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Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

### Empfohlene Zitierung / Suggested Citation:

Dincă, M., & Dincă, A.-M. (2022). Euro-Atlantic security and the economic-financial implications of the conflict in Ukraine. *International Journal of Legal and Social Order*, 1(1), 118-126. <https://doi.org/10.55516/ijlso.v1i1.70>

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SARA Law Research Center

International Journal of Legal and Social Order, <https://www.ccdsara.ro/ijlso>

ISSN 2821 – 4161 (Online), ISSN 2810-4188 (Print), ISSN-L 2810-4188

N<sup>o</sup>. 1 (2022), pp. 118-126

## EURO-ATLANTIC SECURITY AND THE ECONOMIC-FINANCIAL IMPLICATIONS OF THE CONFLICT IN UKRAINE

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### **Abstract**

*Euro-Atlantic security has always been a priority in the international security environment, especially at the beginning of the 21st century, when mankind is facing a complex, dynamic and unpredictable security environment, one of profound economic and social imbalances. The conflict in Ukraine is, and will remain, a hot topic and the maximum interest because of its global political, social and economic-financial implications.*

**Key words:** *security, military conflict, economic-financial, reconstruction.*

### **INTRODUCTION**

Security has always been an essential prerequisite in the development process. Conflicts, whatever their nature, not only lead to loss of life, but also damage and destroy infrastructure of all kinds, including social infrastructure, they encourage crime and public disorder, damage investment, good governance and make normal economic and social activity impossible.

Euro-Atlantic security has been and will remain of great topicality and of real interest to all major international players, not just those in Europe and North America. In this context, the Black Sea region and the Western Balkans, which in recent decades have been areas of politico-military instability and economic and social uncertainty, real sources of conflict, have a special place.

### **1. EURO-ATLANTIC SECURITY AND THE CHALLENGES OF THE BEGINNING OF THE 21ST CENTURY**

The end of the Cold War, marked by the fall of the Berlin Wall in November 1989, brought remarkable changes in Central and Eastern Europe that

would confront the North Atlantic Alliance<sup>1</sup> with a new and very different set of security threats. NATO's extensive enlargement and the challenges posed by the new realities of the international security environment required the Alliance to undergo a rapid and continuous process of transformation and adaptation.

At the beginning of the 21st century, we found ourselves faced with a complex and dynamic security environment that was fluid, uncertain and highly unpredictable, characteristics that were to persist and even increase in places, while leaving room for a Euro-Atlantic area of competitive democracies, peace and prosperity.

The most significant risks and threats specific to these decades are political, military, economic and social. By far the most significant are the economic ones, because of their scale, speed and scope. They are the implicit result of political decisions and political-military threats, and have immediate and long-lasting implications for our social life.

However, Russia's recent illegal, brutal, unprovoked and unjustified military aggression against sovereign and independent Ukraine has shaken the peace in Europe and fundamentally changed the vision of Euro-Atlantic security, demonstrating once again that the unpredictable never ceases to surprise us.

The free movement of persons is a basic element of the Internal Market of the European Union<sup>2</sup> and a fundamental right recognized by the European citizens. art. 45 of the Charter of Fundamental Human Rights.

Given the fact that more and more people travel, live or study in another EU country, they can become potential victims of crime.

Every year, around 15% of Europeans, 75 million people in the European Union are victims of crime<sup>3</sup>.

The concept of "victim of crime" is interpreted differently from one legal system to another. Some Member States define the term "victim" narrowly in their legislation, excluding "indirect" victims such as family members. Other Member States do not define this notion at all.

The term "victim" is interpreted differently depending on the branch of law or legal science considered. Thus, the notion has different interpretations in criminology, criminology, criminal law or criminal procedural law.

The findings of the European Agency for Human Rights suggest that the legislation of some European Union member states may require changes in this regard to be consistent with the EU Victims Directive<sup>4</sup>.

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<sup>1</sup> The North Atlantic Treaty Organization (NATO), also known as the North Atlantic Alliance, is a political-military alliance of 30 countries in Europe and North America, founded on April 4, 1949, in Washington, D.C. in the United States..

<sup>2</sup> Regulated in principle by the provision. Art. 45 et seq. TFEU and developed by Directive 38/2004.

