

# Ukraine War (Topic)

# 23

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Prospective F-policy options for Pak in the wake of Russia Invasion of Ukraine on 24 Feb 2022?

Core causes of the Russia invasion of Ukraine which have considerable socio-economic, political and strategic consequences on the world? explain devastating impact on Pak and severe

March 2021							Wk
M	T	W	T	F	S	S	
1	2	3	4	5	6	7	9
8	9	10	11	12	13	14	10
15	16	17	18	19	20	21	11
22	23	24	25	26	27	28	12
29	30	31	.	.	.	.	13

Moon Phase Key: ○ = New Moon ◐ = First Quarter ● = Full Moon ◑ = Last Quarter

# Russia-Ukraine WAR

- b/w Russia (along with pro-Russian separatist forces) and Ukraine.
- Begin on Feb 2014 following the Ukrainian Revolution of Dignity and initially focus on the status of Crimea and parts of the Donbas, internationally recognized as a part of Ukraine.
- The conflicts expanded significantly when Russia launched a full scale invasion of Ukraine on Feb 24, 2022.

## 24 Feb 2022:

- Russia attacked Ukraine on 24 Feb 2022. This was a brutal act of war.
- Invaded Ukraine from three sides.
- Bombs were dropped on Ukraine military points, some civilian houses, 1 lakh people left their homes.
- South and east part of Ukraine was easily takeover by Russia but not the northern part.
- Military Rule (Martial law was imposed)
- Thousands of people in the Russia protested against Putin with a slogan we don't need a war.

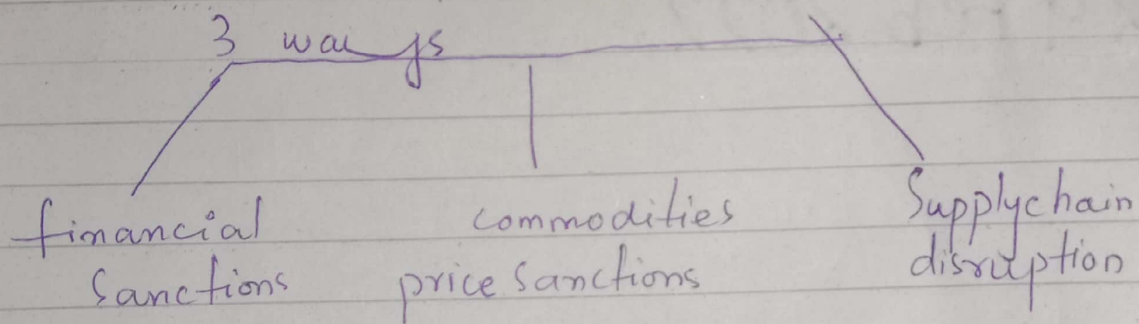
In Dec 2021, Russia advanced to draft treaties that contained request for what is referred to

as "security guarantees" including a legally binding process<sup>mise</sup> that Ukraine would not joined the NATO as well as reduction in the NATO troops and material stationed in the eastern Europe. NATO has rejected these requests.

on Feb 24 morning, Putin announced that Russia was initiating a "special military operation" in the Donbas and launched a full scale invasion to Ukraine.

## GLOBAL IMPACTS

### Global Economic Implications On Russia Ukraine War.



Increase in inflation and growth.

#### ① Financial Sanctions:

on Feb 28 2022, the US unveiled a sanctions package targeting the central bank of Russia (CBR). These sanction will prevent the CBR from accessing about half of the US dollar 643bn that it holds in foreign exchange reserves by blocking this ability to convert assets held in US dollar and euros into rubles. The measures also prevents Russia from tapping its emergency sovereign

wealth fund, the National wealth fund (NWF) In addition, the US and EU have announced that some Russian banks will be cutoff from SWIFT, the global payment system.

## ② Higher commodities prices:

- will remain elevated for months.
- will jump owing to 3 factors concerned around supplies, the destruction of physical infrastructure and sanctions.
- prices of oil, gas, base metals and grains will jump.
- Oil prices will remain above US dollar 100/b.
- Gas price will rise by atleast 50% this year.
- Russia is also a major producer of several base metals (Aluminium, titanium, palladium and nickel) so the prices will jump to its peak.
- Prices of Agricultural commodities (wheat, maize, barley and rapeseed) will soar. Ukraine and Russia account for more than a quarter of the global wheat trade and produce 12% of calories <sup>cons</sup> consumed globally.

