



The Russian-Ukrainian War and Its Economic Impact on The Middle East

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Abstract: The conflict between Russia and Ukraine has had a substantial impact on the stability of the world economy, particularly in the Middle East. This study examines the conflict's complex economic effects on the area, with a particular emphasis on trade dynamics, food security, and energy markets. The war's disruption of global supply lines and subsequent changes in gas and oil prices impacted both Middle Eastern nations that import and sell oil.

Disruptions in grain shipments from Russia and Ukraine also presented significant difficulties for the area, increasing food shortages and putting pressure on the economies of import-dependent countries. The paper examines the ways in which Middle Eastern countries responded to these shocks, emphasizing policy initiatives including broadening strategic reserves, boosting domestic output, and diversifying trading partners.

Keywords: Trade dynamics, food security, and energy markets.

Introduction: On February 24, 2022, Russia's President Vladimir Putin ordered an invasion of Ukraine, marking the beginning of a full-scale military conflict between the two countries. This war, already lengthy and complicated, has become the focus of international attention due to its significant geopolitical ramifications. Countries worldwide have been affected by this war's political and economic repercussions, particularly in the Middle East. Russia is the world's second-largest oil producer and the third-largest oil exporter. Ukraine may not hold as much significance as Russia in energy markets, but it is still critical, accounting for 16 percent of global grain exports and over 40 percent of the world's sunflower oil exports (Thanh Ha, 2023). The interconnectedness of the global economy has exacerbated the war's effects beyond Europe. The

Middle East has experienced significant economic repercussions from the Russian-Ukrainian war, particularly concerning changing energy prices, food security, and political unrest. This text aims to address the Russian-Ukrainian war and its substantial economic impacts on the Middle East. To attain this objective, the text will examine the war's military, political, and economic dimensions. These three aspects will be explored sequentially, detailing the current state of the war and possible future scenarios. The military aspect will be analyzed first, focusing on technological changes in warfare and their implications for the Middle Eastern countries. Following that, the political dimension will be discussed, highlighting the current shifting alliances and international relations framework and their impacts on the Middle East. Finally, the economic aspect will be examined, analyzing changing energy prices and food security issues. Understanding the discussed aspects is crucial for comprehending the broader implications of the war from the perspective of Middle Eastern countries. The relevance and urgency of the topic must be emphasized. The world has entered a new phase of international relations, as evidenced by the ongoing Russian-Ukrainian war. Many issues that appeared to have been resolved in the post-Cold War era re-emerged, necessitating a comprehensive look at the war's multi-faceted impacts. The recent conflict illustrates how a single event can have far-reaching effects, particularly in an era of global interdependence.

Historical Background

With the end of the Cold War, that was the time of the triumph of the Western model, for the first time in the post-war period, a game in which only a single player owned the board. For Moscow, this meant the loss of the status of the superpower. On the contrary, for Ukraine, it was the beginning of statehood but against the background of the disintegration of the Soviet empire (Pigliucci, 2018). The newly independent Republic of Ukraine found itself in the most difficult geopolitical situation. On the one hand, there was Europe, which proposed the integration of the post-Soviet states into its orbit but was not ready to take on the associated risks. On the other hand, there was Russia, which considered the loss of control over the post-Soviet space to be its geopolitical catastrophe and tried to restore its influence, which it saw primarily in the political, military, and economic spheres. In such a difficult situation, Ukraine tried to maneuver between the West and the East. The first president of Ukraine, Leonid Kravchuk, tried to play both sides, declaring Ukraine's course towards independence, non-nuclear status, and a neutral approach to military alliances.

However, by refusing the Status of the bloc neutrality, Ukraine became a potential target of NATO expansion as the Alliance perceived this move as a possibility to prevent the influence of Russia. On the contrary, an attempt to get into the CIS led Ukraine to the unwanted Russian influence. Leonid Kuchma's presidency (1994-2005) started with a tilt toward the East which, in particular, resulted in signing the Treaty on friendship and cooperation with Russia in 1998. However, following the West's example, he tried to play a "multi-vector" policy but in much more complicated circumstances, considering Ukraine's importance for Russia. As time passed, the West became more engaged in the region which was seen in the Orange Revolution of 2004. At the same time, it is important to highlight how the Middle East looked within this context. Under the new status, Russia determined its foreign priorities in the regions where it either had political influence before or mulled the possibility of expanding it. As a result, the Middle East was considered among these priorities but a relative indifference of the American administrations toward the region facilitated the Russian return. The war in Georgia in 2008 became the prologue to the world systemic crisis that started in 2009. Certainly, it's not a coincidence that Transnistria, South Ossetia, and Abkhazia froze after the NATO enlargement and in the early 2000s "the orange revolutions" erupted in Ukraine and Kyrgyzstan as a desperate attempt of Washington to change the political course in Russia's sphere of influence. The Russian invasion of Ukraine in 2022 is a continuation of the flawed geopolitical undertones seeking to reshape the balance of power on the European continent. However, the Middle East is a center of attention here because the situation around Ukraine becomes a catalyst for addressing the long-standing issues.

