

Out of the Comfort Zone

The European Dimension of the Crisis Over Ukraine

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“This is a moment of truth for Europe.”

– Ursula von der Leyen,
Speech to the EU Parliament,
1 March 2022

The latest phase of the conflict over Ukraine has entered its second month. Although it has produced immediate ripple effects around the globe, its long-term repercussions will only begin cascading later. This analytic policy brief examines the multiple consequences thereof and its emerging new realities in the context of Europe.

Electroshocked and Mobilized

In October 2019, French President Emmanuel Macron stated that “what we are currently experiencing is the brain death of NATO”—a reference to America’s decreasing commitment to defend Europe. In March 2022, the same political leader stated that through its actions, “Russia has just sent an electroshock of awakening” to NATO.

Indeed, the current security crisis—which has already had worldwide impact and is, indeed, of global magnitude—has surpasses in many ways the level of any of the Cold War-era confrontations, including the 1962 Cuban Missile Crisis and the 1983 “Star Wars” escalation. The date 24 February 2022 is now seen as representing a blatant wake-up call for Europe.

Surprisingly enough, the two supranational bureaucracies headquartered in Brussels and the national establishments belonging to the member states of both the EU and NATO

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reacted promptly in working out a consolidated response. The EU member states and the UK increased dramatically their military aid to the Ukrainian armed forces (the first package was delivered even before 24 February 2022). Just one week after the beginning of the hostilities, the EU Commission designated €450 million for that purpose; a second tranche of €500 million followed on 21 March 2022. In total, 24 countries in Europe are involved in this process, providing Kiev both with lethal weapons (e.g., air-defense and anti-armor systems, light arms, and ammunition) and logistical supplies. Furthermore, the EU and the UK have unilaterally imposed an unprecedented array of economic, financial, and cultural sanctions on Moscow. These measures are unlikely to be reversed anytime soon.

Many NATO and EU countries are considering revisions to their respective strategic doctrines and policies, derived for the most part from those first adopted in the aftermath of World War II. For instance, just 72 hours after the onset of the present phase of the conflict over Ukraine, Germany—widely viewed as the continent’s “soft superpower”—abandoned its traditional policy of restraint when German Chancellor Olaf Scholz pledged a €47 billion increase of its defense budget for 2022 in comparison to 2021. He also repeated his promise that Germany will reach the 2 percent threshold of GDP spending on defense, in line with NATO demands. The governments of Finland, Sweden, and even Switzerland, made announcements that effectually signaled the end to their respective traditional neutrality policies. They too got onboard, delivering military aid to Ukraine and freezing Russian banking assets.

The unintended militarization of Europe is looming. The French president has stated that Europe will “change even faster and stronger under the impact of the war” than under the impact of the pandemic. Poland has announced its intent to increase its armed forces’ manpower almost twofold to 300,000 men and women under arms, while Germany urgently embraces the procurement of the most modern American F-35 jet fighters. Many countries are now contemplating increasing their respective defense expenditures to beyond the aforementioned 2 percent threshold of GDP—a move that the United States has long insisted be made. Moreover, on 25 March 2022, a summit of EU leaders formally approved what is being called the “Strategic Compass”—a plan of action to produce the EU’s first ever joint security and defense strategy by 2030.

However, neither now, nor in the mid-term future, will the countries of Europe—whether understood as the European wing of NATO or the European Union—be able to sustain a potential high-intensity armed conflict on their own. Institutional Europe, which had wholeheartedly embraced the “peace dividend” illusion in the wake of the end of the Cold War, simply does not have enough hard power instruments to stand effectively against the new strategic realities. An EU Army or even a European defense identity remains still much more of a concept than a practice. In real terms, this means that institutional Europe will continue to depend essentially on NATO’s instruments and the Trans-Atlantic link (i.e., the United States) in the defense and

security realm. This is one of the grand outcomes of the conflict over Ukraine for institutional Europe.

Metastasis of the War

Beyond the strategic threat, the latest phase of the conflict over Ukraine has had other impacts on Europe's economy and politics.

The first is the *economic dimension*. The hostilities taking place in Ukraine and the associated sanctions imposed on Russia have effectually excluded one-ninth of the world's surface from the global economy. The entire structure of worldwide trade is changing. Some airlines are unable to overfly Russian airspace on transcontinental flights, which has resulted in a cumulative loss of some \$40 million daily. The prices of freight and maritime containers have risen sharply, while the major overland transportation routes for Chinese exports to Europe via Russia have been effectually blocked. The price for most raw materials and commodities is rising progressively, too. Around 400 EU-based businesses have had to leave Russia and Ukraine, and even, in some cases, have had to curtail or suspend operations in the EU itself due to supply chain problems. Thus, for instance, both BMW and Volkswagen have had to suspend their production cycles in all the factories located in the European geography.

