.

36%  
oil

• Russia was the leading supplier of the main fossils fuels to the EU (oil, gas, coal) over the 2010-2020 period

19%  
coal

• Not only Europe, but North Macedonia (100%), Bosnia & Herzegovina (100%), Finland (90%), Latvia (90%), Bulgaria (90%), Poland (53%) dependent on Russia.



Source: Bloomberg, USDA, Datastream, & IMF Staff Calculations.

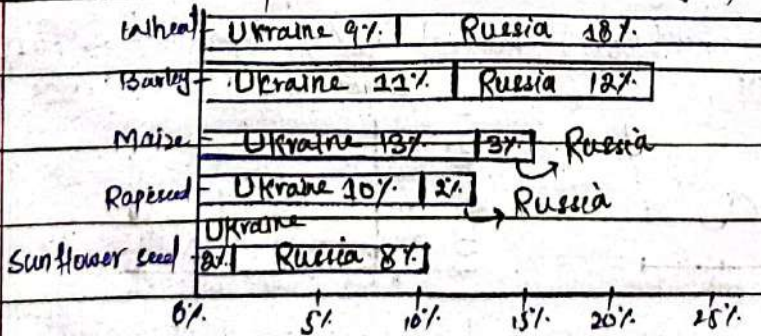
iii. **Food insecurity:**

- The combined effect of reduced Russian and Ukrainian agricultural products means that the countries dependent on them, especially on wheat exports, will suffer directly as a consequence of the war unleashed by Russia.

- The combination of declining food exports and higher food prices poses a major risk for food security in some of the most vulnerable societies and countries in the world.

- The World Food Program estimates that acute hunger could rise to affect an additional 47 million people in the 81 countries it monitors, as a result of Russia's war on Ukraine.

Ukraine's and Russia's Share in Global exports of selected crops (2016 - 2020 average)

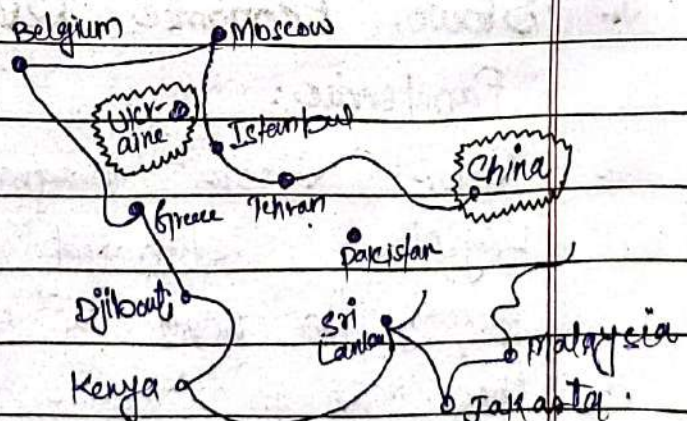


Source: Food Agriculture Organization of the United Nations. Babar Paper Product

iv. **BRI / OBOR Question:**

- China's Belt Road initiative (BRI) is an ambitious programme to connect Asia with Europe, Africa, and Latin America.
- Ukraine occupies a strategic location in the BRI, near the intersection of Europe, and Asia, rendering it a potential "gateway to Europe".
- Russia's invasion of Ukraine is having a disruptive effect and poses numerous challenges for the initiative, as it has affected some of the pillars and overall goals of the BRI.
- Unimpeded trade via the BRI is being affected as the war causes disruptions to global value chains, weakens free trade, and sharpens food and energy insecurity.

One Belt - One Road :



Babar Paper Product

### v. Impact on Global Trade:

- The World Trade Organization (WTO) in its report, "Trade Forecast 2022-2023," has raised alarms regarding the global trade recovery which is at risk due to Russia-Ukraine Conflict.
- Experts at the WTO had to recalibrate their global economic growth estimations for the year 2022 in light of the Russia-Ukraine war.
- They have depreciated the global merchandise trade volume (import and exports of goods) estimate from 4.7% to 3% in 2022.
- This figure is subject to further change due to the uncertainty caused by the conflict in Ukraine.

