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Impact of Ukraine on the formation of a new global economic order

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The presented work argues that Ukraine's war against Russia had, has and will have a **significant impact** on the geopolitical and geo-economic map of the world, has already **transformed** the understanding of the role and place of globalization and regional institutions and entities, **modernized** approaches to security and partnership relations between countries, **formed** new ideological, economic and humanitarian paradigms for human development.

The war in Ukraine essentially defined
two historical epochs "before" and "after".

For Ukraine, the war basically ended the country's existence in the post-Soviet
"family of friendly nations"
and gave a chance for a civilized future.

For developed countries (particularly European)
russian aggression turned out to be a "perfect storm"
that explained the communities
the **need for updates the world security systems,**
global energy supplies and value chains for a peaceful of humanity.

The war in Ukraine warned states that **aggression by an autocratic regime**
against a democratic country (and possibly the democratic system as a whole)
cannot be ruled out even in the modern world.

Thus the events in Ukraine have essentially **accelerated**
the strategic approval of two **civilizational groupings** –
democratic and autocratic,

as well as the ways of coexistence of these two worlds
including the choice of a strategic partners,
the values that this partners offer to the world,
and the **acceptable level of compromises**
between the proclaimed values and economic benefits

It is **crucial for Ukraine**

if the global democratic community realises that military and civilian
assistance to Ukraine will have a **greater impact**

when seen by the governments and civil institutions in partner countries
not only as a matter of international humanitarian solidarity, but also as a matter of
national security.

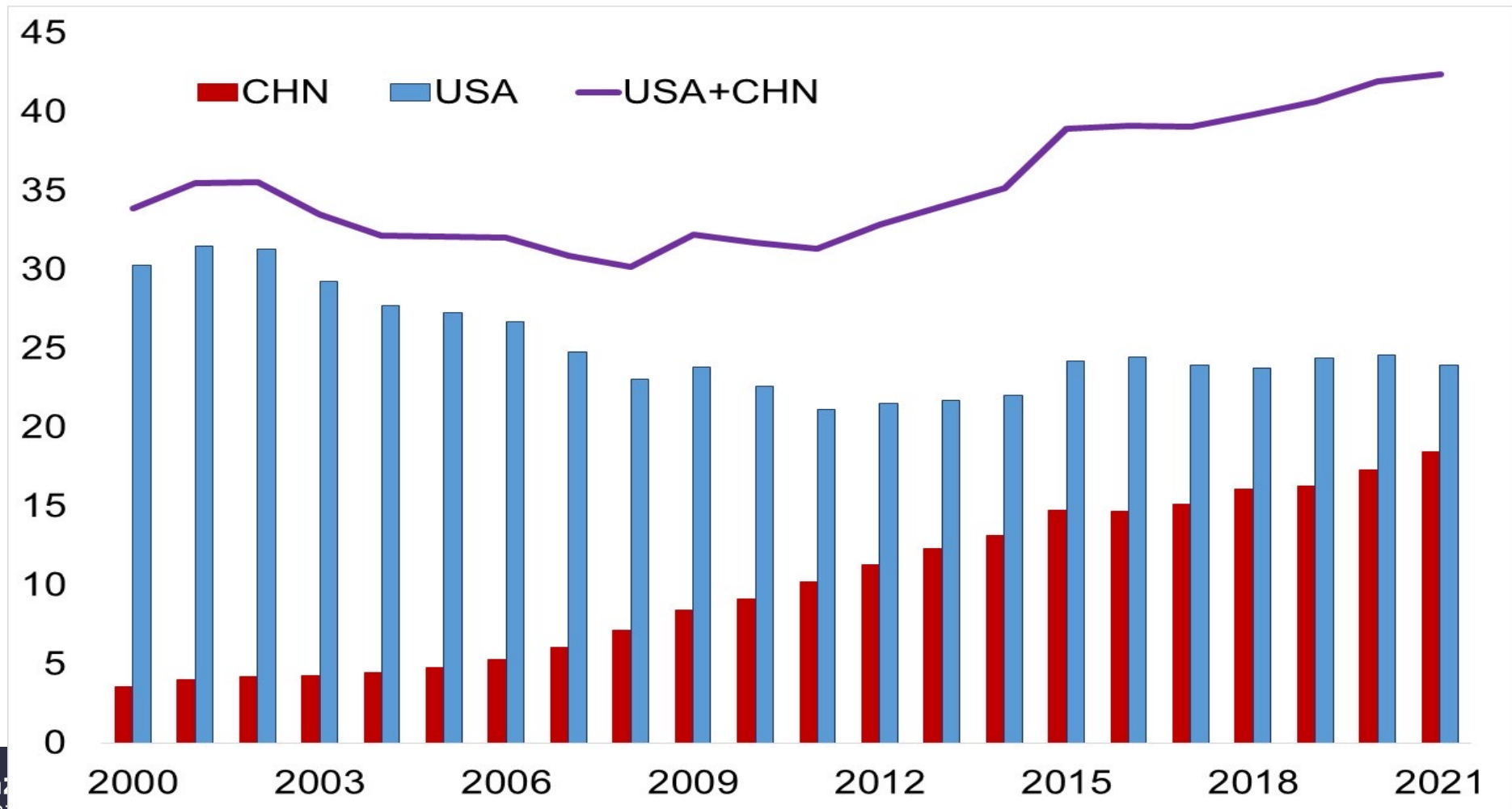
There are evidences that the **bipolar** economic, political, financial, and security model of global development is **coming back**. Bipolarity, sure means the USA and China.