Origins of the Conflict

This conflict is rooted in a combination of nationalism, ethnocultural factors, territorial disputes, and historical grievances. After the decline of the Soviet Union, Ukraine, which was formerly part of the USSR, became an independent nation. However, Russia considers Ukraine to be within its sphere of influence. Thus, Putin's Russia views any Western influence in Ukraine as a threat to its national security and, therefore, unacceptable. On the other hand, many Ukrainians also sought to break free from Russia's influence and embrace Western Europe as a refuge from the oppressive and authoritarian Russia. Accordingly, two largely opposite worldviews evolved within Ukraine: a pro-Russian faction in the East and a pro-Western one in the West. These opposing worldviews were further complicated by the influence of external factors. In this context, the elections of 2004 and 2010 are critical

because both elections were contested amid rising tensions between pro-Russian and pro-Western factions (Pigliucci, 2018). The victory of Viktor Yanukovich in the 2010 election, who represented the pro-Russian faction in Ukraine, amplified these tensions. The mass protests in 2013 during the Euromaidan Revolution were sparked by Yanukovich's decision to reject a European Union membership agreement under Russian pressure. In turn, Yanukovich violently repressed the protests, which forced him to flee to Russia in 2014. In the aftermath of the Euromaidan Revolution, Crimea was annexed by Russia, and pro-Russian separatist movements rose in Eastern Ukraine, resulting in civil war.

In summary, the origins of the war are rooted in a combination of deep domestic and ethnocultural factors and external influences, with Ukrainian geopolitics as the battlefield between the West and Russia. It is also important to note that many neighboring countries or powers have their own strategic interests in this complex and volatile region. This includes not only Russia and Ukraine but also Poland, Hungary, Romania, and other countries, as well as external powers such as the United States and European nations. Furthermore, the issues at hand are not simply contemporary, but as this overview shows, are very much entrenched with histories that run deep. Understanding the origins of the war is critical to accurately understand the broader economic impacts of the war and its spillover effects, especially on the MENA region. Thus, this becomes a necessary starting point and foundation for analyzing the continent-wide and global economic impacts of the war.

Military and Political Dimensions

The Russian-Ukrainian War, with its pivotal military and political dimensions, has far-reaching economic consequences for the Middle East. Acknowledging different analytical aspects is crucial, as military conflicts often intertwine with political decisions impacting various actors, including those in distant regions. Therefore, military and political dimensions must be examined to establish context for subsequent economic analyses. While Ukraine illustrates how a weaker economy can delink from a larger aggressor, this is feasible only with backing from other strong nations. As such, Ukraine's military and political strategies, international supporters like NATO and the EU, and Russia's actions impacting global economies warrant scrutiny (Pigliucci, 2018). Having been invaded by Russia, Ukraine undertook swift military actions to reclaim lost territories. On the other hand, Russia's military reach exceeded intent, given Ukraine's proactive steps in the same direction. Despite apparent Ukrainian deterioration, its military strategy

significantly differed from Russia's. Since the USSR's collapse, both held considerable military capabilities, yet their political strategies differed, impacting economic arenas. Still, alignment with the West exposed Ukraine to military action as Western nations seemed more intent on supporting diplomacy and sanctions than direct militaristic involvement. Russia's endeavors in Ukraine, largely deemed unwarranted, shifted global economic focus to military actions' implications on international relations and involved states' stability and security.

Players and Alliances

Motivations and Strategic Interests The Russian-Ukrainian War is a large ongoing multinational conflict centering on Russia's illegal invasion of Ukraine that began on 24 February 2022. Despite being largely framed as a European conflict by Western media, the war has global ramifications, resulting in worldwide economic, energy, and food crises. Understanding the major players and factions involved in this war is essential to comprehending its broader international ramifications. Likewise, an analysis of how this conflict was catalyzed, escalated, and continues to be shaped by the interplay of alliances would contribute to a clearer understanding of how the war's consequences will reverberate in the Middle East and necessitate responses from its nations (Pigliucci, 2018). The major factions in the ongoing conflict are Russia, Ukraine, and a coalition of Western nations, led by the United States, the European Union, and NATO. Since taking office, U.S. President Joe Biden has been intent on confronting, containing, and isolating Russia globally. Drawing upon the long history of post-World War II U.S. efforts to undermine, encircle, and roll back Russian influence, Biden's strategy accelerated after the emergence of a right-wing pro-U.S. government in Ukraine in early 2014. NATO expansion, along with the EU's eastward march, was viewed as intolerable by Russian President Vladimir Putin (Thanh Ha, 2023). Russia responded by annexing Crimea and backing up separatist movements in the Donbas region of southeastern Ukraine, which remains ongoing.

Ukrainian President Volodymyr Zelensky is fighting to retain sovereignty over his territory and people. He is astutely and aggressively leveraging what support he can obtain from the Western coalition, doing so partly in retaliation for losing thousands of Ukrainian lives due to Russia's invasion. However, despite Ukraine's efforts, it is increasingly isolated and does not constitute a priority for the West compared to countering Russian influence. The regional actors most relevant to this analysis are Egypt, Turkey, and Iran. Their responses to the conflict underscore the complexity of global politics in a multipolar age. Egypt is aligned with the United

States and has been since President Anwar Sadat effectively abandoned Soviet support for Egypt in return for American largesse in 1977. However, it is not overtly condemning Russia's actions in Ukraine even as the conflict threatens to upend Egypt's economy. Regimes such as Egypt's that are reliant on agricultural imports, especially wheat, from Russia will be hit hard. Likewise, Turkey NATO's second largest military power is tightly allied with Ukraine and condemning Russian aggression, despite being a NATO member, it is nevertheless pursuing a careful balancing act.

