

## Russian-Ukraine Conflict and World Economy

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### Abstract

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The study is an intellectual and practical investigation of the link between Russia-Ukraine conflict and world economy. The objective of the study was to discover if the conflict between Russia and Ukraine has fundamental impact on the economies of the world. We relied on the documentary and survey methods of data collection. On the documentary method we focused on the textbooks, well-researched journals and articles, newspapers, conference papers, lecture series, Food and Agricultural Organization (FAO) documents, including documents from National Bureau of Statistics (NBS), documents from United Nations, documents of market survey of various counties, materials from United Kingdom office of statistics, including online or internet materials. For the survey method, we relied on unstructured elite interview to elicit responses from 3 top government bureaucrats from Ministry of Foreign Affairs Abuja. This was complemented by contributions by way of elite interview from lecturers in public university from the south- south geographical zones of Uniben 2, Delsu 2, UniPort 2, Federal University Otu- Oke 2, University of Uyo 2, and UNICAL 2 a total number of 15 We focused on content analysis, including tables and percentages to analyze our data where necessary. While we anchored analysis on the international interdependence or globalization theory. Our finding revealed that the conflict is predicated on both the historical and cultural nexus between the two countries. We equally found out that the conflict has monumental economic consequences for the global economy considering the importance of Russia and Ukraine to the economy of the world. We also discovered that the solution to problem of warring countries does not lie solely on sanctions. We equally found that the crisis has caused financial crisis rising cost of living and general economic crises.

**Keywords:** Conflict, Russia and Ukraine, Economic crises, Global economy, Sanction.

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### **Background to the Study**

Russia and Ukraine are like two sides of a coin historically because what is currently happening there is an intellectual and historical reminiscence of the imperial power of the defunct Union of Soviet Socialist Republic (USSR), Josef Stalin and the remnants of the Bolshevic revolution of 1917. The invasion of Ukraine by Russia, a country known as the bread basket of Europe is raising fears of global economic predicament (Caprile, 2022). Before the genesis of the conflict, on February 24<sup>th</sup> 2022, Russia launched a wide range of attack on Ukraine, the invasion left the European Union desperately searching for alternative source of energy to substantiate Russian's fossil fuel. The invasion has also led to global fluctuation in crude oil prices and other petroleum products (Ajala, 2022). The Bolshevic revolution or October revolution of 1917 saw the Marxist leaning Bolsheviks headed by Vladimir Lenin overthrowing the presidential government in 1922 and consequently establishing the USSR or the Soviet Union (Alfarai 2022).

On February 28<sup>th</sup>, 2022, USA unveiled a sanction package targeting the Central Bank of Russia. The economic impact of the world is colossal. The Russian –Ukrain conflict indicates that sanctions against a warring country is not a total solution to such problem because of its multiplier effects into other countries who are not part of the conflict particularly when the warring countries are trade partners of other countries that are unconnected to the war. Since it has disrupted supply chain (Ozili, 2022). It has led to energy supply shock, trade supply shock, rising commodity prices, global inflation. It has affected many countries in the world including Netherlands, Turkey, Demark, France, Ukraine, Italy, European Union, Slovakia, Iceland, Sweden, Russia, Nigeria among others impacting on economic indices and consumption expenditure component of Gross Domestic Product (GDP). (Ozili, 2022).

The United Nation has earlier warned of the distinct consequences of a severe food crises in many countries around the world notably Middle East and Africa <http://www.conference-board.org/topics/recession> accessed on 20th \01 23. Much of Russian and Ukraine's grains are shipped to these economies Middle East, Africa, Asia and economies over the world. Thus, there is interdependence in world economies. The EU relies on Belarus and Russia for 59% of its potassium fertilizers import while 31% of EU nitrogen fertilizer import for which the natural gas price is the main factor comes from Russia (Caprile 2022). Against this scenario, this study focus on Russian Ukraine conflict and its impact on world economy.

### **Imperative and objective of the study**

This study is a vibrant contribution to the existing literature on Russia Ukraine crises and word economy. It is timely and of formidable practical significance as the crises is still on and efforts are being made to put an end to it. The political class especially the presidents of the two warring countries and the entire world stands to learn from this scenario that war must be avoided. That is our objective in this study in to examine the impact of Russia, Ukraine crises on the world economic. That is miscroscopically dissect the world to discover if the crises have any negative effects on the economy of the world.

