

# Ten ways the war in Ukraine will **change the world**

Russia's invasion marks a defining moment  
in the reshaping of the geopolitical order

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# Ten ways the war in Ukraine will change the world

**Russia's invasion of Ukraine marks a defining moment in the reshaping of the geopolitical order. The battle for Ukraine is not just another regional war: it represents a rupture in Russia-West relations that will have profound repercussions for Europe and the world. This analysis discusses ten ways in which the war will affect the global balance of power.**

### **1. Russia's war in Ukraine will bring about a new division of Europe**

Russia's brutal invasion aims to destroy Ukraine's sovereignty and prevent the country from ever joining NATO or the EU. Russia intends to annex at least part of Ukraine, thereby creating a buffer zone between Russia and the West that also includes Belarus and Kazakhstan. Russia's repudiation of the Western-led "rules based order" signals a turning away from Europe and the creation of a new division of the continent, three decades after the fall of the Berlin Wall.

### **2. Russia's violation of Ukraine's sovereignty signals the end of the post-cold war order**

The first half of the post-cold war era was characterised by US unipolarity. A crisis-ridden Russia was economically and politically prostrate and incapable of resisting US unilateralism, while China was at an early stage in its ascendancy. The past 15 years or so have been characterised by the revival of Russia, the rise of China, growing intra-Western rivalry and the erosion of US hegemony. Russia's invasion of Ukraine is a flagrant challenge to the US's role as global policeman, and suggests that the world has become much more unstable and dangerous.

### **3. The war in Ukraine will deepen Russia's strategic alliance with China**

Ostracised from the international political, economic and financial system, Russia will turn east to cement its alliance with China. What began as a marriage of convenience has grown over the past decade into a strategic partnership. Russia began its "pivot eastwards" in 2012, having concluded that it was unlikely to be given a say in the European security order and that the economic future lay to the east. It has helped China in the fields of energy, air and sea power, intelligence, and military and foreign affairs, and in return it has received financing and technology. For China, an alliance with Russia offers security along its northern border, natural resources and a shared authoritarian approach and attitude to the West. At the Beijing Winter Olympics, before Russia's invasion of Ukraine, presidents Xi Jinping and Vladimir Putin declared that their alliance would "know no limits" and would be "superior to political and military alliances of the cold war."

# TEN WAYS THE WAR IN UKRAINE WILL CHANGE THE WORLD

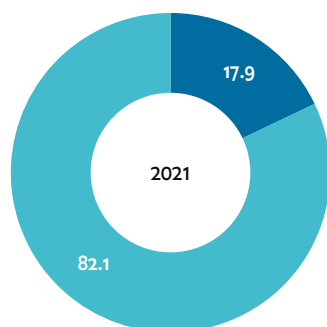


## Russia is more economically reliant on China than the other way around

(US\$ values)

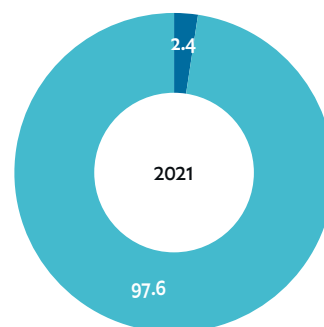
Russian trade flows (%)

■ China ■ Rest of the world



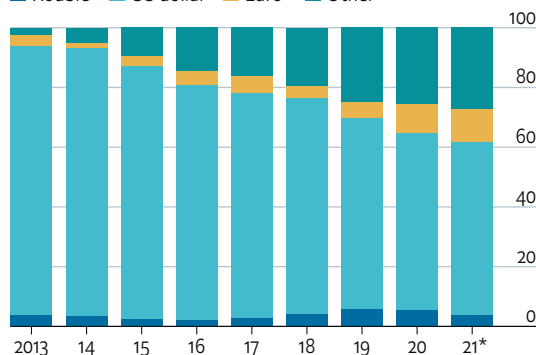
Chinese trade flows (%)

■ Russia ■ Rest of the world



Currency composition of Russian exports to China (%)

■ Rouble ■ US dollar ■ Euro ■ Other



\* Jan-Sep

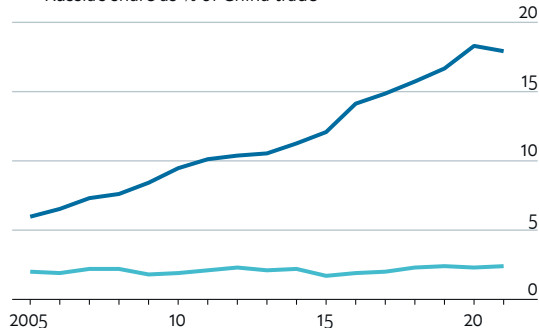
Sources: Central Bank of Russia; EIU.

