Economic Impacts

The Russia-Ukraine war is having an outsized impact on the global supply chain, impeding the flow of goods, fueling dramatic cost increases and product shortages, and creating catastrophic food shortages around the world, according to experts at a [virtual symposium](https://ctl.mit.edu/events/wed-06012022-1000/impact-war-ukraine-global-supply-chains) hosted by the [MIT Center for Transportation and Logistics](https://ctl.mit.edu/).

Top of Form

Bottom of Form

The upheaval to the supply and demand of goods is exacerbating the already untenable human toll of the conflict, which shows no signs of abating.

**Sanctions**: The Russian invasion has triggered sanctions and other obstacles that have hampered critical logistics and trade route operations. The resulting ripple effects are threatening the supply of key food resources like wheat and raising the possibility of a global famine.

Simultaneously, disruption to the flow of electronics, raw materials, and parts supplies emanating out of China and other locales has seriously impeded global trade positions, forcing companies to recalibrate and in some cases, wholly reconsider their long-standing supply chain and partner ecosystems.

**Food supply in crisis:** One of the most alarming supply chain issues resulting from the Russia-Ukraine war is food shortages, particularly acute in low-income countries in Africa. Ukraine and Russia account for about a third of the world’s wheat and a quarter of barley production, not to mention some 75% of the sunflower oil supply — all critical commodities for keeping humans fed.The combination of Russian sanctions, blocked Ukrainian ports, and the inability of Ukrainian farmers to work the fields is creating a perfect storm that requires governments and businesses to find new ways to collaborate to head off a humanitarian crisis.

**Energy challenges:** Russia’s invasion of Ukraine has the potential to accelerate the global shift to green energy in the long run, but as for the short-term it will have huge consequences on energy price and market structures. Firstly, countries are working on contingency plans as a response to the shortage of oil and gas. The United States, United Kingdom and Canada imposed an embargo on Russian oil and gas imports.

**China – Europe routes disrupted:** The state of transportation routes connecting China with Europe is another casualty of the Russian invasion. Surging gas prices are increasing freight costs for all modes of transportation. The train route connecting the regions, which became highly competitive during the height of COVID-19, especially for industries valuing shorter lead times such as automotive and electronics, is now stalled. This is especially true for the primary corridor that traverses Russia, Belarus, and Poland before continuing on to Germany, France, and other European countries.

**Social Impacts:**

**Migration:** According to the United Nations, more than eleven million people have left their homes in Ukraine so far: 5.3 million of which have left to neighboring countries, while 6.5 million people are now internally displaced in the country itself amidst the continuation of the war. The UN's children agency believes that two-thirds of all Ukrainian kids have been impacted and had to flee their homes.

**Unemployment:** Since the war started, half of all Ukrainians have lost their jobs. Only 2% were able to find temporary earnings. It is crucial that investment into re-education and skills development will help improve this situation. Those that have left for other countries are willing to return home once it is safe to do so. In the meantime, if they could invest into their know-how and an increased sense of business culture, they could fuel Ukraine's economy after the war.

Due to the current situation, Ukraine is facing a food crisis in several cities, such as Mariupol, with limited to no possibility to bring in more supplies. This food crisis is a part of the bigger economic war that the invasion into Ukraine has triggered. The problem will not be limited to Ukraine, but also hit other Eastern European countries hard, as prices surge in the short-term and shortages will increase in the long run.

This is why small farmers need support now to grow food this season and provide for the country's domestic needs. For a long-term perspective, green sustainable farming practices need to be established.

**Political Impact**

**Nuclear weapons:**  Russia has more nuclear weapons [than any](https://fas.org/issues/nuclear-weapons/status-world-nuclear-forces/) other country in the world. Its military attack on Ukraine has notably reenergized NATO, [a military and political alliance](https://www.npr.org/2022/03/27/1088683957/what-is-nato-ukraine-russia-putin) of the United States and European countries. Urgently, countries around the world have escalated military spending or have begun a consequential reevaluation of their defenses.

**Breakdown in diplomatic relationships:** A 21st century war in Europe led by a nuclear power is pushing the world towards a potentially profound realignment. It has rattled prominent global players such as [the European Union](https://www.npr.org/2022/03/24/1087891834/russia-invasion-ukraine-europe-eu-defense-unity) and [the United Nations](https://www.npr.org/2022/04/05/1091050554/zelenskyy-un-security-council-speech) and forced countries to take sides in new ways that have led to escalating tensions and momentous diplomatic shifts.

**Military strength of Ukraine:**

**Threat of World war III:**

**United the Ukrainians against their enemy:**

**Sanctions:**

**The International Criminal Court along with the associated concept of universal jurisdiction is a toothless instrument of power and accountability** because it has failed to hold accountable those responsible for the war for example Putin and his military consuls, who are guilty of the most heinous international crimes, war crimes, crimes against humanity, genocide, and aggression in Ukraine.

**Sanctions are now more dubious than ever, especially against an adversary possessed of vital resources.** To depend on sanctions, even smart or targeted ones, as a preferred alternative to force, without recognizing how time-consuming, difficult-to-assess, subject to misinterpretation as a sign of cowardice rather than of courage, and unjustly injurious to innocent parties they may be, is to opt for symbolism over substance and thereby risk the inevitable leakage

.

**The possession of nuclear weapons in the hands of irresponsible leaders is a danger to humanity**: This can be explained by the destruction of lives and property, the suffering caused by the conflict in Ukraine such as displacement of families, migration and the trauma caused by the war.

**UN Security Council:** The UN security council structure is a manifestly dysfunctional apparatus for maintaining international peace and security. Its permanent members are themselves perpetrators of aggression and other forms of irresponsible behavior. Persisting in preserving the existing structure of the UN Security Council, each of its permanent members empowered by veto to block action against even the vilest acts of criminality by any other permanent member, continues to be an insuperable obstacle to lasting international peace and security.

**Weaponized dollar:** The United States has demonstrated that perhaps the most powerful weapon in the world is the weaponized dollar. World trade requires U.S. dollars, either in hand or as the benchmark against which trading takes place. The euro is a distant second, and no one would sign onto a five-year construction project denominated in yuan. lack of access to dollars coupled with blocking exports can cripple a nation’s economy.

**Cooperation of other nations:** The key to trade is the cooperation of other nations. The United States has mobilized not only most of NATO but also countries like Japan, which is far from the fighting but close to the dollar. The desire of allies neither to engage in kinetic war nor to tick off the United States created a coalition of central banks all cooperating to isolate the Russian economy, which depends on the export of primary commodities (energy) rather than industrial or technical products.

**Inflation:** The United States today is facing a degree of pain in its economic offensive, mostly in the cost of gasoline and other goods due to the increased inflation resulting from the Ukraine-Russia war which is threatening to cripple the World’s economy.

What must African countries do now and in the future?