

Brussels / September 29 2022

EN

## RUSSIA'S WAR ON UKRAINE AND ITS CONSEQUENCES FOR THE EU: WILL THE EU BE ABLE PROVIDE A LIFELINE FOR ITS CITIZENS IN THESE TIMES OF CRISIS?

DISCUSSION POINTS OF CESI'S  
EXPERT COMMISSION 'DEFENCE'

*The European Confederation of Independent Trade Unions (CESI) is a confederation of more than 40 national and European trade union organisations from over 20 European countries, with a total of more than 5 million individual members. Founded in 1990, CESI advocates improved employment conditions for workers in Europe and a strong social dimension in the EU. CESI represents public and private sector workers and is a recognised European sectoral social partner. CESI also represents defence sector trade unions from across Europe.*

The attack of the Russian army on Ukrainian territories has destabilised the entire security system in Europe with effects on the entire global security spectrum. For Europe, in addition to the incommensurable human and material losses incurred by the war, Russia's invasion of Ukraine has impacts on the global migratory routes by creating a huge influx of Ukrainian refugees. It contributes to severe economic destabilisation and on food prices and energy costs.

The most immediate term effects for European citizens include **commodity shortages** and the **rising prices**. Russia has traditionally been the main natural gas and oil provider for the EU<sup>1</sup>, but since the outbreak of the war, Russia has downsized its supply of gas while the EU imposed a variety of import bans on oil and coal. Russia has also been the main EU supplier for certain highly **specialised raw materials** vital for keeping the European industry functioning, including nickel, iron and steel ingots, coke, fertilisers and wood<sup>2</sup> which are now in short supply in Europe. Moreover, Russia and Ukraine have been main providers of agro-commodities, including wheat, maize and sunflower oil worldwide.<sup>3</sup> The impact of sanctions against Russia together with the closure of Ukrainian ports to export these goods have led to a significant reduction of cereal imports from the countries at war and to an increase in **food prices** and thus **inflation** in Europe.

While the EU is working on maintaining inflation at acceptable levels and on a strategy to diversify especially its gas providers, **EU solidarity** is put to test. Energy spendings are set to be skyrocketing during

<sup>1</sup> [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729447/EPRS\\_BRI\(2022\)729447\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729447/EPRS_BRI(2022)729447_EN.pdf)

<sup>2</sup> [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729447/EPRS\\_BRI\(2022\)729447\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729447/EPRS_BRI(2022)729447_EN.pdf)

<sup>3</sup> <https://www.oecd.org/ukraine-hub/policy-responses/the-impacts-and-policy-implications-of-russia-s-aggression-against-ukraine-on-agricultural-markets-0030a4cd/>

winter 2022/2023, the average EU citizen is already experiencing less purchasing power, putting many further families at risk of poverty. Even if conservation will be the option chosen by many households during this winter, the EU Member States will still need to provide energy subsidies to bail out the most energy-poor and there are serious discussions on where the money will have to be taken from, after existing budget shortages following the pandemic and the last year of rising inflation rates.

It is difficult to assess how the war in Ukraine is going to play out. The pressure put on Russia by all EU Member States through the sanction package is limiting the country's economic sustainability, but it is not likely to end the war. The sanctions contribute to depleting Russia's financial and military capabilities. However for the moment there do not seem to be signs of the war escalating, also given the recent re-enforcement of the EU-NATO partnership and the two new prospective additions, Finland and Sweden.

In terms of security, the war is adding **additional pressure on the national and international security** actors to act. **The EU decided collectively to play its part** and has added additional resources through the [European Peace Facility](#) (€1 billion for the purchase and delivery of weapons), the [EU Civil Protection Mechanism](#), the [Temporary Protection Directive](#) (assistance to Ukrainian refugees) and the [European Defence Fund](#), and it strengthened its defence architecture through the recently [endorsed](#) Strategic Compass and working towards establishing a [European defence union](#).

#### **CESI's Expert Commission 'Defence':**

1. **underlines that the prerequisite for dealing with the outcomes of the Russian invasion requires maximum solidarity and engagement at EU level. Russia's intention to destabilize a strong Europe** must not succeed. The continuation of solidarity and standing up for one another, both nationally and at EU level, will mean that the European Union will assert itself as a strong community against any aggressor. This is the only way to create a new basis for a common understanding of how to shape security in Europe.
2. **supports the recent EU efforts to build a genuine European Defence Union, while advocating for more consultation and involvement of the representatives of military and civilian armed forces in the making of it.** There must be an overall common understanding and mindset concerning the need for preparation of defence capabilities. More than just military experts need to be integrated in the general outline of defence planning. It will require increased military spending. It is imperative that, together, the armies of the Member States possess the necessary infrastructure in terms of staff levels, equipment, facilities, weapons and training to be operational and effective.
3. **agrees that so far the EU's responses to the war in Ukraine have generally been rightful, appropriate and with impact and notes that:**

- a. The [Commission's proposal](#) for obligatory gas storage of 80% target for 2022 and 90% for 2023 is a challenging step forward towards reducing EU's energy dependency on Russia. Even if these figures seem to be unrealistic, given the disparities between the available infrastructure for liquid natural gas (LNG) provision and its storage capacity in the EU, every effort must be made in all EU member states to achieve the goals.
- b. **Enormous new investments in defence capabilities must be made in the context of inflation and economic recession.** The multiple challenges the EU is facing (inflation, economic recession, supply and production disruptions, Corona fall out, climate change, migration etc.) are putting tremendous pressure on national budgets. The policies for economic stability, maintaining decent and affordable living standards for citizens and well performing delivery of public services also require serious budget allocation. Increasing defence national spending may take necessary resources away from important investments. Given the complexity of the general economic landscape, it is vital that money spent in the military is spent wisely. Next to total available financial budgets, a more intelligent and smarter pooling of know-how, resources and capabilities can significantly step-up innovation, capabilities and action potential in defence especially by common European Thinking also in the procurement of military equipment.

In sum, it might be that a **more calculated approach** to all these insecurities and challenges is required for the EU to remain a stable economic and social player, while preserving its welfare and role in geopolitics.