Russia has become increasingly reliant on China

(US\$ values)

— China's share as % of Russia trade

— Russia's share as % of China trade



## 4. Russia's actions accelerate the bifurcation of the world into two hostile, competing camps

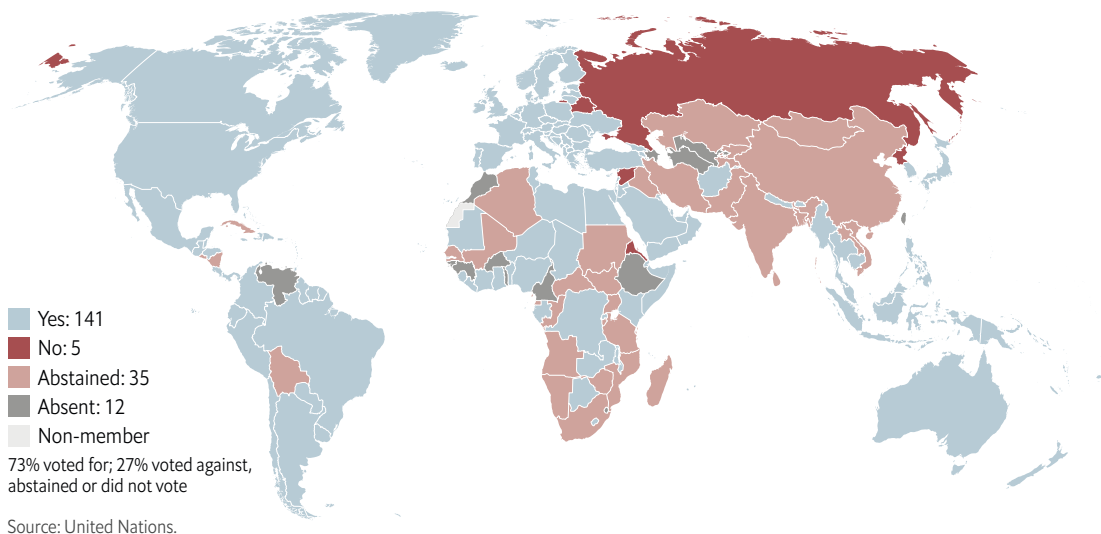
China and the West have been competing for several years to establish dominance in the industries and technologies of the future and to prepare the ground for a future decoupling. The coronavirus pandemic has reinforced this trend, fostering a move towards regionalisation and away from globalisation. By bringing about a decisive rupture with the West, Russia's actions will speed up the division of the world between two rival poles. Some countries will take sides, but many others will seek to maintain a foot in both camps. As time goes on, this balancing act will become increasingly difficult.

## 5. A renewed focus on European security will constrain the US tilt to Asia

By having to divert diplomatic resources to deal with the crisis on Europe's eastern fringes, the US will be hamstrung in its efforts to counter the challenge of a rising China. The US will find itself having to focus on containing a declining power (Russia), when it had wanted to be devoting its energies to

## Geopolitical divides set to deepen

(vote result of UN resolution deploring Russian invasion of Ukraine, Mar 1st 2022)



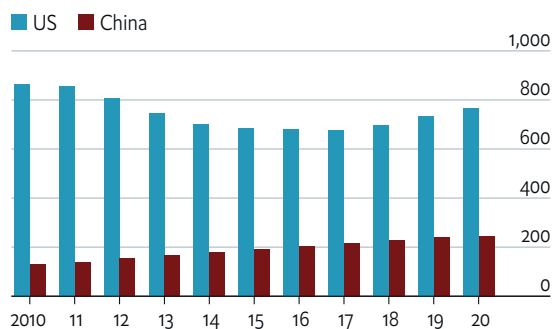
containing the threat from a rising power (China). This is bad news for countries such as Japan, South Korea and Taiwan, which had been counting on more protection from the US, and which will be even more eager now to form a counter-balancing coalition against China in the Asia-Pacific region.

## 6. The war in Ukraine will accelerate a global arms race

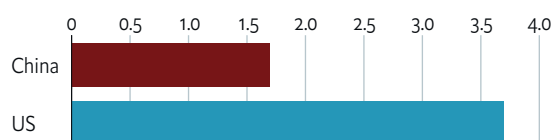
The end of the Soviet threat led to a “peace dividend” and an overall decline in global arms spending. An arms race has resumed in recent years, with China expanding its nuclear arsenal and Russia, the US, the UK, France and others modernising theirs. The number of nuclear warheads being deployed with operational forces is rising, reversing a declining trend since 1991. In addition, the development and deployment by the major powers of anti-ballistic-missile defence systems, anti-satellite weapons and hypersonic missiles are amplifying threat perceptions among competing powers and fuelling an arms race. This race has not reached the dimensions of that between Russia and the US during the cold war, as US military spending is still more than 2.5 times greater than that of China, but it is accelerating. The war in Ukraine will lead to more weapons proliferation and a destabilising cycle of tit-for-tat arms escalation.