However, beyond that pressure on supply chains and trade flows, the paramount blowback from the Western sanctions has been on the energy sector. The EU's ideology-driven energy policy, which envisions the gradual phasing-out of nuclear and coal power stations in favor of "green energy," led to an excessive dependence on Russian natural gas imports (some 40 percent of the EU's total consumption). Consequently, by early March 2022 oil and gas prices on the global market spiked enormously—they continue to remain volatile. Other suppliers, such as Norway, Qatar, and Azerbaijan, will not be able to substitute fully the reduction in Russian gas volumes. In the midterm perspective, the soaring energy prices will undermine the economic growth and competitiveness of Europe. No doubt, this factor constituted part of Russia's pre-escalation strategic calculus. Still, the European political class is determined to continue the EU's transition to "green energy" and, in the interim, replace Russian gas supplies by switching to others as soon as possible (e.g., Poland and Bulgaria just announced a decision to cease gas import from Russia by the end of 2022). This will likely keep gas prices at historically high levels. All in all, eliminating gas imports from Russia will not be an easy endeavor: it will take at least several years to achieve, and this will, in turn, lead to political dependency on the new suppliers, such as America and the Gulf states.

Meanwhile, the overall inflation rate in the EU is growing rapidly: between 7 and 14 percent this month (depending on the member state). The record upsurge of gasoline and food prices is leading to mounting popular discontent over state policies, particularly in

France and Italy. Most likely, such and similar outcomes are also part of Russian strategic considerations.

The second impact on Europe is the *human security dimension*. The advent of armed hostilities triggered a massive outflow of refugees from Ukraine into neighboring European countries—over 4 million people at last count. This, in turn, triggered the largest ever activation of the EU Civil Protection Mechanism. And things will likely get much worse: the EU estimates that the number of refugees and internally displaced people from Ukraine may soon reach 15 million, which would represent a paramount humanitarian challenge for the European Union. The need to assist, accommodate, adapt, and, potentially, integrate those people would represent an additional burden and constitute a multiplication of the socio-economic effects of the continuous migration to the EU from Africa, the Middle East, and Afghanistan.

Misbalances in global food security that are emerging in the context of the conflict over Ukraine can only aggravate this trend. Both Russia and Ukraine had supplied some 25 percent of wheat and 20 per cent of corn in the global market. Ukraine's most fertile lands have been turned into a battlefield, while Russian exports are restricted by Western sanctions. This month, the global wheat price already grew twofold, rising from \$200 a ton in 2019 to \$400. The resulting deficiency of supply of such and similar commodities (e.g., Russian-produced mineral fertilizers) may eventually produce “bread riots” and other social upheavals in various parts of the developing world, foremost in Africa and the Middle East. According to some estimates, in cases of mass starvation, no less than 10 million “famine refugees” would try to reach European shores by the end of this year—a “perfect storm” scenario.

The third impact on Europe is the *domestic political dimension*. The “war next door,” as it has been called, influences internal politics throughout institutional Europe's space and deepens divisions in both the political class and societies at large. Governments and ruling parties are under pressure, being accused of either inaction or overreaction over the developing crisis. This should not come as a surprise, given that European democratic systems are characterized by the separation of powers, multiparty arrangements, complex procedures, and strong parliamentary opposition parties. Political leaders in power have to maneuver in order to maintain the balance. For instance, Macron (who is facing elections in April) and British Prime Minister Boris Johnson (who is, or at least was very recently, under pressure to resign) have both noticeably intensified their efforts on the Ukrainian track—the former as a “dove” and the latter as a “hawk.” Those are short-term, immediate challenges.

Yet, in the longer term, other troubles may arise. While ties between Russia and some leftist and rightist political parties and politicians (including the esteem they hold or have held for Russian president Vladimir Putin) have discredited them, the prolongation of the conflict over Ukraine may change the equation. Thousands of European extremists

with far-right credos are now flocking into the warzone to take part in fighting. The analogy to this development is the volunteer movement during the Spanish civil war in 1930s and the recent migration to jihad in Syria in 2010s. Those who survive will return to their home countries battle-hardened and even more radicalized. That factor, coupled with the overall dissatisfaction of ordinary citizens due to declining standards of living, prices hikes, migration pressures, and COVID-19 mismanagement by governments, may precipitate an upsurge of nationalism and far-right sentiments. This may produce negative political effects and security challenges for the European Union and its member states.

The fourth and last impact on Europe is the *global dimension*. In the past two decades, the European Union operated on the global level as an economic superpower projecting soft power diplomacy, providing humanitarian assistance, and championing homegrown norms and values, rather than the hard power. The overwhelming attention the EU and its member states will likely continue to devote to the crisis over Ukraine will almost certainly dominate its rulers and have as a consequence the shortening of institutional Europe's global reach and attention span—foremost vis-à-vis China, Iran, and current and future crises in the Middle East and Africa. The resulting shrinking commitments to the rest of the world by the EU and its member states will likely push the international system off-balance even more.

Not only has the present crisis opened Europe's "windows of vulnerability;" it has also provided a "windows of opportunity." The estimated cost of rebuilding and reconstructing Ukraine—already dubbed "Marshall Plan 2.0" in some circles—now surpasses half a trillion euros; this figure cannot help but increase each day the fighting continues. Institutional Europe's participation in the revival of Ukraine can help it reignite its economy, especially if Russian assets frozen by the EU and the United States as part of their punishing sanctions regime be diverted to this venture. Still, the emerging challenges for institutional Europe in the conflict over Ukraine prevail over the opportunities they may afford.