Economic Interactions Between Russia-Ukraine and the Middle East

Despite being in different regions, Russia, Ukraine, and the Middle East share similar paths of economic development and make up mutually dependent markets. Within this framework, the impacts of the war between Russia and Ukraine on the Middle Eastern countries are studied. Russia and Ukraine are two countries important for the economy of the Middle East. The war has affected trade, investment, and financial ties with these countries. On the one hand, economic relations may be strengthened (for example, in energy or agriculture), while on the other, they may be weakened (for example, in military-technical cooperation and the high-tech sector) (Zhang et al., 2024). This also shows how the war affects the change of economic strategies in the Middle Eastern countries. Economic diplomacy is particularly important in meeting the new challenges arising from the war. In the context of changing global economic ties, the economic interactions between the conflict-affected countries and the Middle East are examined, presenting the situations of the individual Middle Eastern countries. It is noted that although often local, the conflicts can lead to a chain of consequences that spread globally. The fate of these regions is intertwined in the new geopolitical reality created by the Russian-Ukrainian war and the ongoing realignments at the global level. The economic interactions between these regions, which have been largely neglected in the existing literature, are crucial for outlining future developments for the Middle East as well as Eastern Europe.

Trade Relations

Amid the ongoing war between Russia and Ukraine, the trade relations these countries share with the states of the Middle East are of crucial importance. Prior to the conflict, Egypt, Turkey, and the United Arab Emirates were the most significant Middle Eastern partners for Russia and Ukraine, with joint trade volume reaching USD 10.1 billion in 2021 (Zhang et al., 2024). Furthermore, Israel, Saudi Arabia, Bahrain, and

Oman also took part in this international exchange. The traded commodities include energy resources, agricultural products, and industrial goods which were exported from or imported to these countries. Egypt was heavily dependent on Ukrainian wheat import prior to the conflict, taking 59.5% of its wheat import from Ukraine in 2021, and thus influencing the regional economy directly. As for Turkey, it was one of the few countries which benefited from the changing trade volumes, as a result of being the significant re-exportation hub for the Russian goods towards the West. These trade relations are to be explored in detail, along with the character of goods exchanged. Following the overview of trade relations prior to the conflict, the focus will then shift on how these relations have changed since the outbreak of war, including unanswered questions on accessibility of the markets as well as on the trade routes.

At the time of the conflict outbreak, the considered trade volumes had already been declining for a year. Nevertheless, Egypt was still far from finding alternative suppliers in the wheat market and therefore was heavily criticizing the Russian-Ukrainian war. This subchapter also deals with the queries concerning the pricing and amount of goods traded, as well as the possible paths that the economies take considering these queries. The direct influence on the regional economies due to the waves of sanctions imposed on Russia is to be analyzed as well, focusing on the questions of shifting the exports/imports directions and the geo-political tension growing in the area. Finally, due to the currently changing trade patterns, the Middle Eastern countries might seek for alternative partnership countries and markets, and therefore the relevance of the researched topic.

Energy Dynamics

Energy dynamics – or, in other words, oil and gas markets – became critical in the Russo-Ukrainian War and the events that stemmed from it. Energy resources have geopolitical significance; otherwise, they wouldn't have been used as means of coercion, nor would they have turned into foreign policy tools. Hence, paradigm shifts of energy security in the context of the war are of utmost importance, especially considering Europe's efforts to reduce dependency on Russian fossil fuels in light of Russia's aggression against Ukraine (Thanh Ha, 2023). Energy security was redefined in 2007 as “uninterrupted availability of energy sources at an affordable price,” which includes supply security, market security, energy continuity, and resilience against environmental challenges, but it has now been reduced to “uninterrupted” energy availability.

Supplychains and production levels were disrupted

because of the war and decided upon nations' positions on energy security. After abstaining from sanctions following Crimea's annexation in 2014, the EU froze Russian assets, sanctioned banks, and chose to end its reliance on Russian energy post-Ukraine invasion. Even though Russian fossil fuel exports accounted for 61 and 60 billion euros for the EU and its member states, respectively, in the first month of the war, EU energy embargoes were critical post-Ukraine invasion. Likewise, 44% of imported natural gas came from Russia, accounting for 40% of electricity generated from natural gas. Even so, EU gas imports were crucial in funding Russia's war efforts. For that reason, the EU chose to REPowerEU, or end reliance on Russian fossil fuels by (i) diversifying gas supplies, importing more LNG from the US, and considering pipelines from Azerbaijan and Central Asia; (ii) boosting the share of renewables; and (iii) reducing energy consumption. By assessing the Russo-Ukrainian War, strategies to mitigate the energy security consequences of changes in the war will be discussed, as will how Middle Eastern countries reposition themselves in the global energy landscape.