### **Methods of Data Collection and Analysis (Methodology)**

Methods refers to as wide range of approaches for gathering data necessary for inference and interpretation for explanation and prediction, they are techniques associated with the scientific process (Obasi, 1999). For Chen and Manion (1980), methods refers to that range of approaches used to gather data, they are those techniques associated with the positivistic (scientific) model such as eliciting responses to predetermined question, recording measurements, describing phenomena and performing experiment. Thus, for this study we relied on both documentary and survey method of data collection. Thus, enabling us to gather data from both secondary and primary sources; for the documentary (secondary), we relied on textbooks, well-researched journal, articles, official documents from Food and Agricultural Organization (FAO), United Nation (UN), official documents, publications from National Bureau of Statistics (NBS), material from United Kingdom office of statistics various issues and other internet sources. For the survey method, we used unstructured elite interview to elite responses from 3 top government bureaucrats from Ministry of Foreign Affairs. This was complemented by interviewers from university lecturers from the South-South geographical zone who are vast in the area of international political and economic relations. These lecturers are not below the rank of lecturer one in cadre a total number of 12 lecturers were involved plus 3 top bureaucrats earlier mentioned making it 15 interviewees.

Our method of data analysis was based on the logic of content analysis, using percentages, table and figures where necessary. The principle of our methodological framework is that first it seeks to transcend extant knowledge by framing the problem antique within a cogent theoretical conceptual that framework secondly, it is analytic, but recognized the unity of parts, that is the holistic nature of its economic, political and ideological dimension.

### **Conceptual Clarifications**

#### **Concept of an Economy**

An economy refers to the state of a country or regime in terms of the production and consumption of goods and services and the supply of money. It is seen as the management of financial matters for a community. It is a system of producing, distributing and consuming wealth [www.yourdictionary.com](http://www.yourdictionary.com). It consists of consumers who buy products and services, businesses who employ consumers and make goods and government at various levels. An economy is the structure or condition of economic life in a country, area or period [www.merian-webster.com](http://www.merian-webster.com). The term economy according to Balaan and Veseth (2005) involves how scarce resources are allocated through the decentralized market. Economic system is concerned with the arrangement through which goods and services are produced and distributed, it entails behavior relating to production, distribution and consumption of resources (goods and services) (Ezeibe, 2016). From the above analysis and explanations, it is clear that the political conflict between Russia and Ukraine has had serious economic implication on the world economy. This regurgitates the assertion of Huntington (1968); Igwe (2002) that what matters for economic development is political stability. This is because a stable and peaceful political environment is always conducive for economic development. What is going on in Russia and Ukraine though political we should not lose sight of the fact that problem of development are not divinely ordained, rather they are manifestation of

human decisions, actions and organization as shown in the decision and action of Vladimir Putin of Russia to launch attack on Ukraine.

### **The Structure of an Economy**

In an attempt to fully comprehend what the structure of an economy entails, it is crucial to first understand the meaning of an economy. An economy can be seen as any specified collection of interrelated set of marketed and non-marketed productive activities (Lipsey, 1983). Thus, the Nigerian economy could be referred to as all such economic activities taking place in the geographical domain of Nigeria. According to Killick, (1990), the structure of an economy refers to aspects which are in most sense basic and long lasting and underpin more transitory aspects of economic life (Killick, 1990). Thus, the salient dimensions of the structure of an economy pertains to the totality of the complicated connection existing between and among the resources of the economy and the outputs that emanate from resources over a specified period of time (Anyanwu et al. 1997).

Consequently, the essential ingredients of the structure of an economy include the structure of production (such as industrial origin account, agriculture and industry etc. the financial system, factorial composition of value added, the availability of all given time of labour, enterprises, capital and natural resources distribution of value added, functional distribution of income and composition of the sources and uses of resources, (for consumption and investment). It also include the institutional base of the economy encompassing the government system, the legal system and agencies for its enforcement, establishment patterns of social organization and control including the existence and freedom of social interest organization like trade union, the agencies of public administration and physical infrastructure, providing transport and communication and demographic variables including age and dependency characteristics of the population and degree of urbanization. (Anyanwu et al. 1997) The major aim of the study of economic structure is to formulate policies to deter or ameliorate deviation from the accepted development or structural norms.

### **World Economy**

The term world economy or global economy is the economy of all humans of the world referring to the global economic system which include all economic activities (en.wikipedia.org) conducted both within and between nations, including production, consumption, economic management, work in general exchange of financial values and trade of goods and services. Thus, world economy is simply an aggregate of the separate countries measured beyond the minimum standard concerning values in production, use and exchange, the definitions, representations, models and valuation of the world economy.

