

The Far-Reaching Consequences of the Ukraine Crisis

CICIR Task Force *

In 2023, the Ukraine crisis entered its second year. Neither side made concessions. The United States and the West continued to aid Ukraine. The crisis may be difficult to end in the short term. At the same time, the impact of the Ukraine crisis continues to expand, with profound implications for the international landscape, international security, and the global economy.

I. The Military Conflict Is Deadlocked

Throughout the year, the crisis in Ukraine has exhibited several salient features.

A. A war of attrition with significant losses. The Ukraine crisis has thus far lasted more than 600 days, and both sides have invested considerable human, material, and financial resources. According to Ukraine, as of November 10, 2023, the Russian army suffered approximately 309,000 casualties, whereas Russia has reported that the Ukrainian army has suffered more than 200,000 casualties, including more than 90,000 casualties since the June 2023 counteroffensive. In August, US officials estimated Russian casualties at nearly 300,000 and Ukrainian casualties at 170,000 to 190,000. Additionally, large amounts of armaments by both sides have been destroyed. In 2023, Russia's defense spending is expected to exceed \$100 billion, an increase of 30% year-on-year, accounting for 3.9% of GDP. It is expected to account for 6% of GDP in 2024. Ukraine's GDP fell by nearly 30% in 2022.

B. A protracted tug-of-war. In 2023, the two sides have made limited

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changes in the front. Neither Russia nor Ukraine can launch a decisive offensive to turn the tide of the war, and the tug-of-war on the battlefield has become the norm. In May, Russia took Bahmut after spending significant military forces and material. After June, Ukraine actively began a counteroffensive; however, as it encountered Russian mines, trenches, and fortifications, it made progress but advanced slowly.

C. Hybrid war between Russia and the West. The United States and the West are increasing their assistance to Ukraine and providing intelligence, command, and training support to the Ukrainian army. They are also waging diplomatic, financial, information, and public opinion wars against Russia. For its part, Russia has countered the West in asymmetric ways, using various military exercises, nuclear deterrence, and hypersonic weapons.

D. Extended warfare behind enemy lines. In 2023, Russian and Ukrainian attacks continued increasing behind their enemy lines. The Russian army continued to bomb Kiev, Odessa, Lviv, Kharkiv, and other major cities, while Ukraine used drones and cruise missiles to harass Russia's border areas and major cities, including Moscow.

II. The Road to a Political Settlement Is Long and Difficult

A. The Russian and Ukrainian positions are diametrically opposed; thus, the crisis will continue. On the one hand, their goals are on a direct collision course, and it is difficult for either to back down. Russia cannot accept defeat, refuses to abandon the existing front, and will continue pushing forward. Ukraine refuses to acknowledge the status quo and seeks to recover its territory. Both Russia and Ukraine have the strength to continue fighting and will not easily compromise. The battlefield will remain relatively balanced in the short term, making it difficult to see fundamental changes.

B. The United States and Europe will continue to aid Ukraine, but "fatigue" is becoming apparent. The "fatigue" of US assistance to Ukraine is clearly intensifying. On one hand, the Biden administration is convinced that aid to Ukraine is in the strategic interests of the United States; thus, eliminating aid will deal a blow to US international credibility and standing. Therefore, aid to Ukraine must continue. On the other hand, Republicans are divided over

whether to continue providing aid to Ukraine. The conservative right wing of the party believes that the United States should focus on domestic issues, not Ukraine. At the same time, the “fatigue” of US social aid to Ukraine has increased significantly. At the beginning of the Ukraine crisis, 72% of Americans actively supported aid to Ukraine, but that number had fallen to approximately 63% by October 2023, showing a trend of further decline. Although Biden will continue to aid Ukraine, his attention may become more focused on domestic issues as the re-election campaign heats up, forcing adjustments in US aid policy.

From a European perspective, European citizens are against ignoring their own interests because of Ukraine. In April 2022, 33% of EU respondents strongly supported supplying arms to Ukraine, a figure that had dropped to 24% in August 2023. The 2024 European Parliament elections will also bring uncertainty to aid Ukraine. The far right, which has risen rapidly across Europe thanks to concerns about immigration and inflation, could be the biggest winner in the European Parliament elections. In this case, European aid to Ukraine may become more flexible.

C. The international community, especially the developing world, is increasingly calling for peace. On February 24, 2023, the Chinese Ministry of Foreign Affairs issued the document China’s Position on the Political Settlement of the Ukraine Crisis. From May 15 to 28, Li Hui, Special Representative of the Chinese Government for Eurasian Affairs, visited Ukraine, Poland, France, Germany, the European Union headquarters, and Russia, conducting in-depth conversations with all parties regarding the political settlement of the Ukrainian crisis. Brazilian President Lula proposed the creation of a peace club of developing countries, including China and Brazil, to mediate the Ukrainian crisis. Additionally, groups of African leaders from South Africa, Senegal, Zambia, Comoros, and Egypt visited Ukraine and Russia in June to explore a path to peace.