### vi. Slower Economic Recovery from the Pandemic:

- Before Russia invaded Ukraine, projections estimated global economic growth in 2022 would be around 5%.
- The war in Ukraine was a "massive



and historic energy shock" to the markets, according to a November 2022 report by the OECD.

- The "Shock" of the war was one of the main factors that had slowed economic growth in 2022 to just 3.2%.
- The report found, the war, has had the greatest impact on Europe's economy, where the growth in 2023 is projected to be just 0.3%.

#### vii. A Re-creation of the Cold War Economy:

- The current situation virtually re-creates the Cold War division of the global economy in certain sectors, only now, Russia is a greatest disadvantage, since it has no longer operates in the larger space of the Soviet bloc (the Council for Mutual Economic Assistance - COMECON) whose one time members are now members of the EU & NATO.
- Russia will be hurt by not having access to Western financial markets

and institutions, including the worldwide Payment messaging system SWIFT.

### viii. De-Globalization Pressures Continue:

- While the pandemic highlighted the vulnerabilities of just-in-time supply chains, the economic fallout from the war in Ukraine has underlined the additional risks in such a system.
- Globalization is not dead, and the world manufacturing and commerce will continue. But the neo-geopolitical environment will affect future corporate decision making.
- Cost saving will be more closely scrutinized against risk.
- De-globalization means increased prices, at least in the short run, adding to inflationary pressures.

### ix. Global Defense Spending Surges:

- The war in Ukraine has bolstered Europe's commitment to increase defense spending, as has a perceived threat from China.

- Major defense manufacturers will benefit.
- This trend has already been reflected in the surge of their share prices.
- Whatever manufacturers can ramp up to meet the demands remains a question.

### References:

- ① Brian Michael Jenkins @ RAND
- ② Global Economic Impacts of the Russia-Ukraine war @ IBSI
- ③ Rebirth of the global order By Bobo Lo @ Lowy Institute.

# Russia-Ukraine War & Pakistan

## Introduction:

- The breaking out of the war in Ukraine was very, very bad news for Pakistan.
- The impact of this war on Pakistan can be seen through two dimensions: Political and economic.
- Pakistan's decision to maintain PM's visit was sound.
- Principles are important, but nations weigh their core interests when taking decisions in fraught and critical situations.
- Our country's geopolitical relevance to both Russia and China will be enhanced, especially for possible trade and communications corridors.
- Pakistan has given greater importance to its economic ties with Ukraine, and it was not possible for Pakistan to go against Ukraine economically.

## National Unity & Foreign Policy Options for Pakistan on Russia- Ukraine War:

- The Russian invasion has sent shock waves to the world, and global powers like the US, UK, France, Germany, and many other European countries are taking it to global platforms like the UNGA to gather global support to condemn Russia over its aggression in Ukraine.
- In Pakistan, as soon as the unfortunate event of aggression took place, policy makers were feeling the heat to react quickly and take a position.
- Keeping in view the political and economic impacts of the war, two contrasting schools of thought emerged:
  - i. **Pro-Russian School of thought:**
    - There was an adrenaline rush among the supporters of this camp to jump into the Russian ship and prove Pakistan's relevance to the world, especially to the West.

- They argue that since Pakistan has recently adopted a multidimensional foreign policy to maintain good relations with every major global power.
- They highlighted that Pakistan is an independent sovereign country that finally wants to breakaway from the US.
- Proponents of this group also suggest that the US itself has committed multiple acts against sovereign countries and is an unreliable friend.
- They argue that as NATO has an agreement that it will not expand its sphere in Eastern Europe and it has violated the agreement.
- Ukraine joining NATO was a direct attack on Russia from NATO, therefore Russia has every right to exercise its influence on the neighboring states.