<sup>3</sup> The notion of crime refers to all crimes committed in a certain territory in a certain period (<https://dexonline.net/definitie-criminalitate>)

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In a broad sense, you are considered a "victim of a crime" if you have suffered physical, moral or material damage as a result of an incident considered a crime according to the national legislation in force. Victims of a crime are also family members of a person who died as a result of a crime and who suffered damages as a result of that person's death.

According to Article 2 letter (a) of Directive 2012/29/EU, the notion of victim means

- a natural person who has suffered damage, including damage to his physical, mental or emotional integrity, or economic damage, directly caused by a crime;

- family members of a person whose death was directly caused by a crime and who have suffered damages as a result of the death of that person;

Article 3 describes, in a general way, how the interests of victims must be taken into account: "Member States shall take appropriate measures to assist victims so that they understand and can make themselves understood from the first contact and during any subsequent interaction necessary that they have with a competent authority in criminal proceedings, including if the information is provided by that authority.

Member States shall ensure that communications to victims are made in plain and accessible language, verbally or in writing. Such communications take into account the personal characteristics of the victim, including any disability that may affect the ability to understand or be understood.

Unless it is contrary to the interests of the victim or would adversely affect the conduct of the proceedings, Member States shall allow victims to be accompanied by a person of their choice on the occasion of the first contact with a competent authority, when, due to the impact of the crime, the victim requests assistance to understand or to be understood."

The Victims Directive requires that family members of the victim are included in the definition of the victim (in relation to victims whose death is a direct cause of a crime) so that they too have access to support services in accordance with their needs and the severity of the damage suffered as a result of the crimes committed against the victim. Therefore, the term "family members" as well as other key terms such as "particularly vulnerable" should be interpreted broadly<sup>5</sup>.

Romanian legislation does not contain a legal interpretation of the notion of "victim of crimes". The Criminal Procedure Code uses the notion of a person injured by a crime. According to art. 79 of the Civil Code - "the person who

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<sup>4</sup> Directive 2012/29/EU of the European Parliament and of the Council of 25 October 2012.

<sup>5</sup> [https://fra.europa.eu/sites/default/files/fra\\_uploads/fra-2015-victims-crime-eu-support\\_summary\\_ro\\_0.pdf](https://fra.europa.eu/sites/default/files/fra_uploads/fra-2015-victims-crime-eu-support_summary_ro_0.pdf)

suffered a physical, material or moral injury through the criminal act is called an injured person".

Law no. 211/2004 regarding some measures to ensure the information, support and protection of victims of crime<sup>6</sup> offers a potential definition of the notion of a victim. Thus, according to the provisions of art. 34 lit. a) – a victim of crime is a natural person who has suffered damage of any kind, including damage to his physical, mental or emotional integrity or economic damage, directly caused by a crime, as well as family members of a deceased person as a result of a crime and who suffered damages following the death of the person in question.

Comparatively analysing the two legal texts, the following conclusions emerge<sup>7</sup>:

- The special law refers only to natural persons, while the organic law has a wider interpretation, including also legal persons;

- The approach of the code seems broader, as it refers to any person, not only to natural persons, like the special law, but it is less precise in relation to the special law, which also includes family members of the natural person in the notion of the victim.

- The special law refers to damage/injury resulting from the crime, while the criminal procedure code refers to the criminal act.

- The special law conditions the status of a victim of a direct causal link between the offence (the act provided for by the criminal law) and the injury/damage. The same condition does not appear as clearly from the text of the criminal procedure code, which only speaks of an injury caused by a criminal act.

## **2. THE WIDER BLACK SEA AREA - EUROPE'S NEW POWDER KEG**

The Black Sea region, whether we refer to the riparian countries or to the wider area, has a long and rich history of conflicts and diverging interests, becoming in recent years an area where three major players are vying for influence: NATO, the EU and Russia (Dincă, 2012, p.95). In addition to the six riparian states, Russia, Ukraine, Romania, Bulgaria, Turkey and Georgia, the Wider Black Sea Area also includes Armenia and Azerbaijan.

At present, the Black Sea is a border area between the European Union and NATO on the one hand and the Caucasus region on the other. As a geopolitical area, the Black Sea basin is characterised by frozen conflicts, prolonged by the persistence in the region of Soviet remnants of a cultural, social and politico-military nature, by the rivalry between Turkey and the Russian Federation for naval supremacy, and by attempts by the littoral states, as well as the European Union, to develop economic cooperation and strengthen democracy.