## ③ Supply chains will be disrupted.

Supply chain and trade will be disturb. as companies will struggle to find financial channels through which to conduct trade with Russia. In addition, the possible destruction of some transport infrastructure (notably port in Ukraine) will compound existing supply chain issues.

Disruption of Supply chain will come from 3 Sources

- hand based trade routes
- restriction on tradelinks
- cancellation of sea freight routes from ukraine.

④ Global Inflation will jump above 6% this year.

higher commodities prices will fuel global inflation this year and 2023. This inflation will offset the +ve impact of higher c.prices for producers.

Higher prices will also raise tricky questions for central banks.

⑤ Global growth will take a hit:

mostly ukraine and Russia will both experienced sharp decline in their economic growth. Those eastern european countries that are most exposed to trade with Russia such as lithuania and latvia will also take a hit from the conflict. Elsewhere in europe the EU will suffer from an energy, supply chain and trade shock.

The Ripple effects of Russia's war in ukraine are changing the world

- food and economy
- Displaced people
- geopolitics
- energy
- Security

# Pakistan :

## Implications of Russia-Ukraine War

### ① Repercussions on Pakistan's Economy:

Pakistan has maintained moderate (Neutral) economic relations with both Russia and Ukraine.

#### ① Wheat Shortage

B/w July and November 2020, Ukraine was the main supplier of wheat exporting 1.2 megatonnes (MT) to Pakistan. During same period Russia supplied 0.92 MT to Pakistan wheat exports from the two countries exceeds to 1.2.0 megatonnes over 2020-2021.

Pakistan is exposed to the negative impacts of these elements more vulnerable as compare to other countries of this region. due to export limitations on Russia and supply disturbance from Ukraine.

Pakistan has also been compelled to find an alternative wheat supplies. as many countries had reported food shortage issue. Our government may have to cover any shortage with expensive wheat imports.

#### ② Oil and Gas Shortage: / Energy Crisis:

energy crisis will lead to high inflation rates. plans being considered by Russia and Pakistan as parts of the "Co-operation Roadmap 2021-26"

may be derailed by the economic sanctions placed on Russia this will have impact on

- power engineering
- repair of Pak's railways - building
- modernization
- upgrading of Industrial facilities in the metallurgical, chemical and pharmaceutical industries and supply and maintenance of transport planes and helicopters. It will also have impact on Pakistan's army intentions to upgrade its tank fleet as well as the IL-78 aircraft overhaul programs for the Pak airforce. The \$2.5 bn Pakistan Stream gas line project might possibly be put off

Russia and Ukraine can give Islamabad a chance to improve bilateral ties with Moscow by remaining neutral and finishing its long term contract for LNG, LPG and crude oil at Market competitive pricing to meet its energy needs.

### Impact on Imports:

Ukraine is considered as the main importer country for Pakistan not only for food items like carpet, machinery, paper and other items. After this crisis there was a commodities. Pakistani industrialist seem concerned. Other raw material markets including oil, wheat and steel closed higher. The construction industry of Pakistan is very imp. It will not only affect it but also impact the Pakistan's economy. This war will not only increase the

prices of raw material but also lead to a shortage of exported goods which is likely to directly affect the common men.

## STEEL SHORTAGE

Pakistan also imports steel from Ukraine as it's cheap in terms of quality and price but in these circumstances the burden is increasing.

## DEFENCE EQUIPMENT SHORTAGE:

Pakistan also gets defense equipment from Ukraine but this ongoing war has created a state of chaos and if this way will continue the Pakistan will lose its military imports.

## PAKISTAN STANCE ON WAR:

Pakistan has Neutral stance on Russia Ukraine war

Bilawal Bhutto (Foreign minister of Pakistan) said:

"We are sick and tired of wars and conflicts".

He also said that

"All I am saying is that what's happening in Ukraine right now; the Russians have their own perspective; the west has its own; whichever perspective ~~the west has~~ its own you hold; this is surely not the appropriate time to be starting another world war".

## CONCLUSION:

It's important for Pakistan to take alternative measures to mitigate the potential impacts of the conflict, such as diversifying trade relationships with other countries and find alternative sources for essential commodities. Also need to take step



to support industries that may be directly affected by the conflict such as construction industry to ensure that the economic impacts of the conflicts are minimized.

Pakistan is caught in a complex situation diplomatically as it wishes to keep the relation neutral with both Russia and Ukraine also the European countries. In such situation the government and stakeholders should maintain diplomatic ties with Russia and China for geopolitical reasons as the crisis would not be resolved so quickly.