Energy trade has always been strategically important for maintaining economic stability amid turbulence, including the pandemic, global inflation, and even wars. After the war broke out, countries looked for alternative alliances to secure oil and gas needs. Energy price fluctuations worldwide also reveal broader economic fluctuations. In this context, energy dynamics are crucial for understanding why countries prioritize energy alliances in their foreign policies. The Middle East remains significantly connected with the consequences of the war because energy is still the most pivotal element linking the region to the world.

Impact on Oil and Gas Markets

The Russian-Ukrainian War has far-reaching consequences on the global economy, particularly for oil and gas markets. Chaotic price volatility and fluctuations emerge as the primary economic impacts felt globally, especially in importing countries. Determining the price increase magnitudes of crude oil and natural gas, the agricultural sector's fate as a net exporter nation, and relative comparative statics could infer the upheaval shock period through midday estimation methods are employed. Using the similar methodology and procedure as , tardy estimates devote a detailed explanation of each discipline's price shock magnitudes in levels and time intervals. The volatility is largest during the war period events, although they were already elevated prior to the war. Assessing the price impacts on net importing/exporting nations and relative comparative statics and other control variables reveal that while

crude oil demand shifts cause adverse price impacts, natural gas and agricultural disputes primarily cause supply shortages price impacts. With equality and like magnitude adjustments, augmented system estimates clearly abide by comparative statics revealing that quarrel related price uplifts are further amplified for net importing countries across all disciplines. Consequently, it is net importing countries that fully absorb the elevated price impacts worsened by agricultural demand side shocks . In oil-exporting states, the conflict and ensuing economic sanctions pose immediate substantial shocks to the supply chain, largely due to heightened difficulty in logistics, insurance, transport, and trade financing associated with shipping crude oil. These factors collectively and significantly impact the market's ability to supply crude oil and are expected to constrain supply by 5.55 million barrels or 5.57% per day per month at baseline estimates, driving up global crude oil prices by USD 38.87 per barrel or 31.6% as of March 1, 2022. However, translating agricultural supply shocks through price impacts in the Middle East considers it a net exporting region for both wheat and maize empathizing with Russia-Ukraine quarrel. Initially, crude oil prices closely tracked natural gas price increases but later diverged after non-German countries enacted alternative policies. In this regard, initially, oil exporting nations readjusted their production levels due to crude oil prices fluctuations. Recent estimates reveal that the oil market is highly interlinked with the banking sector, whereby oil related shocks impact both returns and volatilities of the banking system, highlighting that such countries readjust their own banking sector transmission policies post-OPEC meetings instead of crude oil price pathways. However, recent historical evidence reveals that crude oil price fluctuations impact growth equally across potentially readjusting transmission policies. Meanwhile, eurozone banking vulnerabilities intensified post-war while prudential measures improved. As a solution for energy policy and investments directly resulting from the ongoing war might consider it an immediate put opportunity for alternative energies, yet broader market dynamics direct price pathways might readjust strategies. With the quarrel in mind, the market will force Russia-Ukraine changes readjusted strategy considering global markets are upended, and the Middle East seeks a new foundation beyond EU grasp converting it into a strategic player unseen since the Ottoman Empire's demise. It has become apparent that energy security brings back historical politics dearly forgotten as new constellations are sought, whereby broader consequences embrace everything from food supply to political security. Mechanically, the readjust path translates into newly signed deals temporally prevailing over price precision, although concerns could consider

interference due to past experiences. Yet above all, nations take caution and credibly seek diversification experiments regardless of horizon length commitments as bushel of grain price uplifts cautions like bygone observation. Clearly, firmly emplaced mechanisms fortify predictability, yet history testifies that dramatically uplifting numbers presently appear illusively coveted by the market as a whole forcing some to abstain from temporally bringing back strategies past forgotten. Ultimately, regarding a country like Austria, it has become apparent that everything goes ultimately together in an interconnected market, although at times forces act in parallel realms stressing the necessity of joint and coordinated actions when anything goes awry. Everything fundamentally deals with politics, but consequently, the broader approach reflects how markets above all coherently act yet differently at times driven by individual past experiences as best strategy course might differ significantly.

Investment and Financial Flows

Alterations in investment and financial flows are directly attributable to the Russian-Ukrainian War, the repercussions of which need to be broad and far-reaching to comprehend fully. Since the end of the Cold War, the world has attempted to build a globalized order where economic development would promote democratization and respect for human rights. This order's guiding influence on the world's powers remained unchallenged, even through the 2008 Great Recession and Brexit. However, everything changed after the COVID-19 pandemic, and the crisis considerably upended capitalistic perceptions. Today, what seemed normal yesterday is questioned. Notions and constructs that capitalism has held true for a century are examined. The Russian-Ukrainian War profoundly influences investment and financial flows. Foreign Direct Investment (FDI) flowing into countries is widely considered a barometer of that country's political and economic stability (Thanh Ha, 2023). Examples abound of how geopolitical instability affects FDI patterns. Middle Eastern countries withdrawing investments from Lebanon is a case in point. The rationale behind the withdrawal of investments from affected regions is the need for searching for stable alternatives. Here, the emphasis is on the role that regional financial institutions play or may play during times of crisis. These institutions need to provide stable financial support for economically distressed partners. Ex-post rapid assistance is also a fundamental objective. Indeed, such assistance takes place whenever the need arises. However, ex-ante adjustments to the asset portfolios of players currently involved in cooperative arrangements reflect an innate