At the "basic" level two largest countries - **the USA and China** – from year to year not only maintain global leadership and demonstrate remarkable economic, scientific and technical achievements, but also form a circle of partner countries around them.

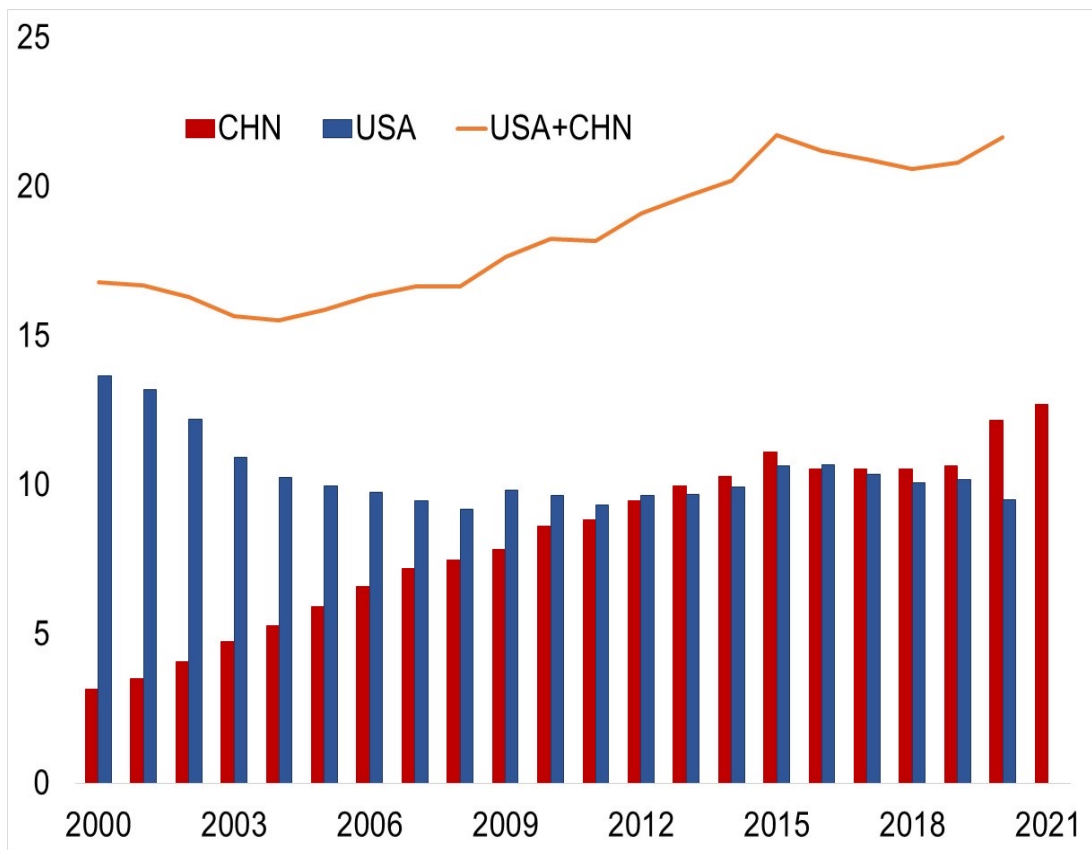
At the "ideological" level – these two countries represent two civilisation communities,
one of which is associated with democratic systems of governance and society,
the other one – with autocratic socio-political and socio-economic systems.

