



Gulf Research Center
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Europe and the Ukraine Crisis

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The Russian invasion of Ukraine has confronted Europe with its most serious crisis since the Balkan Wars of the 1990s. In fact, the crisis might be biggest since World War II given the possibilities of a NATO-Russia standoff that could further widen the conflict dangerously. As German Chancellor Olaf Scholz stated in his speech to the German parliament on February 27, 2022, “The twenty-fourth of February 2022 marks a watershed in the history of our continent ... And that means that the world afterwards will no longer be the same as the world before.”

The immediate reaction from the European side has been to initiate widespread sanctions against Russia and to mobilize international support to maintain as much of Ukraine’s independence as possible. The consensus on the sanctions course surprised many who are used to seeing Europe being more divided than united. But on the initial course of action even EU members such as Hungary, often thought to following a more pro-Russian policy, voiced no objection. At the same time, there was a consensus on the fact that the EU and its member states should not become an active part to the conflict as this would increase the risk of a wider conflagration, possibly even on to the territories of the EU itself.

As the conflict continues, the debate over military support for Ukraine has intensified and European countries have increasingly sent military equipment and weapons to help the Ukrainian government. Even in Germany, where a new coalition government only came into power in December 2021 with a commitment not to deliver weapons into conflict zones, the readiness to supply hard power capabilities has taken hold. This trajectory has in turn opened a wider discussion over the appropriate mechanisms that would on the one hand oppose and hopefully reverse the Russian invasion but that at the same time does not cause Europe to be drawn into a larger war. It is this debate that will preoccupy Europe for the coming period and whose outcome will determine the role that Europe will play in international affairs for decades to come.

Economic and Energy Repercussions

The war in Ukraine confronts Europe with two key challenges. The first is short-term issue and relates to the more immediate consequences of economic repercussions, energy security as well as avoiding having the conflict itself spread to Europe. The second challenge is more long-term and is tied to the strategic consequences of the Russian decision to invade Ukraine to the broader international order. Europe, which has prided itself as a more normative actor that seeks to overcome conflict by engagement rather than confrontation, has seen its identity based on the rejection of war shattered. What this means for Europe as a security actor in international politics is thus a key question to be addressed.

On the economic and especially the energy front, Europe has found itself in a quandary given the high degree of reliance it has for products coming from Russia. In 2021, the EU imported more than 40% of its total gas consumption, 27% of oil imports and 46% of coal imports from Russia. Energy represented 62% of EU total imports from Russia. Moreover, also for 2021, Russia was the fifth largest partner for EU exports of goods (4.1 %) and the third largest partner for EU imports of goods (7.5 %) with a total trade volume of over €170 billion.



These are significant volumes and Europe has been challenged to balance out the losses from cutting Russia trade ties due to the EU's sanctions policy without endangering its own economic stability in the short-term at least. Nevertheless, on the economic and energy front, Europe has shown considerable consensus and resolve in its immediate response. This includes putting together widespread sanctions packages that were unthinkable prior to the crisis, halting the construction of the Nordstream 2 pipeline, as well as cutting Russian banks off the SWIFT financial system. Reversing ties on the energy front has proven more difficult although the EU has also taken steps to curtail coal and oil imports. It is the gas front that has proven to be most challenging aspect. While the EU has announced plans to cut its reliance on Russian gas by two-thirds by the end of 2022, EU member states have also paid more than €46 billion to Russia for continued oil and gas imports since the start of the invasion in February.

A total cut of Russian supplies to Europe remains a possibility with Moscow already announcing stopping exports to Poland and Bulgaria for being "unfriendly countries." Such a step could confront EU member states with a serious energy shortage and therefore crisis. The immediate impact has already led to rising energy prices that have also forced inflation rates to their highest level in decades. Moreover, the sixth sanctions package on eliminating Russian oil imports on the EU announced in early May 2022 underlined a political challenge for Europe as both Hungary and Slovakia announced their opposition and requested a prolonged phase-out period for their own Russian oil imports. Initial German objections on including energy in the sanctions debate as a whole suggest that Europe is not in a position to afford a complete cutoff from Russia. Coupled to this are European debates about the ultimate impact that the sanctions have on Russia considering that Moscow is also benefitting from the current high price environment in the energy sector.