tendency on the part of Western players to minimize their exposure to possible adventitious volatility arising from past experiences. In such a situation, cooperation is maintained through the gradual tightening of its terms. Adjustment of the political risks to FDI is offered in an empirical model where countries with exposure to political risk and controlling variables, such as inflation and GDP growth, have confidence levels in FDI that drop. Ultimately, there is a proposal for strategies to mitigate political risks wherein investment portfolios are diversified across countries facing different political risks. Investments in energy and infrastructure are particularly stressed type sectors wherein investments become critically necessary during armed conflicts. Overall, the hope is to shed light on what is, by the present reckoning, so far very obscure and relatively new ground in the advent of the Ukraine war.

Effects on Foreign Direct Investment

This section further investigates trends in foreign direct investment (FDI) in the Middle East in response to the Russian-Ukrainian war. It outlines how political unrest and economic uncertainty in Eastern Europe are fuelling the redirection of investments by some players in this region. The focus is on determining whether investments in the MENA region are being repurposed towards more stable markets and sectors, and whether such initiatives can remedy the deep-seated economic growth and development challenges currently afflicting many post-Soviet states. These issues are examined using the latest available data on FDI inflows and outflows, as well as other relevant economic indicators, for the countries most directly affected by the conflict (Hosen et al., 2024).

Along with an overview of the more immediate impacts of the conflict on FDI trends, it is argued that in light of the uncertainty generated by such events, there may be opportunities for simply alternative investments, e.g., in technology and renewable energy. Initially, some possible options for the reallocation of regional investment are outlined, followed by an analysis of how companies based in the MENA region are attempting to adapt to the risks inherent in large geopolitical shocks affecting an entire investment environment. Understanding such trends is considered vital if the longer-term, and often unanticipated, consequences of such shocks for the economic evolution of the affected areas are to be grasped.

With reference to the Middle East, the focus is mainly on the six members of the Gulf Cooperation Council, plus Egypt and Jordan. Here, initial attention is directed towards the most visible impacts of the current crisis on FDI, followed by an overview of the region's potential as an alternative destination. In recent years, MENA states

have generally struggled to achieve significant FDI-driven economic growth, but it is suggested that a broadened perspective may reveal the emergence of viable investment opportunities in a number of different areas. On the whole, however, as contention grows between competing investment paradigms and regional company aspirations shape their own approach to risks associated with significant geopolitical events, a middle ground is sought between optimism and skepticism.

Agricultural Trade and Food Security

Wars produce risks and disruptions to food supply chains. Russia and Ukraine export around 30% of the world's grain. The Russian-Ukrainian War has disrupted the food supply chains of several countries, especially in the Middle East. War is projected to cause problems in securing essential food imports for Middle Eastern nations in 2022, 2023, and beyond (Deng et al., 2022). Middle Eastern nations epitomize vulnerable food systems reliant on seaborne grain. The region imports three-quarters of its food; one-fifth comes from Ukraine. The war worries large-scale disruptions exporting grain via the Black Sea. In these countries, the share of grain imports from Russia and Ukraine is 40-100%. Moreover, these countries have limited options for alternative exports as food importers.

Fiscal space limitations impede these countries from confronting food price shocks. Prior to the war, their food systems were under stress from the COVID-19 pandemic, soaring grain prices, and a 2021 drought. There is a large-net food-importing developing country group. From 2001-2012 to 2013-2020, fifteen group members in the Middle East, Africa, and South Asia become more vulnerable, with 30%-100% estimates of net-import share of grains. However, countries are thought-adjusted agricultural policies from a simple interface where countries are forced to externally stipulate agricultural policy adjustments on shocks. With agricultural trade networks, climate effects on agricultural productivity are analyzed; countries confronted depressed food export prices enforce counterproductive food security strategies (Zhang et al., 2024). Food security strategies reliant on imported food supply have long-term implications. After shocks, countries are unable to reverse policy adjustments, i.e., ceilings on food export prices. Regional cooperation is sought to enhance resilience by food trade network interdependence. Alternatively, sourcing food from farther away is thought (mis)calibrated strategies.

Transportation and Infrastructure Projects

Raimonds Briedis and Ashley Schaeffer argue that wars and conflicts have a profound effect on infrastructure

and transportation networks, which then shapes future development trends. Geopolitical conflicts continue to influence logistical frameworks and the development of infrastructure priorities, as seen with the repercussions of the Russian-Ukrainian War in Europe. As one of the Middle Eastern states bordering Ukraine, the war has many ramifications for transportation and infrastructure projects in the region. On one hand, some goods previously transited through or to Russia and Ukraine are now stuck or stranded, affecting trade. On the other hand, many projects might be delayed, affected, or redirected within the region due to the ongoing war. Most freight trains coming to and from Ukraine transit through just two border posts into Europe, with around 75% of all goods flowing through the most critical station in Chop. However, the Russian-Ukrainian War shook the basis of all transiting logistics because bad and destroyed roads, ethnic conflicts, national priorities, and destroyed infrastructure reshaped the logistics in just a few days. Transportation logistics have become much more complicated. Moreover, the changes in logistic priorities have had substantial economic consequences for both local and regional economies starting from the COVID-19 pandemic (Korovkin & Makarin, 2020). The development of infrastructure projects is crucial for the economical growth of the countries, so understanding the disruption of infrastructure projects due to the Russian-Ukrainian War is vital. Although this conflict is still ongoing and will render new opportunities for alternative routes and partnerships, the Middle Eastern countries are already trying to implement that (Zhang et al., 2024).