The global or world economy is innately tied to trade. It allows countries around the world to obtain any resources they cherish not minding where they are produced. [www.worldbank.org](http://www.worldbank.org) . This makes explicable why the current Russia –Ukraine conflict has impacted fundamentally on most countries in the world irrespective of their various locations. World economy also entails the system of industry and trade around the world that has developed as a result of globalization, the way and manner in which economies have been developing to operate

together as one system dictionary.combri.org. The features of global economy are cross border in nature. It involves the interaction of goods and services, capital, people, data and ideas. put more concretely, the global economy or world economy refers to the interconnectedness among worldwide economic activities that take place between multiple countries.

### **Causes Nature and Genesis of the Conflict**

The general cause of the Russia Ukraine conflict is coloured by the historical nexus between the two countries. Ukraine had a long history of being under the influence of Russia. A handsome portion of Ukrainian population adhere to the ideology that the country should be part of the greater European Union while some other portion lean towards a pro-Russian stance, believing that they are better off strengthening their ties with Russia (Altarsi,2022). Again, Russian has accused the European Union and the USA of putting their political agency towards Ukraine, thus seeing the country as a mere victim of the domineering and ever encroaching hostility of the West. This was seen as the crossroad of the crises. The invasion and annexation of Crimea in 2014 after the removal of the then President Victor Yanukovich. Crimea is considered by most of the world to be a region of Ukraine that is under the Russian occupation, while Russia considered it as a rightful and historical region. But geographically, Crimea is a peninsula in the black sea with a location so strategically relevant.

The war started with the Euromaidan protest of 2013. Before then the Crimea has technically been a part of Ukraine since 1954, when the then Soviet Premier, Nikita Khrushchev transferred it from Russian Soviet Socialist Republic to the Ukraine Soviet Socialist Republic. Both Russia and Ukraine were then under the Soviet Union (Fishermax, 2014). Euromaidan is the name of the anti-government protest, which began on November 21, 2013, in Kiev the capital of Ukraine. The reason behind the protest that generated the current invasion of Ukraine by Russia was that first, the President the Victor Yanukovich had rejected a deal for greater integration of Ukraine with European Union which the Ukrainians saw as culturally and politically desirable (FisherMax, 2014, Kappler 2012). Another reason was that many Ukrainians saw Victor Yanukovich as corrupt and autocratic, a stooge of Russia. So when he rejected a deal with European Union (EU) many Ukrainians felt that he had sold out their country to Moscow so they decided that Yanukovich must sign the EU deal or step down as president of Ukraine. He was eventually ousted from office by popular protest by his own parliament in 2014 after being President for four years. Added to the above reasons was that President Yanukovich was a pro-Russian and actually belong to the Russian speaking part of Ukraine thus he was grossly unpopular in the predominantly Ukrainian speaking west. Consequently, there was identity crises in the Ukraine the fact remains that the Euromaidan crises which culminated in the removal of President Victor Yanukovich from office in 2014 and the resultant annexation of Ukraine by the Russian forces among other historical antecedent remains glaring causes of the February 2022 Russia invasion of Ukraine. The problem was not settled in 2014. It goes with the saying that he who fight and run away stands to fight another day. The East Ukraine disagree fundamentally about what sort of country they want to have identity with, for example the EU trade deal that escalated this problem had about 43% popular support, mostly in the West Ukraine and another 31% of Ukraine said they



support a deal with the Russian-led customs union instead , thus when the President Victor Yanukovich rejected the EU deal many Ukrainians saw it as betrayal (FishMax, 2014).it should be noted that this crises of identity among the East and West Russia, couple with the long years of historical and cultural relationship revibrated in intensifying the invasion of Ukraine by Russia.

### **Theoretical Framework**

A theory is a set of interrelated constructs (concepts) and proposition that presents a systematic view of phenomena by specifying relations among variables with the purpose of explaining and predicting the phenomena, (kerlinger 1977). It is clear from the above, analysis definition that theory has predictive, analytical descriptive and emancipatory powers including the idea that theories are abstract generalized statements summarizing or linking together a number of propositions into a united logical structure. (Singer,1963).

Myriads of theoretical framework abound in analyzing contemporary issues in international relations however for this study we focused on the international interdependence or globalization theory. The justification for our choice of this theory is that the concept of globalization best captures the idea of interdependence of world economy which has made what is happening in Russia and Ukraine to have effects in other countries of the world.