In its efforts to find short-term solution to its pressing energy supply issues, Europe's attention has focused on the Gulf as an alternative for energy supplies. This applies first and foremost to gas supplies with Qatar emerging as a key pillar given its leading role in the LNG market. While countries like Germany have already entered into negotiations for future supplies from the Gulf, it is clear that this is a medium solution at best. Qatar's readiness to supply greater quantities to Europe, for example, very much depends on the willingness of current Asian buyers to allow for a diversion of supplies to Europe. Down the road, the prospects for an increased role of Qatar LNG as part of Europe's energy future are more likely given the expansion strategy in the LNG sector that Qatar is currently pursuing although even here the starting dates would be more around 2025. Such time is needed to also allow sufficient time for European countries to invest in needed LNG infrastructure which so far does not exist in adequate quantities. With Doha's new designation as a major non-NATO ally by the US and the fact that Qatar has voiced its willingness to contribute to Europe's energy diversification, the Gulf emirate could emerge as a key connecting point for Europe.

The Ukraine crisis could further lead to closer EU-GCC energy coordination on the renewable and alternative energy front, for example when it comes to components such as green and blue hydrogen. Frans Timmermans, the EU's climate chief and leader of the Commission's work on the Green Deal stated in March 2022: "It is time to tackle our vulnerabilities and quickly become more independent in our energy choices. Let's move into renewables at lightning speed." Increased LNG supplies would further allow Europe to reach its stated climate goals. But such pronouncement does not cancel out



the current predicament for Europe. This includes avoiding shifting dependency from Russia to other areas of the world in the desperate search for future energy supplies or maintain a certain reliance on nuclear power by delaying current phase-out plans.

Providing for European Security

A second more medium- and long-term challenge pertains to the project of the EU itself as well as the broader contours of the future international political order. On the one hand, Europe will be confronted with how to maintain unity and a continued sense of common purpose in the face of what could possibly become a prolonged war. The longer the war continues, the more difficult it becomes to maintain the current consensus within Europe as countries deal with the influx of refugees, the rising economic costs of sanctions, and the fact that a long-term war confronts Europe with continue instability on its border. Russia will be looking at Europe closely for any breakdown in its commitment to the current course of action, in addition to watching the cohesiveness of NATO and the transatlantic alliance. As such, Russia could purposely maintain the conflict to wither down European unity. It could also hope for political transitions that bring more pro-Russian voices into power. A key might the potential re-election of Donald Trump in the United States in 2024 given that Mr. Trump has both questioned NATO and praised Vladimir Putin in the past.

The current challenge for Europe is how to find the proper balance in its response strategy that makes it clear to President Putin that the Russian invasion will not stand but which at the same time does not drag Europe into a wider conflict. A debate has erupted in Europe whether the delivery of hard power military capabilities is not in fact making Europe creepingly an active conflict party and by extension prolonging the crisis rather than bringing it to an end. What remains unclear for the time being is what the end goal of current European policy steps in reference to Russia are. For example, should sanctions stay in place until the entire Russian economy is destroyed or what will be Europe's reaction if President Putin suddenly announces a withdrawal or a readiness for a negotiated settlement. A more likely outcome is a Russia that serves as a permanent "anarchic presence" on European border, provoking continued European instability and providing for an open-ended state of economic warfare. A related challenge is wielding an extensive sanctions regime without punishing the population, a balance that is next to impossible to implement.

A continued sanctions policy and European broad proclamation of the defense of the rules-based international order will likely prove insufficient to reverse the situation on the ground. A more confrontative course meanwhile risks the danger of a possible nuclear confrontation while a defeat of Russia raises the question of how to create a stable European and international order with a revanchist and humiliated power at its core. Russia could even decide to take the conflict into Europe itself by agitating the fragile security environment currently existing in the Balkans. Meanwhile, an unjust and unsatisfactory piece opens another level of discussion where internal European disputes about the way forward would come to the forefront. No matter what the outcome therefore, how to manage Russia is a challenge that will preoccupy Europe for a long period to come.