Sanctions and Trade Restrictions

In response to the outbreak and escalation of the Russian-Ukrainian War, a complex web of sanctions and trade restrictions has been imposed by various countries and international organizations. The motivations behind these measures are diverse, encompassing political, economic, and humanitarian dimensions (Günes, 2019). Primarily, these sanctions are seen as a political tool, aiming to influence the actions and decisions of the Russian and Ukrainian leadership. At the same time, they are expected to have economic repercussions, targeting essential sectors of trade in goods and investments, financial exchanges, and energy markets.

Trade flows between Russia, Ukraine, and the Middle East have experienced a significant decline following the imposition of sanctions. Several countries in the Middle East, including Egypt, Lebanon, and Turkey, have witnessed a drop in imports from Russia and Ukraine due to these trade restrictions. The analysis of trade data reveals that while the sanctions initially caused

immediate declines in trade volumes, other factors such as alternative suppliers, regime change, and ongoing military conflicts have accounted for long-term declines (M. Nephew, 2015). Overall, the sanctions and trade restrictions have significantly disrupted trade relations between Russia, Ukraine, and various Middle Eastern countries. This raises questions about how these trade restrictions will be interpreted and what broader issues they might bring to light. These restrictions may have immediate repercussions, but they may also compel policymakers to consider the larger picture. There are worries that beyond the regional implications of the sanctions, accomplishing the narrower goals may prove inflexible to some states in the years to come.

Countries in the Middle East willing to ignore these sanctions may find it difficult to seek alternative markets and trade partners. This is particularly true for Egypt, Lebanon, and Turkey, all of which have heavily relied on Russian and Ukrainian grain imports. The recent war has forced these countries to pursue new markets and trade partners. It is in their interests to adapt to the new geopolitical circumstances, suggesting that such countries will need particular consideration in the regional reshaping of economic strategies.

Implications for the Middle East

This part narrows down the specific implications of sanctions and trade restrictions for the Middle Eastern countries. After a brief overview of the sanctions' effect on Russia and the resultant counter-sanctions, it discusses how the sanctions reshaped the economic relations and trades between the countries in the Middle East. Thus, from the beginning, it describes the new trade routes, partnerships, and sourcings as strategic recalibrations due to the sanctions are discussed. Also, it explains the realignment of traded goods and how the new geopolitical landscape rerouted the traded goods. As energy markets and agricultural exports are crucial for Middle Eastern economies, this part sheds light on the reshaped trades and market prices in these sectors too. In general, it depicts the challenges and opportunities in managing the ramifications of the sanctions or restricting trades. Overall, the complexities of maintaining economic steadiness while seeking opportunities are discussed, all of which provide insights for policymakers. The Russian-Ukrainian War has reshaped geopolitical landscapes and energy markets. Since the onset of the conflict, a series of sanctions and trade restrictions forced nations to re-evaluate their partnerships. In return, Russia implemented counter-sanctions, prohibiting certain trade agreements with the nations involved in the sanctions. Although trade restrictions

aimed to isolate Russia economically, it offered the Kremlin an opportunity to pivot and build alliances with non-sanctioning countries. Nonetheless, Russia's isolated progress is debatable, as the implementation of restrictions was a blow to the nation's economy. After all, the economy plunged and was forecasted to further decline. Therefore, as in many other regions, the implications of sanctions on Russia and the consequent trade restrictions are assessed for the Middle East countries (Günes, 2019).

Regional Responses and Alliances

As Russia's invasion of Ukraine enters its second year, the impact of the war on the Middle East is coming into focus. As a historic land bridge between Europe, Africa, and Asia, regional countries have been buffeted by the geopolitical and economic storms from each of the three cardinal directions. Just as COVID-19 exposed the fragility of supply chains, price shocks from the energy and food markets brought on by the war have prompted a re-evaluation of national security and foreign policy strategies in the Middle East. Nations of the region maintain divergent yet interlinked economic and political responses to the dictates of external powers, first and foremost the U.S., Europe, Russia, and China (Libman, 2015). Understanding how these comings and goings influence intra-regional dynamics is key to considering how countries may band together or diverge in the face of conflict and crisis. Underpinning the ebb and flow of alliances and disputes among Middle Eastern nations are shared historical ties and economic interdependence, which take on a heavier significance in responses to external threats and conflicts. On the one hand, it is these factors that shape collective responses to the outside world; on the other, they leave nations vulnerable to a combination of spillover effects and attempts by outside powers to manipulate ties for their own ends. It is these regional, intra-regional responses that are the focus, as the war's effects ripple across the Middle East. Predictions about the direction of future diplomatic rapprochements and economic collaborations thus require an appreciation of regional as opposed to purely national or bilateral considerations. Considerations of extra-regional alliances and inputs are left to one side, although they remain essential factors. In particular, efforts by Russia and China to exploit divisions within the West and among poorer countries are noted.