Globalization is a historical process that has its genesis centuries ago and characterized by greater integration of the world in the economic, social, cultural and political Sphere. (Olugbamiye. 2016). It described the environment in contemporary world in which people and nations have become closer than before, it also describes the process of expanding the nexus and interdependence of peoples with different social economic and political background, leading scholars like Akani (2004), Oyebode. (2002) and Tamuno (2006), argued that globalization is a complex phenomenon which explain, rapid changes of contemporary world.

The major propositions or assumptions of the international interdependence or globalization theory are first, it sees the world as a global village, it takes into cognizance the fact that states in the international society cooperate rather than antagonize for what one has other may lack in sufficient quantity to survive (Akpotor,2012). Furthermore, countries in the world are heavily interdependent in terms of their needs for natural resources which are not evenly distributed. On the arena of politics, globalization entails the dissolution of state structures, producing a borderless world in order to encourage the free flow of people, capital and ideas loose sovereignty (Akpotor, 2012). Finally, it has been argued that two-third of the world's population need all the products that the industrialized nations produce Rodee, (1977).

From the above arguments and assumptions on globalization by scholars, it becomes clear that the current Russia, Ukraine crises can be best explained by the theory. Here the world is seen as a global village this practically explain why the crises in the two warring countries have economic impact in countries even far away from it. For instance, Europe dependence on Russia's natural gas which has increased the price of gas as a result of the crises is a glaring

example of how nations depend on each other. The increase in the prices of sunflower oil and fertilizer, is consequent of the war as we earlier explained. Table one in this study explains or shows how the world economy is interconnected particularly how commodities from the two warring countries support the world or global economy in table two also showed how the crises has impacted on major countries of the world. It is on this note that we justify the use of international interdependence or globalization theory in the explanation of the Russia-Ukraine crises and world economy.

### **Impact of the Conflict on World Economy**

The gruesome power play and bloodshed displayed in the Russian-Ukraine conflict has once cast a grim picture of international politics. The conflict has once again reflected the international economic and political system as brutal arena where states look for opportunities to take advantage of each other and to prevent each other from becoming the most important actor in the system. This unnecessary display of power by the so-called fighting giants has unleashed monumental irreversible economic damages on the entire world economy who are virtually recovering from the impact of Covid-19 pandemic of 2020 lingering to 2021. According to <http://www.eiu.com/n/global-economy-implications-of-the-Russia-and-Ukraine-war>; the conflict between Russia and Ukraine affect the global economy via three channels: financial sanctions, commodity prices and supply disruption. Taken together, Ukraine and Russia account for more than a quarter of the global wheat trade and 12% of calories consumed globally.

Europe receives 40 percent of its natural gas from Russia. And the price of gas is now four times higher than it was at the start of 2021. <http://www.learningenglish.vosnews.com/a/russia2022> it is also vivid that Russia invasion of Ukraine is causing an intense humanitarian crisis because more than 12 million people are estimated to have been displaced and more than 13 million require urgent humanitarian assistance, while the economy of Ukraine is being devastated. Most surprising is that prior to the invasion, the world was focused on the health and economic challenges caused by the Covid-19 pandemic.

The conflict between Russia and Ukraine has been frightening investors and have been negatively affecting everyone in the globe from Europe to Asia, Africa and other parts of the globe.

For example, in 2020, the price of oil in America state of Texas was relatively low in less than two years today, the international price of a barrel of oil rose above 100 US dollars. <http://www.learningenglish.voanews.com> . accessed on 24/02/2022. Indeed, the war has fundamentally impacted on the political, economic and social because of the inherent interconnectedness between the world economy. Europe receives about 40 percent of its natural gas from Russia this has escalated the price of gas to as much as four times that it was at the beginning of 2021. This exorbitant price of gas has increased the cost of home heating fuel and cut back by heavy industrial users. Again the war has made the rate of inflation to rise to 5.1 percent in the 19 countries that uses Euro which is the highest rate since record keeping started for the countries since 1997. <http://www.learningenglishvoanews.com> in the United

States, price of gas rise at a rate of 7.5 percent for the 12 months ending in January, while the American automobile Association announce the increase of a gallon of gasoline from \$2.66 to \$3.54 which is about 3.8 liters between 2021 and 2022. All these are as a result of the Russian invasion of Ukraine. According to <http://www.conference-board.org>, global food prices were already rising significantly before the invasion of Ukraine by Russia. However, the invasion set off another round of price increase for major food stuffs including grains and cooking oil such as sunflower oil, energy and fertilizers. On this note, the United Nation (UN) has warned of severe consequences of food crises as a result of the war. The table below shows in percentage the share of global export of some basic food stuffs from Ukraine and Russia and their total contribution to food supply in the global system.