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<sup>6</sup> Published in the Official Monitor of Romania, Part I, no. 505 of June 4, 2004.

<sup>7</sup> Flaviu Ciopec, flaviu.ciopec@e-uvt.ro. -"The victim, the injured person and the civil party in the criminal process", <https://drept.uvt.ro/administrare/files/1634397557-articol-flaviu-ciopec.pdf>

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The Black Sea region has been and will remain a conflict zone, an area of permanent disputes and systemic tensions between the Russian Federation and the West.

### 3. ECONOMIC AND FINANCIAL IMPLICATIONS OF THE CONFLICT IN UKRAINE

Wars have always brought destruction, sometimes irreversible, and significant costs at all levels, and even more so in modern conflicts such as the one in Ukraine, which is notable for its negative effects in key areas of daily life such as energy, transport and communications, food, education and health. Thus, in addition to the purely military costs and direct destruction in conflict zones, the economic and social effects are spreading almost in real time, like a tsunami through international social life and all financial markets, which are increasingly interconnected at global level.

The sanctions imposed on the Russian Federation<sup>8</sup> by the Western world, and the dependence, in some cases acute, of European countries on its energy resources, are striking in all directions, including against those who proposed them. Moreover, Ukraine<sup>9</sup>, a major supplier of raw materials and agricultural products to the EU, has suddenly found itself, following the invasion of Russian troops, facing economic and financial blockages and unable to honour its export commitments.

Ukraine is a major world agricultural producer and exporter, but it also plays an important role in other industries. The war in the country has disrupted both supply chains and economic activity in the region, with the seismic waves being felt around the world.

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<sup>8</sup> Russia, officially the Russian Federation, is the world's largest country, covering more than one-eighth of the Earth's inhabited area, and the ninth largest in terms of population, with more than 144 million people as of December 2017. The Russian economy is the twelfth largest by nominal GDP and the sixth largest by purchasing power parity in 2015. Russia's rich mineral and energy resources are the largest in the world and the country is one of the world's leading producers of crude oil and natural gas.

<sup>9</sup> Ukraine is an Eastern European country with an economy based on a large industrial and agricultural component, a significant part of which is exported, especially to countries in the European Union and the Commonwealth of Independent States. Ukraine produces almost all types of transport vehicles and spacecraft. Ukraine is also an important producer and exporter of cereals. Last year Ukraine ranked fourth on the list of the world's largest wheat exporters, with an export volume of 33.5 million tonnes. The total amount of maize produced in Ukraine was 42 million tonnes. Ukraine is the world's largest producer of sunflower (17.5 million tonnes in 2021) and sunflower oil (7 million tonnes in 2021). According to the USDA, the country was the largest exporter of sunflower oil last year, with a world market share of nearly 61 percent. The 6 million tonnes of barley exported in 2021 made Ukraine the world's third largest supplier in this market. In rye, 40 percent of global trade is conducted by Ukraine, which put it in first place - as with sunflower oil. (source: <https://agroexpert.md/rus/articole/>)

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The ongoing military conflict has already affected this year's agricultural season, with Ukrainian farmers cultivating less land and fertilising less, which will lead to lower yields. However, farming continued in Ukraine, but the main blow was the blockade of Ukrainian ports on the Black Sea and Sea of Azov, the main export routes for grain.

Along with Russia, Ukraine is one of the 10 largest producers of staple grains in the world, ranking 1st in sunflower, 6th in maize and 7th in wheat, according to data from the last two agricultural years. So that, Ukraine accounts for 2.7% of world maize production, 3.3% of world wheat production and 28.6% of world sunflower production.

In terms of exports, Ukraine is the world's fifth largest exporter of wheat, accounting on average for over 8% of world exports, the world's fourth largest exporter of maize, accounting for over 12% of total exports, and the largest exporter of sunflower, accounting for over 50% of the value of exports<sup>10</sup>.

After long and difficult negotiations, with the support of UN representatives, Turkey achieves some progress in late August. However, even so, commercial activity is much more difficult and costly, given the uncertain situation in the area, the vast minefields in the port area, the control of loading, the need for permanent escort of convoys in the Black Sea and the checking of cargoes when passing through the Bosphorus Strait (Figure 1).



