

THE RUSSIA-UKRAINE CONFLICT: EFFECTS ON THE ECONOMY OF THE NIGERIAN STATE

<https://doi.org/10.47743/jopafl-2023-27-10>

Vincent ESEOGHENE EFEBEH

Political Science Department
Delta State University, Abraka, Nigeria
vinfebeh15@gmail.com, vefebeh@delsu.edu.ng

Augustine UWUSEBA

Political Science Department
Delta State University, Abraka, Nigeria

Abstract: *The interdependent nature of contemporary global economic system is such that any distortion in any part of the global system is capable of triggering an immediate impact or effect on the political cum economic systems of countries around the world. This is the very nature of modern globalized world that is highly interconnected in a whole lot of ways. It is only natural therefore that, the ongoing conflict between Russia and Ukraine would likely impact on the global economic system. Accordingly, this paper examines how the conflict between Russia and Ukraine has impacted Nigeria's economy. The study adopted the qualitative research method. The study reveals that, while the effects of the conflict have been devastating to Russia's economy, the effects of the conflict are also now being felt by Nigeria and the rest of the global system; as inflation is rapidly rising as a result of the rapid rise in oil and natural gas prices, food prices is also on the rise in the world economies including Nigeria. Increased volatility, erratic stock swings, supply chain disruptions, rising utility costs, and decreased investment as a result of political risks and economic barriers will hurt household consumption. The study suggests, among other things that, policymakers in Nigeria and around the world must therefore seek alternative means of survival by looking inwards for the cultivation of her food supplies and other manufactured goods.*

Keywords: *Russia, Ukraine, conflict, sanctions, invasion, economic, impact, economy, Nigeria.*

Introduction

In the modern world system, it is obligatory for state actors to maintain and work for the peace and tranquility of the international system, especially by virtue of being members of the United Nations Organization, (UNO). This is further emphasized by the provisions of the UNO Charter as contained in Article 2(3) which specifically requires states to “settle their international disputes by peaceful means in such manner that international peace and security, and justice, are not endangered.” It is within this purview that we can ascertain the legality of the ongoing war between Russia and Ukraine. However, beyond the issues of the legality of the war is also the critical issue of the need to protect the territorial integrity of the states involved in the conflict that has brought avoidable economic challenge on the global community. Ukraine's sovereignty crisis remained unresolved despite the country's independence vote of December 1991, owing to Russia's longstanding and public opposition (Dragneva-Lewers & Wolczuk, 2016). As the socialist state of the former Soviet Union (otherwise known as Union of Socialist Soviet Republic, USSR)

disintegrated into 15 different satellite republics in Eastern Europe gradually assimilated into contentious Western organizations such as the European Union and NATO. Russia, on the other hand, was staunchly opposed to both Ukrainian Westernization and the Maiden Revolution's deposition of the democratically elected Yanukovich regime (Pabriks & Kudors, 2015). Russia's hostility toward Ukraine has been repeatedly emphasized by the West (Charap & Darden, 2014). The divide was exceptional since Russia viewed Ukraine as essential (Dragneva-Lewers & Wolczuk, 2016). The connection between Ukraine and Russia, according to a number of prominent scholars needed to be carefully considered, particularly from the Ukrainian perspective (Sol'anyk, 2001). Since the fall of the Soviet Union, the relationship between Ukraine and Russia has been characterized by anomalies, insecurity, and conflict (Kyiv and Moscow disagreement). The relationship between Ukraine and Russia has been strained by a number of issues, including the formal disposal of Soviet Union assets and debt, Ukraine's sizable energy debt, a possible NATO expansion to the east, border demarcation between the two countries, and the situation of Ukraine's Russian minority (Sol'anyk, 2001).

