

The invasion of Ukraine by Russia initially brought the Europeans closer: Germany announced a massive increase in defense spending and abandoned Nordstream II; the European Union surprised Russia and many observers by agreeing relatively quickly an extensive package of sanctions. This unexpected show of determination and unity was interpreted by pro-Europe analysts as a sign that the old continent was finally coming of age as a strategic actor.

Six months later, predictions that European unity would quickly unravel have been proven wrong. Sanctions have been renewed and Ukraine has been accepted as a candidate to the EU. Confronted with an immediate crisis, Europe has responded well. But the Ukraine crisis is no longer a crisis but a new state of affairs in Europe, durably poisoning relations with Russia. In both Ukraine and Russia, positions have hardened, and a negotiated settlement is out of reach. Ukraine is receiving more effective military support and the Russian offensive has stalled, but a Ukraine counter-offensive is unlikely to recover the territories it has lost to Russia, especially if one includes the territories lost in 2014 (Crimea and Northeast) which are now explicitly mentioned in the war aims of Kyiv. Meanwhile, Russia may extend its bombing campaign to civilian infrastructure so as to crush the Ukrainian economy as an alternative to the conquest of territories. The fighting around the nuclear power plant of Zaporizhzhia may be part of that strategy: the plant is important to Russia not only because it produces electricity for Crimea but also because it is an essential source of energy for Ukraine: cutting that supply would help strangle the Ukrainian economy. The war has thus become a long war of attrition in which both sides will try to break the will of the enemy. Over time, political tensions may appear in both countries, and the assassination of the daughter of a Russian ultra-nationalist might be a sign of that in Russia. Putin cannot afford to be criticized on his right. Whether such tensions could lead to strategic changes is impossible to predict.

How will Europe adjust to this new state of affairs? The most immediate concern for the Europeans is the coming winter and the dependency of some European countries - the biggest being Germany- on imports of Russian gas. While scrambling to find alternative sources, Europeans have continued to import Russian gas (not included in the sanctions), betting that Russia, which badly needs the hard currency, would not cut its exports. Russia has played its cards very well, maximizing uncertainty about future deliveries, driving the prices up to the point that in spite of lower deliveries, its hard currency revenues from energy exports in 2022 are higher than in 2021, thanks to increased oil exports and increased gas prices. Six months after they were imposed, it is becoming clear that the sanctions most damaging for Russia are not the limitations on what Russia can export, but the limitations on what it can import, especially technology.

While there is a range of views on the physical impact of reduced gas imports, there is a growing consensus that the economic impact on the European economy of the Ukraine war may be severe. High energy prices will put pressure on consumption, as consumers face tighter budgets (also impacted by food product inflation), and some industries will be significantly affected by higher energy prices. This will be particularly significant for Germany, which is already impacted by the loss of cheap labor production sites in Eastern Europe. Under the circumstances, the deterioration of relations with Russia could hardly come at a worse time for Europe. The German export-driven economic model needs to be completely overhauled, which will have ripple effects on the rest of the continent. Meanwhile, the solidarity between EU members will be tested both on the burden-sharing if energy imports need to be rationed, and on the response to accelerating inflation, on which there is no European consensus. The fact that the causes of inflation are multiple will complicate the policy debate between monetary hawks and advocates for more structural policies.

Both Ukraine and Russia are well aware of the potential impact of a European recession on support to Ukraine. That creates an incentive for Ukraine to take some risks and try to break the deadlock before western support weakens. Conversely, Russia can hope to wear down Ukrainian resistance by demoralizing the Ukrainians, bombing civilian targets and exposing the limits of western support. Will that eventually lead to an unraveling of the remarkable European unity demonstrated in the early days of the crisis, as Putin hopes? That is far from assured. Precisely because the European Union has a hard time making big decisions, once they are taken, it rarely rescinds them, and the fear of moving backwards has often led to forward movement. The members of the European Union may not have clarity on their end-goal, but they are determined not to lose what they have achieved so far. In times of crisis, that fear helps maintain unity, from the debt crisis to the Brexit and post-Brexit negotiations, and now the Ukraine crisis. Such dynamics may fall short of the strategic breakthrough that Europhiles had hoped for. But they could lead to a protracted stalemate unless some event becomes a game-changer, for instance a nuclear accident caused by the fighting around Zaporizhzhia. That could lead to a major escalation, or on the contrary to the beginning of a negotiation and a partial ceasefire.



Jean-Marie Guéhenno

Jean-Marie Guéhenno is an international security and foreign policy specialist. His previous positions include Head of Peacekeeping Operations at the United Nations, CEO of the International Crisis Group and Director of Policy Planning for the French Minister of Foreign Affairs.