Old Europe vs. New Europe?

In January 2003, shortly before the U.S.-led invasion of Iraq, U.S. Secretary of Defense Donald Rumsfeld made a distinction between "old" and "new" Europe, referring to the geopolitical division in the continent (in his telling, "new" Europe consisted primarily of former Warsaw Pact countries that had expressed support for the invasion). This episode comes to mind nowadays in light of the conflict over Ukraine. Despite the united political stance expressed by an overwhelming majority of European states at the initial stage, many sensitivities, nuances, and even differences within it have already come to the fore.

One particular reflection of that trend is the recent controversy over the ill-fated proposal by Poland to hand over its MiG-29 jet fighters to Ukraine. The transfer has

no military utility, as that third-generation combat aircraft is no match for modern, fourth-generation Russian aircraft; yet it served as a political manifestation for a group of European countries that insisted on a more proactive role by Western institutions like NATO. Warsaw, supported by London, was pushing its bid against strong German disagreement, until U.S. President Joe Biden vetoed the proposal in order not to provoke Russia unnecessarily.

This episode probably illustrates an emerging dissonance trend in the European camp. The disposition is as follows. One group—the London-Warsaw axis—assumes a rather aggressive approach, lobbying for a much more vigorous European involvement on the side of Ukraine, including the supply of even more arms and equipment to Kiev, the establishment of a “no-fly zone” over the country, the imposition of a total trade embargo on Russia, the judicial prosecution of Kremlin leaders for alleged war crimes, and the deployment of a NATO “peacekeeping mission” in the aftermath of the present phase of the conflict over Ukraine. The Baltic, Eastern European, and Scandinavian states that feel themselves endangered by Russian militarized behavior mostly share such an approach, with some reservations.

Another group is led by Germany and France—Europe’s heavyweight countries—and is supported by some other EU and NATO member states like The Netherlands. They adopt a relatively moderate line on issues like heightened military assistance to Ukraine and more stringent sanctions against Russia. Both Berlin and Paris still keep open a hotline with the Kremlin. There are also some maverick actors like Hungary, which does not support most of the EU and NATO moves against Russia and is consequently perceived to be a Trojan horse in Europe. In addition, Turkey plays its own geopolitical game on several fronts simultaneously. Moscow definitively notices all such fissures and tries to drive wedges by using a combination of threats, deception, and propaganda narratives.

What, then, does the future hold—in case Ukraine endures and does not collapse under Russian military pressure?

At some point, Ukraine may join the European Union. Certainly, recent EU statements seem to suggest this could end up being the case. On 28 February 2022, Ukraine officially submitted a letter of application for EU membership, and soon thereafter, the EU Council invited the EU Commission to submit its opinion on this application. However, there is a big difference between declarations, actions, and results. Ukraine’s EU accession process will definitely take time and include significant red tape procedures; but it will also likely include tacit obstruction from some key EU member states. Look at the situation through the German lens: Ukraine, with its passionate population, battle-hardened army, and noteworthy economic potential, has a real chance to emerge as one of the most powerful continental centers. A potential Kiev-Warsaw alliance (with possible extensions to London and Ankara) could certainly outbalance Germany’s clout in Europe. This is not a scenario that Berlin (and Paris) seem likely to readily accept without a serious fight.

Thus, Ukraine's membership in the EU is not a predestined end state.

Alternatively, if Russia does not back down and Ukraine eventually fragments further or even disintegrates, the zone of chaos that emerges on its wrecks would continue to cause distress to the security of Europe for a long time.

Synopsis

Summarizing the preliminary observations on how the latest phase of the conflict over Ukraine is affecting Europe at this juncture, the following key points need be kept mind.

- The Ukrainian war became a reality-check for institutional Europe, ejecting it out of its comfort zone. From that point of view, the Old Continent is the third strategic loser in this conflict (the first two are, of course, Ukraine and Russia).
- Notwithstanding the shock it exhibited at the onset, the EU (together with other Western institutions and states) was able to mobilize its political will, activate its complex decisionmaking machinery, and develop a cohesive platform for a joint response. Russia's bet on Europe's weakness, division, and energy dependence did not pay off. However, it is still questionable if the European Union will be able to sustain its unity and adapt quickly in case the crisis lingers. Only time will tell.
- The relevance of NATO and the Trans-Atlantic link has been brought back to the fore. Europe will become more dependent on the United States in the sphere of defense and security, further delaying its quest for achieving "strategic autonomy." The American military footprint in Europe will remain and, most likely, expand. Paraphrasing the Cold War-era paradigm, the U.S. strategy in Europe now aims at keeping America in, Russia out, and *Europe* down.
- Notwithstanding the evolving situation, the Russia-Ukraine-Belarus knot will remain the utmost security challenge for Europe in the foreseeable perspective. When weaker and cornered, Russia is less predictable and more dangerous.

In short, Europe's security architecture, political balances, and economic landscape will evolve under the stress of present and future circumstances. The conflict over Ukraine may not undermine the foundations of post-Cold War Europe, but it will almost certainly change them.