In the late 2013, protests in Ukraine over the government's unwillingness to sign a new agreement with the EU attracted international attention, but they also posed serious challenges to the nation's statehood with increasing domestic unrest (Dragneva-Lewers & Wolczuk, 2016). President Yanukovich fled Ukraine as a result of the demonstration, and Russia also invaded Crimea and supported separatist organizations in eastern Ukraine in an effort to defend the ethnic Russian minority (Korovkin & Makarin, 2019). President Viktor Yanukovich, a Russian supporter, was removed from office as a result of the 2014 Ukrainian conflict. The interim government, which was pro-western at the time, also signed a trade agreement with the EU in February as a first step toward the country's membership. The Minsk Agreement was ratified by Russia, Ukraine, France, and Germany in 2014 and 2015. In April 2019, former comedian Volodymyr Zelensky won the election for President of Ukraine (Bigg, 2022). In January 2021, President Zelensky submitted an application to join NATO; this did not go down well with Russia as joining NATO simply brings the west and particularly the United States of America to her neighbourhood and this poses grave danger to Russia's national security. This prompted Russia to hold a training exercise close to the Ukrainian border. As a result, hostilities between the West, Russia, and Ukraine have increased. On February 24, 2022, Russia invaded Ukraine and began special military operations. Russia has been hit with severe financial sanctions as a result of the recent offensive by Ukraine's Western sponsors, including restrictions on the Russian central bank and the expulsion of significant institutions from the global payment system (Aloisi & Daniel, 2022). Due to the 2022 war on Ukraine and the severe economic sanctions imposed on that nation, Russia, under the leadership of President Vladimir Putin, is currently experiencing tremendous economic consequences. The consequences are also threatening the global economy, sending financial markets into a tailspin and making everyone's lives more dangerous (Wiseman, 2022). Oil, natural gas, coal, wheat, and other commodities are major international exports from Russia and Ukraine. Both countries produce 70% of the world's neon, a critical component in the production of semiconductors. This, combined with the fact that countries, particularly automakers, are already facing a computer chip shortage, has sparked concern. Furthermore, Zandi notes that both countries control 30% of the world's palladium supply, which is used in automobiles, mobile phones, and dental fillings, and 13% of the world's titanium supply, which is used to manufacture passenger

jets. These figures demonstrate the impact of the conflict on the global supply chain (Wiseman, 2022). The uncertainty caused by these wars and the onslaught of sanctions would dampen global equity market prospects and slow the rate of global economic recovery. Furthermore, the conflict has disrupted global trade, investments, and the economy. Russia's President has also used ominous language about using nuclear weapons. As a result, the global economy will be more ambiguous and disrupted. The crisis has shown how dependent Nigeria is on the outside world for survival, as has every unanticipated event that has an impact on the nation. It's time to take a good, hard look in the mirror and put a result-driven diversification plan in place. The most popular pastry in Nigeria, bread, has already been named as a potential requirement that could be phased out over the next months. Nigerians can take advantage of this crisis to learn more about global power dynamics. As conflict-torn countries such as Russia and Ukraine grapple with existential issues, it has become clear that state actors are more concerned with their own interests than the welfare of their citizens. Despite the European Union's restrictions on Russian exports, several EU member countries continue to rely on Russia for food, gas, and oil. The European Union's sanctions against Russia are hypocritical because the EU member's reliance on Russia supplies for survival.

Furthermore, nations that have imposed severe financial sanctions on Russia, such as the United States, Canada, the United Kingdom, and the European Union, are closely monitoring the effects of the ongoing unrest in Russia on those nations. Beyond the economic related issues in the crisis is also the impact of the conflict on the sports industry. The sports industry have been negatively affected by the conflict as the football league, among others has halted especially in Ukraine since the conflict started. The sports industry has enormous economic value such that also creates wealth in every clime, (Efebeh, 2020a). This study's goal is to compile the most updated information on the impact of the Russian-Ukrainian conflict on the Nigerian economy right now.