## ii. Pro-USA School of thought:

- This school of thought claim that Pakistan and the US have enjoyed

Sustained periods of close, mutually beneficial engagement and even now the US is the largest trading partner of Pakistan, while economic and political cooperation with Russia is almost negligible.

- They also highlight the role of the Financial Action Task Force (FATF), International Monetary Fund (IMF), European Union (EU), and Generalized System of Preferences (GSP) of the EU in running the economic machinery of the state.
- To many, this stance made clear sense, after all how Pakistan can support a large country invading a small country?
- Another strong argument given by this group is that Russia invaded a sovereign country, such aggression is a violation of international law.

## Pakistan's Foreign Policy Toward East & West:

- As the recent invasion of Russian forces in Ukraine signaled a shift

Global order, countries around the world have difficult diplomatic choice to make.

- For Pakistan, which wishes to improve its ties with Russia without jeopardizing its relationship with Western powers, the situation is anything but welcoming.

## NO Camp Politics - A Policy of Neutrality:

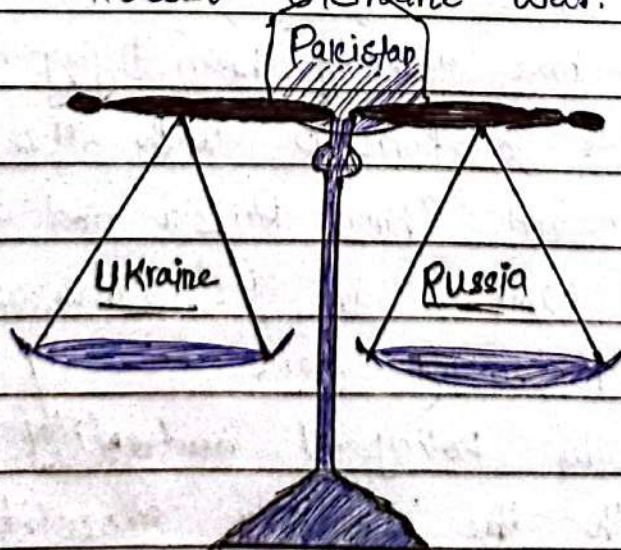
- Caught between a rock and a hard place, the Govt. of Pakistan announced a neutral stance that would avoid siding with any camp.
- However, this policy of "no camp politics" is not a response to the Ukraine crisis.
- Pakistan has already been trying to balance its relationship with the United States and China; Russia and the European Union are just new weights in this balancing game.
- Although the policy of neutrality aligns well with the shifting geopolitics



of the region and Pakistan's National interests, the country's leadership must understand that balancing is not standing still; rather it requires a constant to-and-fro motion.

### Analysing Pakistan's Foreign Policy of Neutrality in the Russia-Ukraine War:

- Every region in the world has been affected by the ongoing Russia-Ukraine war in one way or the other.
- For Pakistan, the situation has been especially precarious against the backdrop of its long history of relations with the US and the EU, which are major stakeholders in the Russia-Ukraine war.



- However, Pakistan needs to continue her policy of neutrality.

## Policy of Neutrality, Benefits from Ukraine:

- Pakistan has good relation with Ukraine in various domains.

### In the Economic domain:

- In the economic domain, their bilateral trade, as of 2021 stood at USD 411.184 million. (United Nation COMTRADE database on International Trade).

### In the Military domain:

- Both countries also have military-to-military relations.
- According to the Stockholm International Peace Research Institute (SIPRI), Pakistan is among the biggest arms market for Ukraine with USD 1.6 billion in contracts being completed till 2020.

### In Education & Science and Technology:

- Over 3500 Pakistani students were studying in Ukraine.
- Both countries have also been cooperating in science and technology.

- Due to this, rather than become a party in the war and make another enemy or at least lose a friend; it would not be beneficial to take any side.

### Policy of Neutrality, Relation with Russia:

- In the same vein, Pakistan and Russia, while moving on from their history of the Cold War, have gradually enhanced their bilateral relations.