III. Broad and Far-Reaching Global Impact

A. The prolonged Ukraine crisis has contributed to a profound reconfiguration of relations among the major countries and the global order. One such change

is the definitive termination of the post-Cold War order. The insistence of the United States, Europe, and Japan on upholding the so-called rules-based international order is essentially to safeguard the West's collective dominance and vested interests. Russia and the United States are at loggerheads, and through the Ukrainian crisis, they hope to "push for a renewal of the international order." Many developing countries have refused to choose sides, opposing great power politics and hegemonic practices and seeking to become a stabilizing force in constructing the new order. There is no universally accepted goal or road map for restructuring the existing turbulence to a new international order. The second is the rising risk of conflict between the major countries. The Ukraine crisis has lowered the bottom line of national competition and confrontation. All parties are now willing to resort to extreme means to achieve their goals, and the risk of war remains high. Global insecurity has intensified, and safeguarding one's own security has become a priority for all countries. The security dilemma facing major countries has intensified. The United Nations and other international organizations have been unable to respond effectively to the Ukraine crisis, resulting in calls from the international community for the reform of the United Nations and the Security Council. The third is the strengthening of the Western camp. The United States has taken the opportunity to strengthen its control over its allies, and NATO has been reactivated and strengthened. The US has also greatly exaggerated the "Russian threat" and further activated small multilateral security mechanisms with Japan and South Korea, the UK, and Australia; and with Japan, India, and Australia.

B. International security faces grave challenges. First, the rift in European security is deepening. The strategic buffer between NATO and Russia has disappeared, creating a clear geopolitical divide and plunging Europe into a new Cold War as the confrontation between Russia and the West intensifies. Second, the Ukraine crisis has sparked a series of regional hotspots. In September 2023, Azerbaijan began an anti-terrorist operation in the Nagorno-Karabakh region, achieving total victory. However, the current conflict between Azerbaijan and Armenia has now surpassed the Nagorno-Karabakh region. On the issue of the Zangzur Corridor, the two sides are in serious conflict, and the possibility of the conflict intensifying cannot be ruled out. The crisis in Ukraine

has also triggered new developments on the Korean Peninsula. The US and the West have pushed Japan and South Korea to strengthen cooperation and plotted to strengthen the Northeast Asian alliance system; this is likely to result in the great power game around the Korean Peninsula becoming increasingly fierce. The adjustment of relations between the major countries brought about by the Ukraine crisis is also an incentive for resuming the Israeli–Palestinian conflict. Third, the crisis has profoundly impacted the suspension of the New START Treaty. The treaty took another step toward its exit from the historical stage, as Russia’s suspension of the treaty shook the bedrock of global and European security.

C. The Ukraine crisis has also dragged down the pace of the global economic recovery. First, commodity markets are in turmoil. The crisis in Ukraine has had a devastating impact on the food supply chain, with the cost of imports soaring. In July 2023, the Black Sea grain export agreement expired, further aggravating the global food crisis. International energy prices soared sharply, igniting the global energy crisis. Countries are paying more attention to energy independence, and the conflict between critical minerals and clean energy is heating up. Second, macroeconomic recovery is difficult. Global inflation reached a multi-decade high of 8.7% in 2022 and is not expected to return to target levels until 2025. Under inflationary pressure, the major advanced economies have raised interest rates sharply over the past 18 months, in response to which world economic growth has slowed. Global economic growth in 2022 is significantly lower than expected before the Ukraine crisis, and growth may further drop to 3.0% in 2023 and 2.9% in 2024. Third, geoeconomic fragmentation is intensifying. The Ukraine crisis has fractured the overall peaceful environment of the world economy in recent decades, as market logic has given way to security logic. The haze of the Cold War has reappeared in some areas. Globalization has encountered headwinds. The number of global trade restrictions in 2022 is about twice as high as in 2019. The US and the West have imposed unprecedented and arbitrary sanctions on Russia, exacerbating global economic confrontation, supply chain fragmentation, and energy cooperation blocs. Moreover, the monetary system is diversifying. The excessive issuance of currency has weakened the dollar’s credit, causing a rapid increase in interest rates and the abuse of sanctions.

At constant exchange rates, global dollar reserves have fallen 6.6% since the Ukraine crisis began. Many countries worldwide have sold US debt, and the payment system is also diversifying.

The protracted Ukraine crisis is one of the most critical events in the evolution of the contemporary international order. The crisis has resulted in huge losses to both Russia and Ukraine and seriously affected global security and the world economy. The prospect of a political solution to the crisis is long and difficult, and there are still many variables that will affect the future development of the situation. Further intensification and even expansion of the crisis cannot be ruled out. The international community must make concerted efforts to advance the peace process.