Literature Review

Russia is the world's third largest producer of natural gas and oil, as well as a top five producer of steel, nickel, and aluminum. Furthermore, it exports the most wheat in the world (almost 20 percent of global trade demand). Ukraine, on the other hand, is the world's sixth-largest corn producer, seventh-largest wheat producer, first in sunflowers, and a major sugar beet, barley, soy, and rapeseed producer. Global financial markets crashed the day after the invasion, and metal, food, and natural gas prices all skyrocketed. Brent oil prices just crossed \$100 per barrel for the first time since 2014, and on March 4, TTF gas prices in Europe reached an all-time high of EUR 192. Commodity prices are likely to stay high for an extended period of time as the war intensifies. The likelihood of long-term high inflation, stagflation, and societal instability consequently rises in both developed and developing countries (Malyarenko & Wolff, 2018). Early economic data show some significant movement in global economic statistics as a result of Russia's invasion of Ukraine, though the full economic consequences may not be known until the situation is resolved. The figures show an increase in the global PMI as well as the price of food and food ingredients. On the day of the invasion, the global stock market index fell. In the month of the invasion, the Eurozone manufacturing purchasing managers' index (PMI) fell. Furthermore, the scarcity of energy and fuel supplies during the invasion month caused the

consumer price indexes transportation component to rise, raising the cost of gasoline for intra-Eurozone transportation. The invasion had a greater impact on Ukraine than on Russia or the entire Eurozone. Throughout the invasion, core consumer prices in Ukraine and the Eurozone were inextricably linked. Food inflation in Russia and the Eurozone had a significant correlation. During the invasion month, the world food price index, world oil price index, world dairy price index, and world cereals price index all have positive and strong correlations.

Existing research investigates the consequences of the 2014 Ukraine-Russia crisis. According to Shelest (2015), the winter 2014 protests in Ukraine resulted in Russia's annexation of Crimea. Ukraine saw the conflict as one between Russia and Ukraine. Meanwhile, Russia interpreted the crisis as a clash between Russia and the West, claiming that the crisis was caused by NATO's desire to expand into a region where Russia has strong interests. According to Samokhvalov (2015), the four main ways that the Ukrainian political class, business elites, and greater society influence the conflict are internal political practices, economic international politics, and ideological dimension. Hoffmann and Neuenkirch (2017) examined how the pro-Russian violence affects Russian and Ukrainian stock returns throughout the period of November 21, 2013 to September 29, 2014. They discovered that the conflict had a negative impact on stock returns in Russia and Ukraine. In order to address all of its economic and social issues, Ukraine requires a comprehensive strategy; claim Stukalo and Simakhova (2018). According to Wang (2015), the country's populace stayed cohesive and its politics remained stable despite the United States and Europe imposing sanctions on Russia, the 2014 Ukraine crisis, and Russia's annexation of Crimea. The 2019 study by Liefert, Liefert, Seeley, and Lee looked at the effects of Russia's economic crisis and the ban on imports of agricultural products from the United States and other Western countries that went into effect in 2014. They demonstrate how the import ban affected Russian consumers by lowering imports of food and agriculture, sharply raising food costs, and lowering consumption. On the other hand, the import prohibition had little impact on the availability of basic foods in Russia. Contrarily, the import embargo boosted domestic agricultural production, providing food security during the ban. According to Dreger, Kholodilin, Ulbricht, and Fidrmuc (2016), the 2014 conflict between Russia and Ukraine caused the Russian ruble to lose 50% of its value in relation to the US dollar. Havlik (2014) estimates that the conflict cost Russia one percent of its GDP between 2014 and 2016 because of elevated investment risks. Numerous factors can be attributed to Russia's invasion of Ukraine. There is a pro-Russian justification for the invasion. The invasion could have also happened for pro-Western or Western reasons. The pro-Russian justification for the invasion of Ukraine is that, it is under Western control, that Ukraine is committing genocide against its own people, and that Ukraine is using its military to repress citizens in separatist regions that support Russia's government. Furthermore, the Russian government claimed that Ukraine's desire to join NATO poses an existential threat to the Russian state and indeed the Russian people, as this would enable NATO to expand eastward and draw closer to its border, thereby putting Russia national security in danger; which will facilitate Western infiltration into Russia and undermine its security. These two issues, according to Russia, prompted its decision to intervene militarily in Ukraine. The pro-western Ukrainian government of Petro Poroshenko was deposed, a new government was installed, and a peace treaty was signed with the new government. However, because Ukraine refused to negotiate, the Russian government