### In the Economic domain:

- As of 2020, their bilateral trade was USD 790 million.
- Both countries have also talked about enhancing their industrial and energy cooperation.
- They have also agreed on the 'Pakistan Stream Gas Pipeline', an 1100 km gas pipeline project that will carry 12.4 billion cubic feet of natural gas annually.

### In the Military domain:

- In the military domain, their

Collaboration has enhanced in recent years.

- Pakistan acquired Mi-35 helicopters from Russia. Whereas, joint military exercises have been conducted in both countries on regular basis.
- Even though Pakistan wants to enhance its relations with Russia, it should not be at the cost of compromising its relations with any other country.

- History has taught us that there has always been a huge cost that Pakistan had to pay when it was not neutral.

- Either, it was during the Cold War or in the Global War on Terror (GWOT), in the post-9/11 era.

### Impact of War on Foreign Policy of Pakistan:

- When it comes to "Bloc Politics", there is always a gigantic pressure on the foreign policy of Pakistan because of the close historical ties with US.

and China both.

- The Sentiments of "Neutrality" during the visit of Ex-PM Imran Khan to Moscow, built the tensions.
- Bilateral relations between the Russia and Pakistan are growing but not to the pace as with US, as exports of Pakistan grown at the rate of 13% and imports at 10% annually with Russia.
- Pakistan also abstained from voting in UN, from condemning Russia's aggression along with thirty-four other countries.
- This resulted in a type of growing mistrust and disrupted the mechanism of communication b/w Pakistan and the US during Ukraine crisis.
- Pakistan's move in the UN has provided an opportunity for its historical rival, India.
- It has strengthened its ties with US by 2+2 Dialogue which followed to "Basic Exchange and Cooperation Agreement"

(BECA)" which is defence agreement between them.

### Recommendation:

- Pakistan should not join any camp, it is the ideal time to revive its relationship with western powers through a clear, vocal, and principled stance; the principle that is enshrined in the foreign policy of Pakistan, which is in accordance with the UN Charter.
- It should categorically condemn the invasion on the grounds that it supports Ukraine's territorial integrity and sovereignty.
- Pakistan should stress the need to de-escalating the conflict and resolve it peacefully.

### References:

1. National Unity & Foreign Policy of Pakistan on Russia-Ukraine war @ The diplomatic Insight
2. Ukraine Crisis: Foreign Policy option for Pakistan @ NDU, Islamabad.
3. NO Camp Politics @ South Asian Voices
4. Analysing Pakistan's Policy of Neutrality in the Russia-Ukraine war @ Centre for Aerospace and Security Studies

## Implication of Russia-Ukraine War on National Security of Pakistan:

- "Strong do what he wants to do and weak has to suffer".
- This is the situation of Pakistan in the Russian-Ukraine war.
- Pakistan can be impacted by this conflict from both political and economical fronts.
- For Pakistan a country with a growing economy, devaluing currency and at the rates of political instability it wouldn't be a good choice to make.
- Pakistan has experienced food shortages, resulting in price increases, and could potentially impact Pakistan's security.
- So, the Russian-Ukraine conflict has its implications on Pakistan's national security and can even worsen and affect Pakistan's territorial sovereignty.
- In conclusion, Pakistan's national security is significantly being impacted by the ongoing conflict between Russia & Ukraine.

- Pakistan must protect its national security interests and for that matter it should do whatever it takes.

## Impact of the War on Strategic Stability of Pakistan:

- The Russia-Ukraine War has led to a fundamental shift in the system of global security.
- Pakistan has been forced by these geopolitical challenges to secure its security and to proactively deal with the threats by tailored defense policies to ensure one's sovereignty & security.

### i. Pakistan Relations with Western Powers:

- The war has impacted, Pakistan's relation with the major Western power, such as; the US, the EU, and Ukraine.
- Pakistan and US have enjoyed sustained periods of close, mutually beneficial engagement and even now the US is the largest trading partner of Pak.
- But according to spokesperson of the U.S



State Department Matthew Miller, that the visit of Ex-PM Imran Khan disappointed the United States.