GDP share of the USA and China

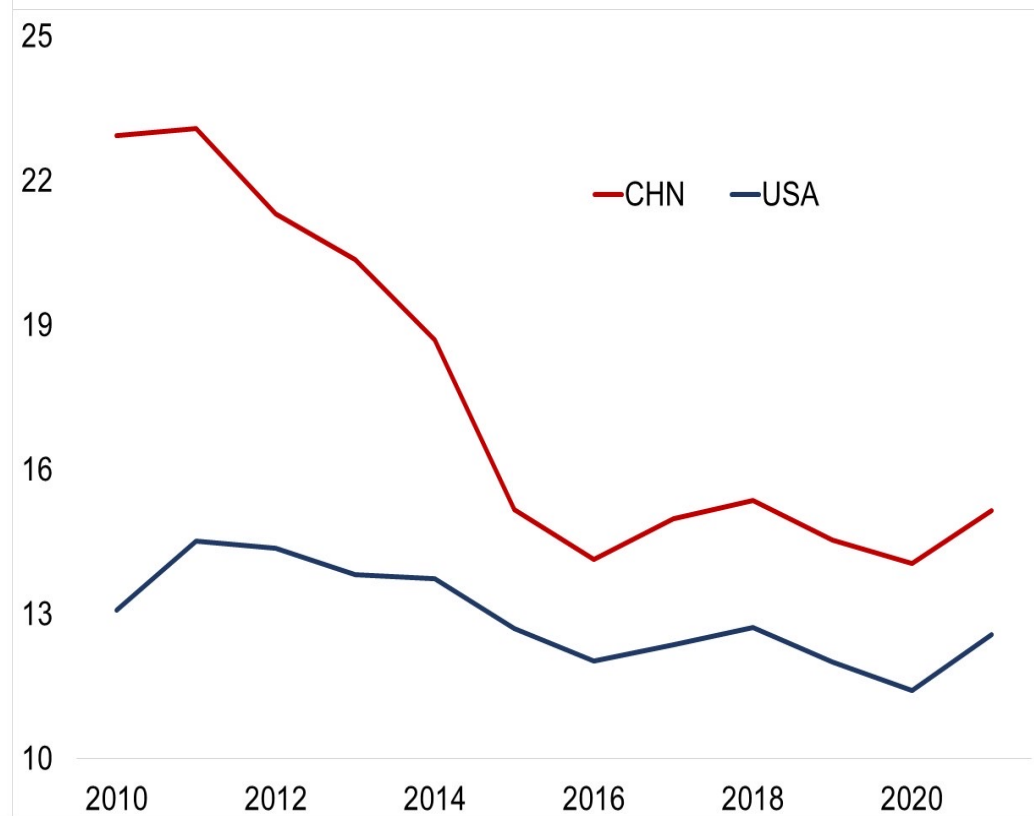
in the world economy increased from 33% in 2010 to 43% in 2021