**Table 1:** Percentage share of global export in 2021 from Ukraine and Russia.

| Commodity                        | Ukraine | Russia     | Russia and Ukraine combined |
|----------------------------------|---------|------------|-----------------------------|
| Wheat                            | 10%     | 24%        | 34%                         |
| Maize                            | 15%     | 2%         | 17%                         |
| Barley                           | 13%     | 14%        | 27%                         |
| Sunflower oil                    | 31%     | 24%        | 55%                         |
| Sunflower cake                   | 61%     | 20%        | 81%                         |
| Vegetable oil                    |         |            | 10%                         |
| White fish (Alaska Pollock)      |         |            | 16%                         |
| Fertilizer mineral Intermediates |         | 13.percent |                             |
| Finished fertilizers             |         |            | 16%                         |
| Food calories traded globally    | 6%      | 5.8%       | 11.8%                       |

**Source:** United Nation (UN) Food and Agricultural Organization (FAO), amis market monitor in March and April Caprile 2022, P.1

From table one above, it is glaring that Ukraine and Russia alone export 55% of total sunflower and 81% of sunflower cake considering the importance of these two commodities alone, we can see the importance of the two countries. The table above also speak for itself in terms of other commodities there in, this shows that the world economy is in danger if the war continues. This is because the European Commission estimates that up to 25 million tons of wheat would need to be substituted to meet world- wide food need in the current and next season. Moreover, the world is already experiencing sharp shortage in the supply of vegetable since only 10% is supplied by the combined efforts of the two warring countries as seen in table one above.

Another serious impact of the war especially on the countries of the south is on food supply. For example, several countries in the global south are highly dependent on import from these two countries for their basic food supply. For instance, Russia and Ukraine combined supply over 50% of cereal imported to North African and Middle East, while Eastern Africa economies import 72 percent of their cereals from Russia and 18% from Ukraine, Caprile, 2022. Most of these countries are already confronted with the mangrove problems of higher food price, while in Ukraine itself, the United Nation, World Food Program estimates that 45



percent of the population are already worried about the enigmatic food insecurity as a result of the war. This situation equally attracted the attention of the European Parliament on 24<sup>th</sup> March 2022, when they adopted a resolution calling for an urgent European Union action plan to ensure food availability.

Moreover, the conflict between Russia and Ukraine has equally produced significant economic spillover, acute financial stress. It has been causing rising cost of living in most advanced countries for instance in UK, inflation is already 5.5% this implies that consumers are already spending more money on fewer goods, this will lead to a further astronomical increase in the price of oil, gas, food and food ingredients. Developing countries will pay a higher price for energy import which would translate to a rise in the local pump price of fuel, a rise in food price and a general rise in merchandise import despite income level remaining stagnant, Ozili 2022. The table two below shows changes in some economic indices for February which is the month of the invasion compared to the previous month January including central bank of Ukraine in response to Russia invasion of Ukraine, while table three shows the effects of the invasion on global commodity prices.