- It has also affected Pakistan's relations with the EU, as EU is the largest trade partner of Pakistan.
- The western countries have little time and energy left to pay attention to other problem spots around the world, including Pakistan.

## ii. Impact on Pak-Russia Bilateral Relations:

- Bilateral relations between the Russia and Pakistan are growing but not to the pace as with US.
- In 2020, Pakistan exported \$279 million to Russia, & in 2021, Pakistan exported \$175.2 million (UN COMTRADE, 2022).
- Due to recent escalations, oil prices have crossed 100 dollars per barrel.
- This will directly have a negative impact on Pakistan from an economic perspective.
- The brewing Russia-Ukraine crisis

if escalates further has the capacity to take oil prices above \$100 to \$120 a barrel, and derail Pakistan for a hard landing of the economy.

### iii. Impact on Pakistan Diplomatic Relations with USA:

- Pakistan has strong diplomatic relations with USA, and remains a strong ally of United States during the Cold War era, and the WOT.
- Pakistan was non-NATO ally of US in Afghanistan post 2001.
- But the war impacted the US-Pak diplomatic relations. US, being the decision-maker within the IMF, might exerted pressure on Pakistan to take a tougher stance on Russia if it wants to secure the loan.
- On 5, March 2022, a US State Department spokesperson told Dawn: "We have briefed the government of Pakistan on the impact that Russia's unprovoked war against Ukraine could have

on regional and global security."

- However, Pakistan's UN Ambassador Munir Akram says that Islamabad is not only aware of the consequences of its actions, but also "supports all efforts" to restore peace in Ukraine.

#### iv. Impacts on volatile Afghanistan:

- The ongoing conflict between Russia and Ukraine has implications on regional stability, and could potentially impact Pakistan's security.
- Pakistan a country that borders with the Afghanistan, any unrest in region could possibly spill over into Pakistan, the conflict has affected Afghanistan's security situation.
- Following the withdrawal of US forces, Afghanistan is now more ~~susceptible~~ susceptible to unrest and hostilities.
- The Taliban have been alleged to receive backing from Russia, which could exacerbate the situation in Afghanistan and cause it to spread into Pakistan.

## v. Impact on Regional Stability - The Indian factor:

- The conflict can cause regional instability and reviving hostilities b/w Pakistan and India, two nuclear-armed neighbors.
- Russia has recently provided India with cutting-edge military equipment and gear, including the S-400 air defence system, which has caused Pakistan to be apprehensive.
- India is making sure that it doesn't condemn Russia and sever ties with it, as it doesn't want China and Pakistan to get closer to Russia and form an alliance, which would not be in the strategic interest of India and would be a security threat for it.

## Impacts of the Russia-Ukraine War on Economic Stability of Pak:

- The ongoing conflict b/w Russia and Ukraine has not only had far-reaching implications for the two nations involved but has also

reverberated across the globe, affecting various countries and their economies.

- Among these nations, Pakistan, situated in South Asia, has not remained untouched by the repercussions of the War.

- Below is in the comprehensive analysis of the Russia-Ukraine War and delve into its economic impact on Pakistan.

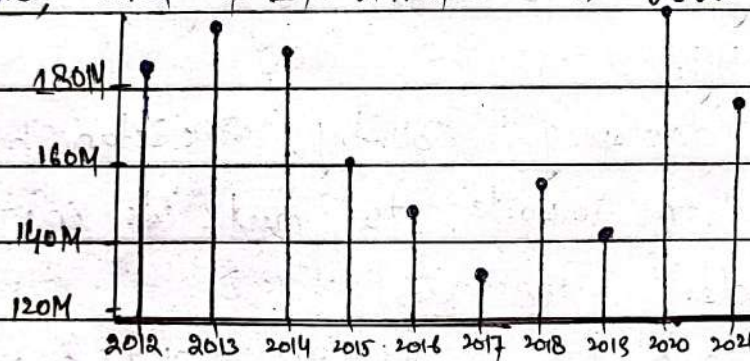
### Trade Relations between Pakistan and Ukraine:

- Pakistan and Ukraine share diplomatic ties and have engaged in bilateral trade for many years.
- However, their trade relationship has been modest, with limited volumes and a narrow range of goods.
- Major Pakistani exports to Ukraine include rice, textiles, and surgical instruments, while Ukraine primarily exports fertilizers, machinery, and pharmaceutical products to Pakistan.
- The Russia-Ukraine war has had an indirect

impact on trade between Pakistan and Ukraine due to the broader geopolitical dynamics at play.

## Trade Relation between Russia and Pakistan:

- Historically, Pakistan has sustained bilateral economic ties with Russia.
- According to UN COMTRADE, 2022: Pakistan exported \$273 million to Russia in 2020, and \$175.2 million in 2021.



Source: COMTRADE: COMTRADEECONOMICS.COM

- The main products that Pakistan exported to Russia are Citrus (\$57M dollar), Non-Knit Women's Suits (\$23M dollars), and Knit Sweaters (\$21.5M dollar).
- In 2020, Russia exported \$699M to Pak.
- The main products were Wheat (\$394M), Dried Legumes (\$156M), and Coal Briquettes (\$48.2M).

## Energy Dynamics and Pakistan's Dependence:

- Ukraine plays a crucial role in the transportation of natural gas from Russia to Europe, with the majority of these gas pipelines passing through Ukrainian territory.
- Disruptions in the gas supply due to the conflict have led to energy shortages in Europe, affecting Pakistan indirectly.
- As a developing country, Pakistan heavily relies on imports to meet its energy demands.
- Any disturbance in the global energy market, including fluctuations in gas prices or supply disruptions, can have a significant impact on Pakistan's energy security and economic stability.

## Economic Impact on Pakistan:

### i. Trade Disruptions:

- The Russia - Ukraine war has led to trade disruptions, affecting Pakistan's export and import patterns.

- The instability in the region has resulted in higher transportation costs, delays, and uncertainties, making it challenging for businesses to engage in smooth trade transactions with Ukraine.

## ii. Energy Prices:

- The conflict has led to increased energy prices in the global market, including natural gas.
- The war sent prices rising as Russia stopped supplying some Member States with gas, leading to Europe to search for supplies elsewhere and forcing Europeans to pay more for their petrol and household heating.
- Pakistan, being an energy-deficient nation, faces the burden of ~~these~~ higher fuel costs, which can have a cascading effect on various sectors of the economy, including manufacturing, transportation, & agriculture.

## iii. Investment Climate:

- Heightened geopolitical tensions and the uncertainty surrounding the conflict have



a negative impact on the investment climate in Pakistan.

- Foreign investors may adopt a cautious approach, delaying or reconsidering their investment decisions in the country, leading to a slowdown in economic growth.

#### iv. Remittances:

- Pakistan is heavily reliant on remittances from its overseas workers.
- The conflict has created uncertainty and instability, potentially leading to a decline in remittances from the region affected by the war.
- This reduction in remittances can have adverse effects on Pakistan's balance of payments and overall economic stability.

#### v. Impacts on Energy Security of Pakistan:

- Russia is the largest country in the world, and is richly endowed with natural resources, including energy, & exported energy to Europe, Asia, and other parts of the world including Pakistan.

- The conflict created energy insecurity in the world including Pakistan.
- Pakistan's imports fossil fuels from Ukraine, including oil, LNG, and coal have ceased, during the conflict.
- As a result Pakistanis will face frequent and prolonged power outages, exorbitant utility bills, and impediments to other services.
- Pakistan's petroleum import bill remained \$28.3 billion in the last fiscal year (FY22), which was 105% higher than the previous year.
- Pakistan has imported energy products worth \$10.6 billion during the first 7-months of the (FY-2023), according to official data.