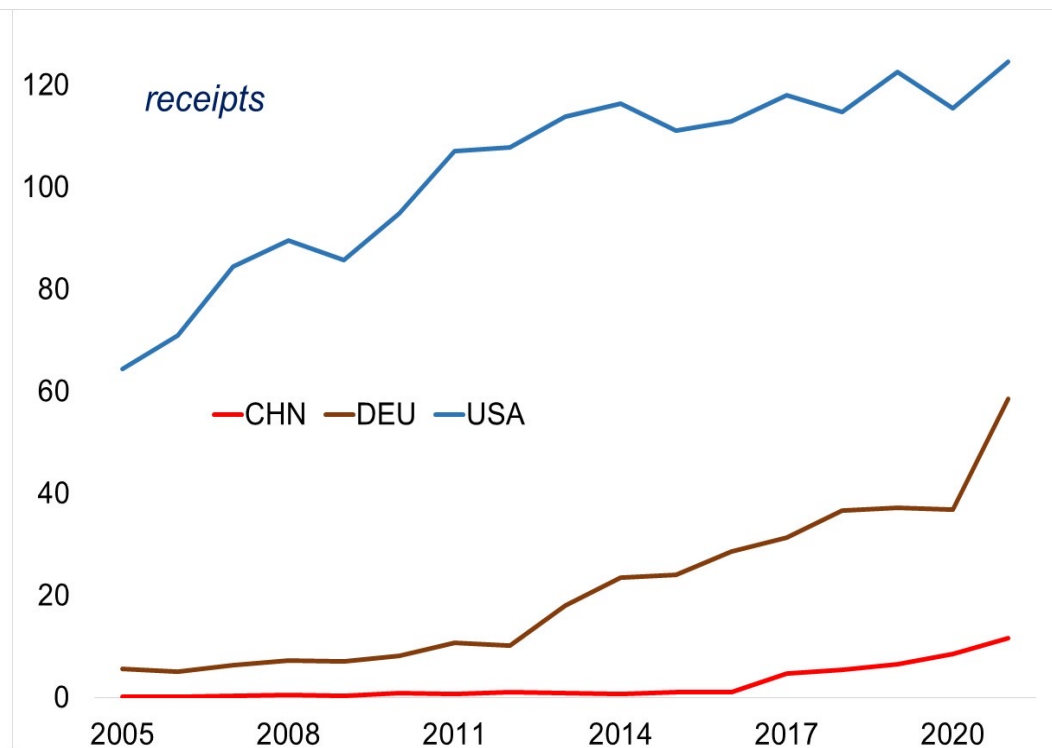
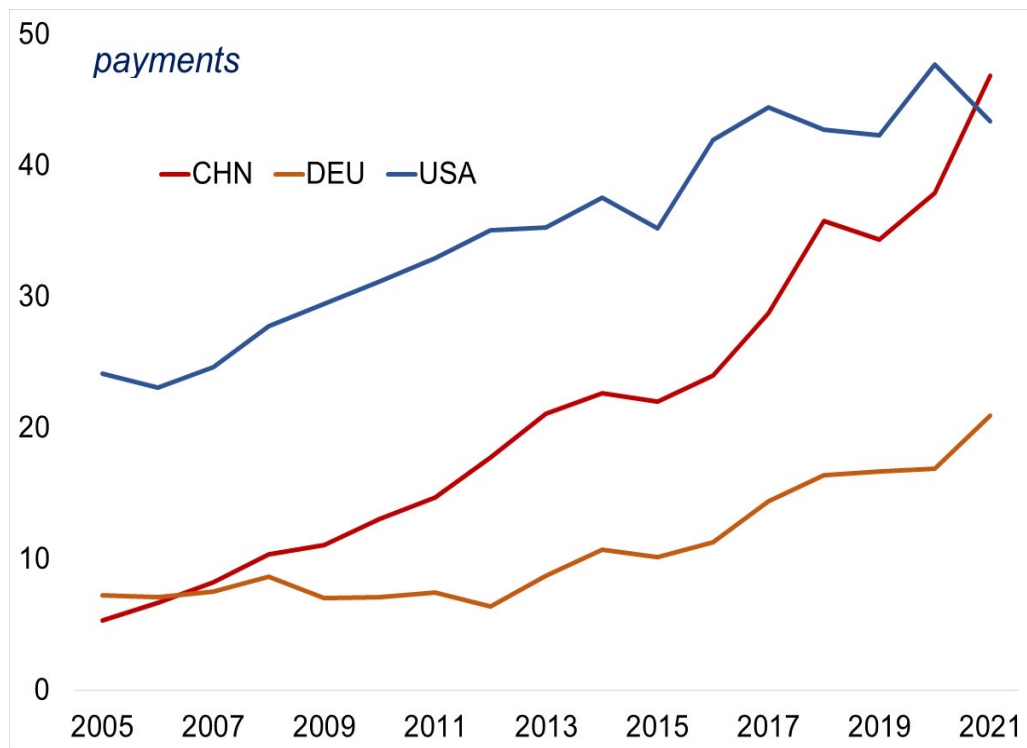
Export G&S in the total world, %