**Table 2:** Country-Specific Economic Consequences After the Invasion in February 2022

| Selected countries | Some economic indicators  | Direction |
|--------------------|---|-----------|
| Netherlands        | Business Confidence fell to 8.5 point in February 2022 from 9.0 point on January 2022   | Negative  |
| Turkey             | Economic confidence index dropped to 98.2 in February 2022 from 100.8 point in January 2022. Also, manufacturing PMI fell to 50.4 points in February of 2022 from 50.5 points in January 2022                                     | Negative  |
| Demark             | Manufacturing confidence index fell to -2 point in February 2022 from -1 point in January 2022  | Negative  |
| France             | Annual inflation rate expected to rise to 3.6% in February of 2022 from 2.9% in January 2022  | Negative  |
| Ukraine            | The PFTS stock exchange remained close due to the Ukraine –Russia conflict  | Negative  |
| Italy              | Manufacturing confidence index dropped to 113.4 points in February of 2022 from 113.7 points in January.  | Negative  |
| European Union     | Consumer confidence index in EU decreased to -10.20 points in February of 2022  | Negative  |
| Slovakia           | Consumer confidence index fell by 0.9 point to -22.3 in February of 2022 from 21.4 in January.  | Negative  |
| Iceland            | The annual inflation rate in Iceland rose to 6.2 percent points in February of 2022 from 5.7 percent in January.  | Negative  |
| Sweden             | Business confidence index rose to 114.8 points in February of 2022 from 109.9 points in February  | Negative  |
| Russia             | The IHS Market Russia manufacturing PMI declined to 48.6 points in February of 2022 from 51.8 points in January   | Negative  |
| Kyrgyzstan         | Central Bank raises rate by 150 points to 10% on February 28 <sup>th</sup> 2022 in response to ongoing COVID-19 infections, inflationary pressures, and rising geopolitical risk in eastern Europe.                               | Negative  |
| Taiwan             | Consumer confidence index in Taiwan dropped to 73.19 points in February 2022 from 73.67 points in January 2022.   | Negative  |
| Myanmar            | The IHS Market Myanmar Manufacturing PMI fell to 47.3 points in February 2022 from 48.5 points in January.  | Negative  |
| Ireland            | The AIB Ireland Manufacturing PMI declined to 57.8 in February 2022 from 59.4 points in January   | Negative  |
| Indonesia          | The HIS Markit Indonesia Manufacturing PMI fell to 51.2 point in February 2022 from 53.7 points in January  | Negative  |
| Japan              | The au Jibun Bank Japan Manufacturing PMI fell to 52.7 points in February 2022 from 55.4 points in January  | Negative  |
| Belgium            | Annual inflation rate climbed to 8% in February of 2022 from 7.6% in January  | Negative  |
| Sri Lanka          | Annual inflation climbed to 15.1% in February of 2022 from 14.2% in January   | Negative  |
| Belarus            | The Central Bank raised refinancing rate by 275bps to 12% on February 28 <sup>th</sup> 2022 to maintain financial stability and limit risk of rising inflation arising from the sanction imposed against its neighbouring Russia. | Negative  |

**Source:** Ozili, 2022 pp12-13

**Table 3:** Effect of the Conflict on Global Commodity

| Commodity   | Economic effects  |
|-------------|---|
| natural gas | EU natural gas prices reached close to 100 Euro per megawatt-hour.  |
| Oil         | Brent crude future rose close to \$100 a barrel on 28 <sup>th</sup> February. Also, WTI crude oil rose to above \$96 a barrel on 28 <sup>th</sup> February after Western nations imposed fresh sanctions on Russia, raising fear of supply disruptions.               |
| Gold        | The price of gold almost reached \$1,900 announce on 28 <sup>th</sup> February  |
| Palm oil    | Palm oil increased to all-time high price of 6291 MYR/T   |
| Uranium     | Uranium future traded at a high price above \$46 per pound amid Russia's threat of using nuclear energy following the Western sanctions on Russia for invading Ukraine.   |
| Mineral     | Palladium future rose to \$1834 an ounce due to the ongoing conflict in Ukraine.  |
| Silver      | Silver future traded above \$24 per troy ounce on February 24 <sup>th</sup> , due to rising demand for precious metal following the Ukraine conflict.   |
| Cocoa       | Cocoa futures traded at around \$2527 an ounce on 28 <sup>th</sup> February due to lower global demand and supply constraints caused by Russia's invasion of Ukraine. Border closures placed curbed on travel which in turn prevent the sale of chocolate and coffee. |
| Coal        | Newcastle coal futures traded at a high price \$274.5 per tone on February 28 <sup>th</sup> due to soaring demand for electricity and power, particularly from European countries affected by the ongoing Russia-Ukraine war.   |

**Source:** <http://www.eiu.com> | n | globaleconomic implication of Russia Ukraine war

The crises has led to a drop in most financial market around the world. While market index in European, Asia and the US all fell nil.

### Findings, Conclusion and Recommendations

The study explored the link between Russia –Ukraine crises and world economy. We found out that the economic consequence of the crises was gross disruption in supply of food. Other commodities and overall disruption in supply chain. The manifestation of the above registered itself in energy supply shock, poor trade movement, rising food prices and skyrocketing prices of commodities leading to global inflation. The point being made is that what is happening in one part of the globe normally have multiplier effect in other parts of the globe, since the world is a global village. The interconnectedness of world economy irrespective of the different world continents is equally reflected here. The study also unravels those solutions to problem of warring countries does not lies solely on sanctions. We recommended that negotiations should form the basis of conflict resolution among warring countries. Also, that the major industrialized countries of the world should prevail on Russia to adopt cease fire policy and tamper justice with mercy even if any offence has been committed against her by Ukraine.

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