#### vi. Impacts on Food Security of Pakistan:

- Pakistan is importing around 1.2 megaton of wheat, along with Russia also supplying 0.42 megaton wheat to Pakistan for the period 2020-2021.
- Pakistan's food import bill during the same period was 16% of the total import bill, which has increased to over 20% in the face of the conflict.
- Record rises in food prices would push

hundreds of millions of people into poverty and lower nutrition, if the crisis continues. (Institute of Strategic Studies Islamabad).

### vii. Russia-Ukraine War Causes inflation in Pakistan:

- According to Arab News: "The war has directly contributed 8-9 percent to current inflation rate in Pakistan as oil and food commodity prices shoot up in the global market after a war."

- The inflation in Pakistan during the FY 2022-2023 remained at 29.2%.

According to Economic Survey of Pakistan 2023, the high inflation rate is due to the high energy prices of upto \$120/barrel in the international market because of Russia-Ukraine War.

- The increase in Pakistan's overall energy bill pushed the country's CAD beyond \$ 17.4 billion, causes balance of payment crises etc, resulted in high inflation.

## Mitigating Measures and Opportunities:

- Despite the economic challenges posed by the Russia-Ukraine war, there are potential avenues for Pakistan to mitigate the impact and explore opportunities:

### i. Pakistan is to take the edge of "Neutral Foreign Policy":

- One option for Pakistan's foreign policy is to take the edge of "Neutral foreign policy", as India is also signing agreements with Russia for 30% less price of the oil while also maintained strategic ties with the US, and signing defence agreements with the US.
- This would help Pakistan to gain its national interest and its political objectives from both the blocs.

### ii. Pakistan should revisit its Foreign Policy with US:

- Pakistan should revisit its foreign policy with US and take a pragmatic approach.
- This is because historically, Pakistan was aligned with US in "War on Terror" and Pakistan also received economic and financial assistance from US-bloc under

"Coalition Support Fund" and both EU and US have largest trade relations with Pakistan than Russia.

- Imports of Pakistan from US were \$237.092 million during May, 2022, while exports were \$499.686 million in July 2022. (According to Strategic Studies & NDU Islamabad).

### iii. Diversification of Trade Partners:

- Pakistan can focus on diversifying its trade partners by exploring new markets and strengthening ties with countries outside the region affected by conflict.
- This can help reduce reliance on trade with Ukraine and minimize the negative consequences of disruptions.

### ii. Energy Alternatives - Investment in green Energy Projects:

- Pakistan can invest in developing alternative energy resources, such as renewable energy: i.e. solar, tidal, hydro etc, to reduce its dependence on imported fossil fuels.
- This will enhance energy security and shield economy from fluctuations in global energy prices.

#### v. Strengthening Regional Cooperation to Promote Economic Cooperation and Stability:

- Pakistan can actively engage in regional initiatives to promote economic cooperation and stability.
- Strengthening economic ties with neighboring countries, such as China, Iran, and Central Asian states, can provide alternative trade routes and investment opportunities, mitigating the impact of the Russia-Ukraine conflict.

#### vi. Diplomatic Mediation by Pakistan in the Russia-Ukraine War:

- As a responsible member of the international community, Pakistan can use its diplomatic channels to support peaceful negotiations and mediation efforts in the Russia-Ukraine conflict.
- Facilitating dialogue and promoting a peaceful resolution can help reduce the economic fallout and stabilize the region.

#### Conclusion:

- The Russia-Ukraine war has significant economic implications for Pakistan, along with strategic implications.

- to mitigate the ~~conflict~~ impact, Pakistan must adopt a multifaceted approach, to promote peace and stability in the region.
- Pakistan should categorically condemn the invasion on the grounds that it supports Ukraine's territorial integrity & sovereignty.
- Pakistan should stress the need to de-escalating the conflict and resolve it peacefully.

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