Import G in the country's GDP, %



Charges for the use of intellectual property, US\$ bn



Thus, it is not surprising
that these countries are the "**centres of gravity**".
The centres of gravity **for all other countries**.

Important,
from the first days of the russian aggression,
Ukraine received considerable political, economic, financial, military and
humanitarian **support**
from all **democratic countries**.

The BRICS countries took another position –
they did not openly support russia **but**
mostly took a **wait-and-see "neutral" position** (except Brazil),
which actually meant indirect assistance to russia.

The current foreign trade disputes suggest that **no accelerated recovery** in trade and investment flows can be expected in the coming years.

The practices of onshoring, friendshoring, fragmentegration are becoming increasingly widespread.

Global **economic signs** of 2022 (caused by the war in Ukraine):

- very **high inflation** in the developed countries (due to russian actions in the energy markets – huge jump in prices for oil and gas), which complicated an anti-inflationary policy;
- central banks had to step up anti-inflationary measures and **tightened the monetary policy**, which might have recessionary impact for economies;
- **decrease in economic activity** in the leading countries of the world puts a downward pressure on emerging economies (including China),
- in emerging countries, the situation is worsened by the capital **outflow**.

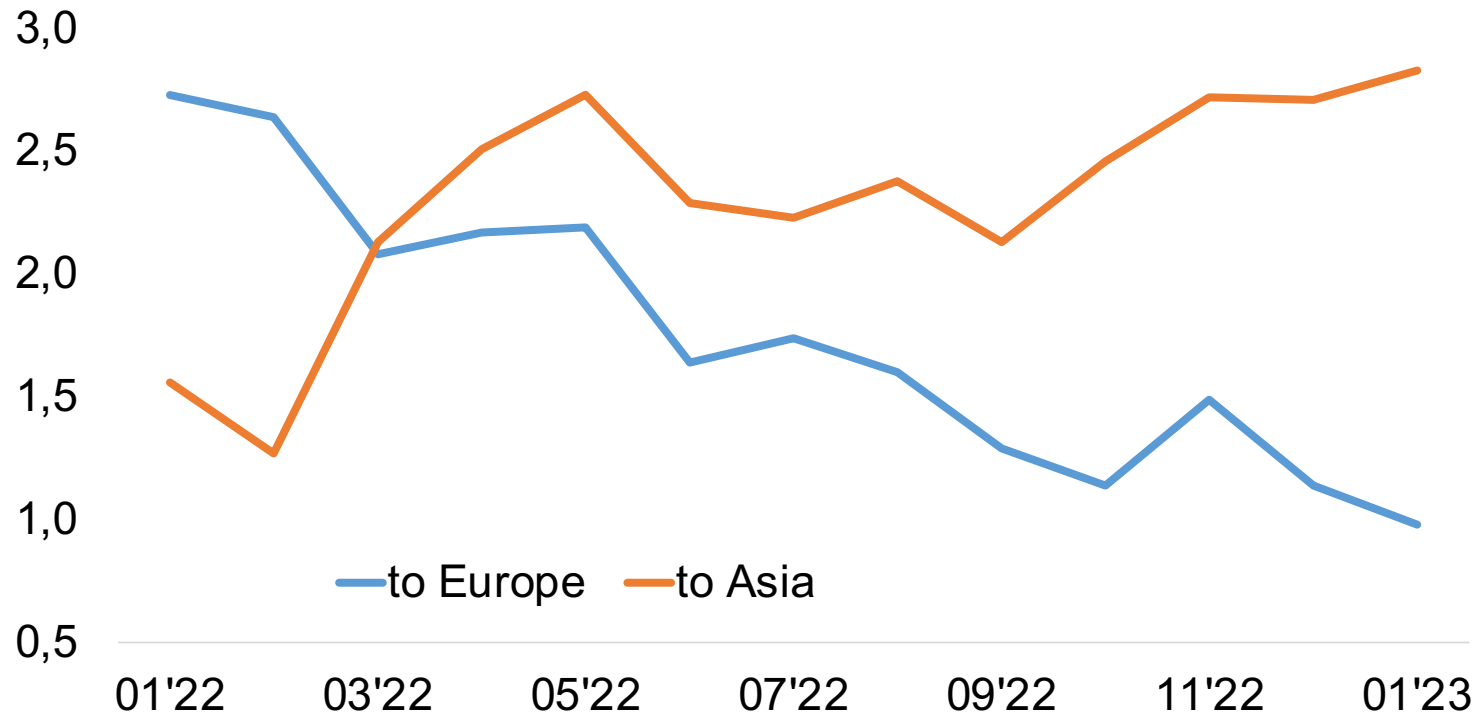
Wide-range **sanctions** have been introduced by developed countries, at least:

- \$-payments by the *rcb* and other rus major banks have been prohibited;
- assets of the *rcb* and other major banks have been frozen;
- major russian banks have been excluded from the SWIFT;
- high-tech exports to Russia have been prohibited, etc.

Unfortunately, sanction regime **can hardly be recognized as successful:**

- mid-sized russian banks and Western banks operated in russia actually have been excluded from financial sanction;
- though western export to russia has declined, export from some emerging countries (China, India, Turkey) including re-export has increased sharply;
- general evidence – russian GDP in 2022 declined only for 2%, while -10% was predicted just after aggression started.

Russian oil going to Asia ..., ml barrels per day



Thus, Collective Western needs **to renew strategy** to increase the impact of sanctions mechanisms.

The aggression against Ukraine

caused much greater transformations of the European economy than any previous crisis periods.

It is not yet known in which direction Europe will be built further, however today there are already reasons to assert that:

- Europe has become **stronger** for its defence (incl. the expansion of NATO),
- less dependent on energy, primarily from authoritarian *russia*,
- more balanced in the choice of strategic economic partners,
- more united in the understanding of democratic and human values and their protection,
- more "discerning" in the choice of political and moral leaders.

Global economic processes are increasingly manifested through the **politicisation of finance**, particular through **de-dollarization**.

Since the leader of BRICS expansion is China,
to which a number of emerging countries gravitate
and which is practically ready to intensify de-dollarisation
and is trying to increase its own presence on international financial markets,
Those mean that **de-dollarisation will be accompanied by yuanisation**
(*renminbisation*).

Taking into account the strengthening of cooperation
between China and the countries of the Persian Gulf, it actually means
the **formation of the concept of oil-yuan** – creation of financial and
settlement instruments, which will be based
not on the dollar, but on the Chinese currency - the yuan.

However, today the dollar, in addition to being an understandable equivalent of value for almost all exchange commodities,
performs an understandable function of a "quiet harbour"
in which many investments and capitals are saved in days of financial shocks.

As a reminder, the danger for the world financial system and the world economy:
- **weakened dollar can undermine the confidence of international investors**, thus will slow down global economic dynamics.

It is crucial for Ukraine

- to **prevent rash experiments** in the financial sphere.

Despite uncertainty there are reasons to believe that the development of mankind will be largely determined by **peaceful cooperation** between the two most powerful states — the United States and China.

And for Ukrainians that **peaceful restoration of the country** will be successful, including thanks to partner countries.

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Thank You !



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