Position of Arab League Countries

The War in Ukraine continues to raise geopolitical tensions across the globe and affects widespread different spaces. Amid this conflict, food insecurity concerns have arisen in several countries, especially in the Middle East. This war is setting off an

unprecedented economic catastrophe, increasing aggression, and upending geopolitical equations in the Arab world. Russia's invasion of Ukraine poses a huge challenge for Arab countries regarding the cohesion and functionality of the Arab League. The position of the Arab League countries deals with the official stance of these countries in regard to the War in Ukraine and the resulting impacts on cohesion in the region. Although there have been efforts to achieve a unified response, the Arab League is faced with challenges due to the difference in national interests and other geopolitical considerations. Most Arab nations are trying to balance relations with Russia and the western powers, which has significant implications for trade, energy, and security (Amat Nasir et al., 2022).

Amid the War in Ukraine, the Arab League could be perceived as a potential mediator in the space between the East and the West, but such a function is hampered by the differences in member countries' positions. This exacerbates the long-standing issues of functionality and coherence of the Arab League. As the War in Ukraine unfolds, the solidarity or the division of the Arab countries has to be analyzed. After the Russian annexation of Crimea, the Arab League members took diverging positions, which are examined and focused on the cohesion and functionality of the Arab League. During the War in Ukraine, a similar situation occurs as some Arab countries supported the Ukraine, while others sided with Russia. The positions taken by these countries will shape future diplomatic and economic relations in the Middle East.

Case Studies

This section presents case studies of specific countries in the Middle East, illustrating how the Russian-Ukrainian War has shaped their economies. Each example highlights the unique challenges or opportunities faced by the nation and examines how the war's ripple effects play out across diverse sectors. These case studies include analyses of how the energy shock has affected agricultural production in Egypt; how the complex web of wars and sanctions in Syria has altered investment flows; and how the Gulf states are navigating their relations with Russia, Ukraine, and the West. In each case, nations respond differently to risks and opportunities brought by the war, often choosing options not immediately evident from their circumstances. As such, these examples emphasize that while regional trends and pressures exist, it is localized actions that best explain broader economic phenomena (Thanh Ha, 2023). Thus, the choice of case studies emphasizes that balance sheet-level economic management emerges from the complex interplay of domestic policies and external pressures. These

examples are not necessarily the largest or most representative, but each highlights a different dimension of how economies are managed in the face of external shocks. The Russian-Ukrainian War significantly impacts the global economy, with particular regional implications. Understanding the ways in which economies respond to such events deepens insight into broader economic trends. Since the war began, extensive analyses have appeared on its global or regional economic implications, often focusing on the West or large emergent economies. However, the Middle East is significant, as many states are shaped by the war's shocks in ways peculiar to their histories and economies. Moreover, the ripple effects of the war present both challenges and opportunities for local states. As with past regional crises, the war's effects manifest in unique ways in localized economies.

Impact on Specific Middle Eastern Economies

This subsection looks in detail at how the Russian-Ukrainian War has affected specific Middle Eastern economies. This focuses on the direct impact these economies have felt, such as the adjustment of trade flows, investment shifts, and changes in economic stability, as well as the vulnerabilities. While there are economies that have fared better, the focus is on how countries have strategically adjusted to the disruption caused by the war in energy, agriculture, and other sectors. New partnership and collaboration opportunities are also addressed. The economic landscape is complex, with many nations facing unique challenges requiring individual responses. As such, the war's impact on individual economies is explored, the wider regional implications are analyzed, and the lessons learned are presented for the consideration of those involved (Zhang et al., 2024). The Russian-Ukrainian War continues to rapidly reshape the global economic landscape, especially in the aftermath of the COVID-19 pandemic. In the Middle East, the war is especially salient as it takes place in Europe, destabilizing a region that has been a focus of Western powers over the past decades. It has direct economic consequences for the Middle East, as many nations in the region are vulnerable because of their reliance on imports from Russia and Ukraine, especially wheat, barley, corn, and sunflower oil. Ukraine is considered the "breadbasket of Europe," while Russia provides much of the world's energy. The war-induced disruptions could threaten food security in the region, as was observed during the Arab Spring (Thanh Ha, 2023).

Future Scenarios and Policy Recommendations

Taking into account the time frame being reviewed here, several scenarios are presented regarding the

future of Russia, Ukraine, and the West, as well as their implications for the Middle East (Ross Smith, 2017). Forecasts are perhaps more essential than ever, given the uncertainty surrounding the ongoing war, a conflict that is projected to extend far beyond one year. On the one hand, it is clear that the wider geopolitical landscape is transforming, and new economic conditions are being created that will affect the Middle East. On the other, in order to mitigate adverse impacts, both proactive and reactive strategies can be devised. Strategies are not straightforward in the context of the ongoing war, given the uncertainty surrounding possible developments and the fact that the economic outcomes remain for the most part beyond direct control. There are two levels of policy response, with the first focusing on how economic resilience and adaptation can be ensured in a highly uncertain environment. It is examined how existing partnerships can be leveraged to secure better outcomes, while at the same time exploring the implications for the wider global order of the scenarios that are depicted.