### US military spending is triple that of China (defence spending)

US\$ bn, 2019 prices



% of GDP, 2020



Source: SIPRI.

## 7. Germany may begin to play a more assertive role in European security policy

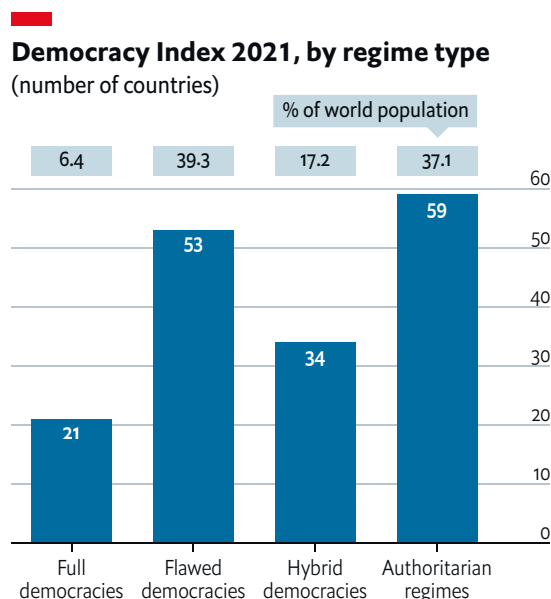
In a major policy shift, Germany will provide weapons to Ukraine, invest €100bn in the German armed forces and increase defence spending to more than 2% of GDP, above the long-ignored target for NATO member states. Germany's new chancellor, Olaf Scholz, described Germany's foreign policy volte face on defence policy as a *Zeitenwende*, literally a turning point. Having previously been seen as being too soft on Russia, Germany will now pursue deterrence rather than *détente*. It has abandoned the Nord Stream 2 gas pipeline, which it had previously defended in the face of strong US pressure, and will reduce its energy dependency on Russia. Russia's war in Ukraine may help to unburden Germany of the baggage of the second world war and allow it to play a bigger role in defining European defence, foreign and security priorities. This will start to change the balance of power in Europe.

## 8. Europe will be forced to decide where it stands in the new global order

The war in Ukraine is a wake-up call for Europe, confirming that it, rather than the US or Russia, needs to be able to influence what happens on its own continent. The US will remain by far the dominant power in the NATO alliance, but the balance is likely to shift in coming years, as European powers—led by France and Germany—become more serious about asserting their interests. Russia's invasion of Ukraine provoked an unprecedented show of unity from the NATO powers, but there are already signs that unity might fray over time as national and regional interests come to the fore again. The divergent transatlantic approaches to dealing with Russian energy exports are an early indication that transatlantic divisions will persist.

## 9. The challenge to global democracy will become more pronounced

The war over Ukraine will deepen the division of the world into authoritarian and democratic camps. The invasion of Ukraine marks another watershed moment in Russia's descent into outright authoritarianism, as recorded in EIU's annual Democracy Index. The decision in 2012 of Mr Putin, then Russian prime minister, to stand again for the presidency, having already served two terms in 2000-08, marked a decisive step in the country's slide towards authoritarianism. Mr Putin has since presided over increasing corruption, the erosion of freedom of speech, repression of political protest and the slow suffocation of democracy. Similarly, China has become increasingly authoritarian under Mr Xi. The crystallisation of a Russia-China alliance, which is anti-Western and authoritarian, will make the battle for democracy even more important in the coming decades.



Note: "World" population refers to the total population of the 167 countries covered by the Index. Since this excludes only micro states, this is nearly equal to the entire estimated world population.

Source: EIU.

### **10. The war in Ukraine will embolden others and inflame existing conflicts**

Regional powers with irredentist, revanchist or expansionist ambitions, such as Azerbaijan (Nagorny Karabakh), China (Taiwan) and Turkey (eastern Mediterranean), will be watching what happens in Ukraine closely. The global reaction to Russia's attempt to carve up Ukraine, and the degree to which the Western powers will intervene, will be studied carefully by those with similar aims. Even if no power emulates Russia's actions in the near term, the invasion will have a destabilising effect on other conflicts.

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