

Q2. US and Europe retaliated with sanctions on Russia's hydrocarbons after it attacked Ukraine. Critically evaluate its implications on the global energy market and increasing price hike in Europe. Also analyze the options with Europe and Russia?

Introduction:-

Russia attacked Ukraine on 22 Feb 2022. Ukraine was trying to get NATO (west defense alliance) and European membership. Consequently, to stop Ukraine from going into west bloc Russia captured ~~the~~ Mariupol and other areas of Ukraine. Russia also captured buffer zone between both countries and deployed its army in east Ukraine and Belaruse. Against the aggression of Russia, West put sanctions on it to bent Russia. But, these sanctions negatively effect globe especially Europe. The matter is becoming critically day by day and it requires urgent attention. It can be solved with sincere effort only.

Evaluation of sanctions on global market:

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1. Shortage of food:

Russia and Ukraine both are largest exporters of grains. It produces wheat, sunflower oil and seeds. Due to war in Ukraine, crops were destroyed and it was unable to export grains. Secondly, its plants were also captured by Russia. Moreover, Russia came under sanctions due to its aggression. It was also major contributor to the world. Both countries unavailability has created food dilemma in the world.

2. Dilemma of oil/gas:

Russia was major contributor of oil and gas to the world. It came under sanctions and cannot export oil and gas. It has created gap that ~~was~~ is not covered by another country. The U.S.A tried to get oil from Saudi Arabia but it denied its request and claimed that it

did not have increasing price

1- Dependency on Europe whole depend on Russia and shortage of demand is met with petrol price barrel, but \$120 billion did not increase

2- price hit ever recorded in increase The high price hit and of citizens

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did not have that much capacity.

Increasing price hike in Europe:

1- Dependency on hydrocarbons:

Europe and the world as a whole depends heavily on hydrocarbons. Russia and Ukraine were created a shortage of hydrocarbons. As a result, demand increases and Europe met with inflation. Previously, petrol price was \$74 billion per barrel, but after war it went to \$120 billion in its initial months. It did not stop to 120, and is further increasing day by day.

2- Price hike of commodities:

Europe met with highest ever ^{recorded} inflation. As hydrocarbons price increase transport charges also increase.

The higher transport charges trigger price hike in the ~~day~~ utilities and put pressure on the pockets of citizens.

3- Price hike of energy :-

Europe also faced price hike in electricity. Electricity mostly depend on hydrocarbon for its creation. The price of hydrocarbon increased electricity tariffs and made it costly.

Options Europe have:-

1- Get oil and gas from Russia:-

One option that Europe has to get oil and gas from Russia via diplomatic talk. Russia is providing Crude oil to India at discounted price. Europe can also avail the opportunity of ~~to~~ getting hydrocarbons from Russia. But, it has to justify its position at global level.

Because, Russia is under sanctions and it will be like accepting attack on Ukraine justified.

Europe has less tendency to move towards this step.

2. Uplift sanctions from Iran or Revive
Joint comprehensive point of action :-
Iran is under strict sanctions
after it tried to become nuclear
power. United Nations security council
had imposed sanctions on its trade
with other country. The U.S.A tried
to do deal with Iran when
commission was made which
ensures Iran met with following
points:

- (i) Iran will not enrich uranium above
3.5 percent.
- (ii) Iran will dismantle nuclear capabilities.
- (iii) It will share uranium in store
form to Turkey and Russia.

Obama, president of U.S.A, tried to
lift sanctions from Iran and
protect middle east from nuclear
threat. Trump with drew from the
deal by blaming Iran due to
its hegemony. Joe Biden, current president
of the U.S.A, is trying to revive
the deal. It will met the

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energy deals of Europe and the globe as a whole. Iran was the second largest exporter of gas and fourth largest exporter of oil. Therefore, Iran has the potential to meet with world's increasing needs.

3- Stop doing interventions in Ukraine. Ukraine is a sovereign state. West shouldn't intervene in it. It shouldn't support Ukraine by providing them weapons against Russia that is a biggest challenge to the peace of world too. West should try to solve the issue of Russia-Ukraine war diplomatically. It was basically started due to interventions. The U.S.A promised with Russia in 1991 after its disintegration that it wouldn't do alliance with the countries that were once the part of the U.S.S.R. The U.S.A didn't fulfill its promise

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;and Poland, Estonia and many other ex-U.S.S.R countries made alliance with NATO. Previously, Russia was not able to stand against rich Washington. But, now Russia is becoming powerful day by day and is trying to get the U.S.S.R disintegrated countries back. Russia showed its aggression firstly in 2009 when Georgia wanted to go under U.S.A Camp. The Russia within 3 days ~~with~~ made Georgia mind change by involving militarity.

Policy options Russia has :-

1. Should solve issue with Ukraine on table:

Russia should solve issue with Ukraine diplomatically. It should stop immediately war keeping in view the havoc it brought. There is no issue that cannot be solved through diplomacy. Therefore,

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Russia should stop aggression through war and sit with Ukraine on table to settle the issue or engage China in the matter too & solve the issue as early as possible.

2. Recall U.S.A its promise:

The U.S.A promised in 1991 that it would not extend towards U.S.S.R Camp. Russia should ~~not~~ behave like responsible country and settle the dispute through communication settle.

Conclusion:

In the light of above discussion, Russia and Ukraine war has affected the world negatively. It has destroyed peace of world; in addition to the problem of hike in prices and energy demands. Therefore, it is necessary to solve the issue as early as possible through pragmatic approach and ~~some~~ sincere effort.

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