Proposed future scenarios are intended as a starting point for discussion on this second level, with attention devoted to the possible longer-term geopolitical developments that would shape economic conditions in the Middle East. The scenarios sketch possible changes in the global order, in alliances and trade relationships, and in the West's relationship with Russia after the end of the conflict. Hopefully, by outlining these scenarios, possible futures are made more tractable and thus stakeholders are better prepared for them. It is important to stress that the scenarios are not predictions, as outcomes depend on a number of contested factors. Indeed, the overall point is that there is considerable scope for shaping the outcomes. The scenarios thus indicate the pathways along which outcomes could materialize, while being aware that the actual future might play out quite differently. Nevertheless, the scenarios highlight what is deemed the most significant set of variables affecting the future, or at least the most likely ones. Ultimately, these are decisions that key actors make, with the West's approach to Russia being central in this regard.

Potential Economic Strategies

As the Russian-Ukrainian War reshapes geopolitical and economic landscapes, Middle Eastern countries must consider specific economic strategies. First, trade partnerships should diversify. With changes in trade relations among Russia, Ukraine, and Europe, continuing reliance on pre-war trade ties, especially with Ukraine, poses risks. Instead, Middle Eastern nations should forge new alliances and strengthen

established ones with unaffected countries, capitalizing on evolving trade flows (M. Nephew, 2015). Second, investing in alternative energy sources and related technology is paramount. The war's effect on oil and gas markets underscores the need for energy diversification. Middle Eastern countries should pursue investments and partnerships beyond oil, gas, and renewables, seeking security-stream technologies. Embracing these developments mitigates risk from traditional dependencies. Third, increased regional cooperation and integration bolster economic stability. The war's impact highlights globalization vulnerabilities—earthquake-like shifts ripple widely. Middle Eastern countries should consider deeper integration akin to Gulf Cooperation Council systems, creating refuge from external shocks. Finally, economic policies must adapt to real-time conflict developments. Gradually, the war's economic impact moves from immediate trade shifts to longer-term investment climate changes. Middle Eastern nations should closely monitor all conflict aspects, adjusting policies and interventions as needed. Analyzing similar circumstances offers valuable insights. Emphasizing actionable recommendations, this analysis assists policymakers in navigating post-war complexities. Ultimately, economic strategies enabling resilience to crisis uncertainties prove vital. Forward-looking, concise recommendations equip Middle Eastern nations with necessary tools to confront the war's challenges head-on.

CONCLUSION

The Russian-Ukrainian War and its far-reaching consequences have been explored and analyzed, with a special focus on the Middle East countries. Existing literature has been surveyed and case studies of selected Middle East countries – Egypt, Iran, and Saudi Arabia – have been highlighted. As an introduction to the selected case studies, the significance of military and political developments as well as their economic implications has been discussed in a wider context, initially focusing on the global implications but later zeroing in on the Middle East region (Mariela Méndez-Prado & Andres Medina-Castillo, 2023). The Russian-Ukrainian War, which began on February, 2022, is the latest military conflict to take place between 2010-2022, a time-period particularly examined in relation to the Arab World and Middle East. Military conflicts have a great impact not only on the regions in which they take place but also on global economic patterns as they trigger rippling effects across regions. That being said, countries, or groups of countries, that might not be directly impacted by the military conflict still face far-reaching consequences in various forms. Thus, there is a strong need to understand such ongoing military

conflicts, particularly their political and economic implications for the countries in a wider region (Thanh Ha, 2023). In this context, countries in the Middle East will be paid particular attention to.

As the 2nd decade of the 21st century unfolded, the Arab World plunged into far-reaching public uprisings that came to be known as the Arab Spring. Public uprisings against authoritarian regimes were first witnessed in Tunisia in December, 2010, but soon spread to a number of Arab countries including Libya, Egypt, Syria, and Yemen. The far-reaching impact of the public uprisings, civil protests, along with the military crackdowns against the protesters in different Arab countries on the economic growth rate, trade openness, foreign investment inflow/ outflow, and inflation rate of the 22 Arab countries from 2010 to 2022 have been examined. As an aftermath of public uprisings and civil conflicts in different Arab countries, the global food price increase in 2011 and the subsequent cascading effects in the Arab countries have been also analyzed. The Arab Spring and the subsequent civil conflicts that broke out in a number of Arab countries provided the motivation to examine the economic impact of the military conflicts and political uprisings on a particular region – the Arab World – and its individual countries. A similar approach has been taken in the context of the Russian-Ukrainian War, which is currently the latest ongoing military conflict with far-reaching consequences. With the Arabic language thoroughly shaping the analysis of the Arab World, rigorous academic investigations of the Arab World's military conflicts, political uprisings, and their far-reaching economic impacts on a particular region have been conducted. The quick overview of the case studies has also been included in the beginning to provide a roadmap for the readers. It is hoped that the discussions and findings presented in this research essay will provoke critical debates and discussions regarding policy recommendations and strategies to tackle the uncertainties being faced.

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