

CONSEQUENCES OF RUSSIA'S INVASION ON UKRAINIAN TERRITORY FOR THE WORLD FOOD AND ENERGY MARKET

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On February 24, 2022, the Russian invasion of Ukraine or “special military operation” in Ukraine caused a shock around the world. The article examines the impact of the war between Ukraine and Russia on the world food and energy sector. Global resource markets suffer from the effects of Russia’s invasion of Ukraine; the two countries are major suppliers of energy, food and fertilizers. Supply disruptions and the sudden introduction of unprecedented economic sanctions, trade restrictions and political interventions in response to the crisis have led to a sharp rise in commodity prices. Prior to the conflict, demand for global resources already exceeded supply and raised prices as the economy recovered from the COVID-19 pandemic. This has led to a global cost of living crisis characterized by rising levels of energy and food poverty. This situation is likely to worsen significantly as a result of the war in Ukraine and pose a threat to human security, especially among the poor and vulnerable. The extremely negative consequences of the war require more detailed study and analysis, which will allow us to form an objective understanding of the world economy during the war. Mitigating the effects of war on the population is a top priority for politicians, so understanding the economic situation is essential. The Russian-Ukrainian crisis poses new challenges to the international community, exacerbating supply chain disruptions, market instability, resource instability, displacement and significant geopolitical change. Governments must build the long-term resilience of societies and economies to global shocks. There is an urgent need for aggressive external intervention to avoid a food crisis. The exchange of information between countries on their food status, as well as the preservation of borders for agricultural exports, proposed by the G7 agriculture ministers, is an important response to the looming food crisis.

It has been found out that close links with trade and the payment system will limit trade, remittances, investment and tourism, negatively affecting economic growth, inflation and external and fiscal accounts. Although raw material exporters should benefit from higher international prices, they run the risk of declining energy exports if sanctions apply to pipelines through Russia. The main consequences of the war will lead to higher food and energy prices and a tougher global financial situation. Socio-economic pressures in many countries will increase, as well as the vulnerability of public debt and the effects of the pandemic, which has already plagued millions of households and businesses.

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