

One year in ten numbers

Description

Maria Demertzis*

When Russia invaded Ukraine on the 24th of February of last year, the hope was that this unnecessary and brutal war would last only a few weeks. We are now one year later, and the war is still going on with no obvious end in sight. In his recent intervention at the Munich security conference, Chancellor Scholtz said that it would be "wise to prepare for a long war in Ukraine."

What is different in Europe, and possibly in the world, as a result of this brutal invasion? In no attempt to be exhaustive, below are 10 numbers to help reflect as we go forward.

- 8,054,405 is the number of refugees from Ukraine recorded across Europe. Just short
 of 5 million are registered and can draw from national protection schemes available
 in respective countries. According to a <u>study</u> by Population Europe, the population of
 Ukraine could decline by as much as a third over the next two decades as a result of
 the Russian invasion.
- 2. <u>-35%</u> is the amount by which the Ukraine economy contracted in 2022 according to the World bank. The poverty rate went up from 5% to 20% in the course of last year and Ukraine lost a good 15 years in GDP per capita terms.
- 3. €500 billion (at least) is the estimated cost of reconstructing Ukraine according to the World Bank. This number was estimated in June to be around €350 billion and increases with the duration of the war. The GDP of Ukraine was \$200 billion in 2021, so the estimated cost of reconstruction will be multiple times that.

- 4. €657 billion is the amount EU governments collectively earmarked to shield households and businesses from the energy shock during 2022 (and €103 billion in the UK). This represented as much as 9% for Slovakia and over 7% for Germany in terms of their respective GDP.
- 5. €140 billion (almost) is the amount EU has paid to Russia for energy (gas, oil and coal) since the start of the war. As prices, primarily of gas were at an all-time high, total oil and gas revenues accounted for 45% of the Russian government budget.
- 6. <u>76%</u> is the reduction in EU imports of Russian gas since the start of the war. As it stands right now this means that EU dependence on Russian gas has decreased from 51% at the start of the war to 14%. This is not only due to a reduction of gas imports from Russia but also as a result of a <u>12%</u> reduction in overall gas demand in 2022 compared to the average in period 2019-2021.
- 7. 3% is the estimated number that captures EU's latest dependence on Russian crude oil, down from 25% before the start of the war. EU's dependence had already reduced in October of 2022, but it is only in December when over 90% of crude oil imported from Russian by sea has been embargoed. Although pipeline flows are not under embargo, the expectation is that these will also end soon.
- 8. 33% is the intended increase in EU defence spending by 2025. The 26 European Defence Agency members spent collectively in 2021 €214 billion which amounts to 1.5% of total GDP. By means of comparison, the EU spends an average of 5% on education and almost 11% on healthcare. Member States have announced an increase in defence spending of €70 billion by 2025. Also, Member States allocated a record €7.9 billion to European collaborative defence equipment procurement projects, almost double the €4.1 billion recorded in 2020. The US spent \$858 billion in defence, which represents 5% of GDP in 2021. The US has also authorised an 8% increase for 2023.
- 9. 900,000 is the estimated number of Russian citizens that have fled the country in 3 waves. The first wave began at the start of the Russian invasion of Ukraine primarily of people that opposed the war. A second wave happened in the summer of 2022 by people that needed time to organise their departure. Last, a big number of citizens, primarily men, left the country in September of last year, trying to avoid the announcement of partial mobilisation.
- 10. <u>345 million</u> is the number of people that are facing acute food <u>insecurity</u> in 82 countries, according to the UN World Food program. This is the result of climate, the pandemic, and the war in Ukraine. Ukraine and Russia <u>provide</u> 30% of the worlds wheat and barley, one fifth of its maize, an over half of its sunflower oil. Lack of access due to the war caused a sharp increase in food prices jeopardising food

security. Also, in Ukraine itself, one in three households is estimated to be foodinsecure according to the UN.

When this war come to an end, the world will look different. Ukraine itself will have been anchored to the EU one way or another, the EU will have diversified its energy mix and its geographic dependence, and the Russian economy will have lost both human capital and its best client, the EU. But the world will also be more clearly fragmented and therefore more difficult to govern. One year will have made a difference.

Maria Demertzis is a Senior fellow at Bruegel and part-time Professor of Economic Policy at the School of Transnational Governance at the European University Institute in Florence. The article is published by Bruegel and is also posted on the blog of the Cyprus Economic Society.