There is also the broader issue of shifting geopolitics and how Europe can respond to a environment marked by decaying international institutions, the decline of the United



States as a country committed to defending the existing order, and the rise of countries like Russia and China determined to replace current arrangements in place. The impact of the Ukraine war thus goes far beyond what is happening in Eastern Europe at the moment and will re-define the relationships Europe holds with the international community, including with countries such as China and even the Middle East.

Europe has already voiced its determination to review its relations with China and during the EU/China summit held at the beginning of April 2022, EU leaders expressed their expectation that China should contribute to a resolution of the Ukraine crisis. Down the road, Europe wants to avoid a situation of dependency as currently exists with Russia on energy for example. As it stands, European interdependencies with China are significantly higher than is the case with Russia. Trade between the EU and China amount to more than €700 billion compared to the €170 billion with Russia. An immediate path is for Europe to strengthen its ties with other allies in Asia and focus its efforts on countries like India, Japan and Australia. German Chancellor Olaf Scholz's first trip outside of Europe was to Japan in late April 2022 and the EU held its summit with Japan in May in Brussels. It is also no coincidence that EU Commission President Ursula von der Leyen attended the Rasina Dialogue in India in April where she stated that the relationship between India and the European Union would be of increased importance in the coming decades.

In terms of the broader geopolitical issue, Europe is bound to struggle with the competitive multipolarity that is increasingly emerging as the order principle of future international relations. This has implications for region away from Ukraine where one might see regional states taking advantage of a fraying system of order to challenge current constructs in place. Russia's intervention in Syria as well as Iran's regional interventionist policies are examples to keep in kind. At the same kind, Russia's leverage could also decrease given its poor performance to date in Ukraine and its likely economic weakening. This, in turn, opens vacuums that always represent a danger in global politics. All of this increases the uncertainty of relationships.

There is further the danger that other parts of the world will interpret the Western response against Russia as a readiness to use its domination of globalization as a weapon, i.e. using existing and future interdependencies as a pressure instruments to abide by Western policy preferences. The result could be one of increased de-linking by such countries in order to decrease their dependency, the same steps Europe is bound to undertake with China. There is also the possibility of Europe falling into old patterns of policy behavior without reflecting on the lessons learned and avoiding similar situations in the future. For example, with overall order now being conceived once again primarily in military terms, and the US re-pivoting back to Europe due to what is occurring in Ukraine, old Cold War policies could re-emerge, with relations structured according to opposing blocks. Such a stance would bring the idea of a common European home as hoped for after the fall of the iron curtain at least temporarily to an end.

Finally, another realignment that bears watching is the one between Europe, the United States and NATO. While much of the past decade has been spent in Europe trying to carve out a more autonomous position vis-à-vis the United States (under the guise of the so-called strategic autonomy), the Ukraine crisis has reshuffled the cards and put the primacy of NATO and hard security considerations back on top. This includes the



decision by many European countries to increase their defense spending in line with the 2% requirement of NATO. While strengthening NATO enjoys widespread European support, suggestions that the United States might use the Ukraine issue to try to permanently weaken Russia, or the possible ascension of Finland to NATO membership would create a direct NATO-Russian border, make the issue more problematic. Europe does not want to return to the period of the 1970s and 1980s but for the moment it might not see any other choice.

It is not too far to argue that the European security order since the end of the Cold War has been shattered. One could argue that Europe has now finally entered a stage where the Middle East has been for quite some time in terms of facing a volatile security environment in a period of transition where uncertainty is the only stable component. In Europe, there is a growing realization that economic and geopolitical issues cannot be decoupled from one another. Moreover, key parameters of European foreign and security policy over the past decades have been turned on their head including the belief that political change can be enacted through increased trade relations and building up interdependencies. The belief of a permanent and comprehensive peace with Russia is for now also off the table. Instead, the future of European security is firmly back on the agenda with all the uncertainties and volatility associated with it.