Figure 1 The route of Ukrainian merchant ships in the Black Sea

<sup>10</sup> Data taken from <https://agrobiznes.ro/analitica/>, accessed on 10.10.2022

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The situation deteriorated again at the end of October following Ukrainian shelling in the Sevastopol area, with Russia suspending the agreement indefinitely. But after only a few days, under pressure from Turkey, commercial activity across the Black Sea resumed.

The economic-financial dimension of this conflict was doubled by the social implications, in particular for neighbouring countries such as Romania and Poland, which had to manage, at least during the first months of the invasion, a massive and continuous influx of refugees, including many children (Figure 2).



Figure 2 Ukrainian refugees at the borders of the European Union

At the European Economic and Social Committee summit on 24 March 2022, President Christa Schweng stated: *"This invasion has endangered our security and values, and the EU stands legitimately and firmly with Ukraine, responding with unity and solidarity,"* and added: *"Organised civil society in the EU is one of the building blocks of our democracy: first by addressing the humanitarian, economic and social consequences of the war, but also by demonstrating its determination to help the Ukrainian people uphold European values. We are turning our solidarity into action by giving our support to Ukraine without hesitation."*<sup>11</sup>

In this context, it is worth noting the unprecedented solidarity shown by civil society organisations, authorities and citizens alike towards people fleeing the war in Ukraine.

Another aspect worthy of note is the information environment, which in the current conflict in Ukraine has proved to be a veritable amalgam of more or less real data and information, with an extremely strong and immediate psycho-social and economic-financial influence, given that the war was experienced almost in real time by the whole of humanity, at least in the first few days, both through TV broadcasts and the most popular social networks.

<sup>11</sup> <https://www.eesc.europa.eu/ro/news-media/press-releases/razboiul-din-ucraina-si-impactul-sau-economic-social-si-ecologic>, official EU website, accessed on 03.10.2022.



In this respect, in addition to the humanitarian dramas and the panic induced in the social environment, most economies and international financial markets reacted accordingly, with fluctuations in line with the actions (destruction of infrastructure, announcement of sanctions, nuclear threat, etc.), as a real interconnection to the situation in the conflict zone.

But by far the biggest economic and financial challenge will be the post-conflict reconstruction of Ukraine. Regardless of when and how the hostilities end, one thing is certain, the destruction is significant both in the industrial and transport infrastructure, in the administrative area, and in housing and many other basic goods and services (Figure 3).



Figure 3 Destruction in Ukraine. Photo: Profimedia and Twitter

Commenting on the destruction caused by the Russian invasion and Ukraine's reconstruction efforts, European Commission President Ursula von der Leyen said: „*Russia's unprovoked and unjustified invasion of Ukraine has caused appalling human suffering and massive destruction across the country, forcing millions of innocent Ukrainians to flee their homes. Ukraine can count on the EU's full support. The EU will continue to provide Ukraine with short-term financial support to meet its needs and to enable it to maintain the functioning of basic services. We are also ready to take a leading role in international reconstruction efforts to help rebuild a democratic and prosperous Ukraine. This means that investments will be linked to reforms that will support Ukraine in pursuing its European path..*”<sup>12</sup>

<sup>12</sup> <https://ec.europa.eu/commission/presscorner/detail/ro>, accessed on 09.10.2022.

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The amount of damage is already estimated by experts to be in the hundreds of billions of dollars, with more than \$100 billion in the first two months alone, and the reconstruction effort will be a major, long-term effort with global implications.



Figure 4 Berlin Conference on the reconstruction of Ukraine

Ukraine's reconstruction is "the mission of a generation, which must begin now", German Chancellor Olaf Scholz stressed on Tuesday 25 October at the opening of a conference in Berlin on long-term support for the country invaded by Russia on 24 February<sup>13</sup>. It is "no more and no less than a new Marshall Plan of the 21st century", the German leader underlined in the presence of European Commission President Ursula von der Leyen.

### CONCLUSIONS

*The economic, financial and social implications of the conflict in Ukraine are wide-ranging, impressive and growing, and reconstruction will be difficult and long-lasting, and will require a major global effort.*

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<sup>13</sup> <https://www.news.ro/externe>, accesat la 27.10.2022