claimed that the invasion was the least risky option. There is also a Peace Agreement between Russia and Ukraine that forbids the state of Ukraine from joining NATO or the European Union, to this the government of Zelenskyy has set aside and opted to join both the EU and NATO. It can be argued that Russia feels threatened by Ukraine's desire to becoming a democratic country free of Russian influence with the potential to join NATO and the European Union. Russia disagrees with Ukraine's determination to accept Western democracy and alliance because Russia's national security may be jeopardized by Ukraine's Western affiliation with the European Union and NATO. Russia allegedly launched a special military operation in Ukraine to destabilize the Ukrainian president and the current government in Kyiv and install a new pro-Russian administration. This is because several Asia-Pacific countries are net energy importers, with China, Japan, India, South Korea, Taiwan, and Thailand leading the pack, higher import prices, particularly for energy, was felt almost immediately across the region. Because North American trade and financial links with Russia and Ukraine are relatively limited, the conflict's effects have mostly been felt through the price channel and the stalling of European GDP. Despite the possibility of slower economic growth and higher inflation, recent geopolitical developments are unlikely to disrupt North American monetary policy at this time (International Monetary Fund, 2022). Due to the Russian invasion of Ukraine, Nigeria is finding it more challenging to import wheat, which is needed to make a variety of food supplies such as bread, noodles, pasta, cakes, and more from that region and this has caused serious cost implications for such products. Due to Russia's military action in Ukraine, wheat prices have increased globally, pushing up already high food prices. 14 percent of the world's wheat production and 29 percent of the wheat exported worldwide are produced by Russia and Ukraine. Ukraine is one of the top five exporters of wheat to Russia, which is currently the largest wheat exporter in the world along with Egypt, Bangladesh, and Turkey.

Theoretical framework

The theoretical underpinnings of this research are the Social Contract and Interest Group Theories. Some of the most important figures in modern political philosophy, such as Thomas Hobbes (famous for his book *Leviathan*), John Locke (famous for his book *Two Treatises of Government*), and Jean Jacques Rousseau (famous for his book *The Social Contract*), developed a long-standing political theory or philosophy known as The Social Contract (Mbah, 2021a). Thomas Hobbes describes the State of Nature in his book *Leviathan* as a chaotic, lawless society in which people always live in "fear of death," and as a result, they engage into a Social Contract as a means of achieving peace (preservation of lives and property). Citizens (subjects) freely cede all of their freedom and rights to a sovereign power in exchange for that power ensuring their security in order to defend their lives and properties (Mbah, 2021a). John Locke does not, however, share Thomas Hobbes' dismal view of the State of Nature. The State of Nature, in Locke's opinion, is a more tranquil setting since there are no organized institutions to maintain law and order in the event of a conflict. The Social Contract is required to assure established governmental institutions (legislative) tasked with maintaining peace and order. According to Locke's Social Contract, legislators are trustees who are obligated to uphold the interests of the people who elected them (Ebenstein & Ebenstein, 2000: 430). However, the State of Nature by Jean Jacques Rousseau and Locke is neither as pessimistic nor optimistic. Everyone in

his State of Nature pursues their own interests until they realize they are unsuccessful, necessitating the creation of a Social Contract. Contrary to Locke, Rousseau believes that the Social Contract requires individuals to cede their rights and freedoms to the community (social organizations), which they expect to uphold those rights and freedoms (Elahi, 2014; Ebenstein & Ebenstein, 2000 cited in Mbah, 2021a). Simply put, citizens of all countries enter into a Social Contract when they cede some or all of their rights to the government and its institutions in exchange for rules and regulations that protect lives and properties. This explains Russia and Ukraine's long-standing hostility, as each side seeks to protect the interests of its own constituents (Social Contract). While the 2014 Russia-Ukraine conflict was not an ethnic conflict in and of itself, nationalism was a significant contributory factor in fueling the conflict and remains a relevant obstacle to its resolution (Harris, 2020). Russia claims that this conflict is about its national defense, military exercises, weapons systems, and security agreements.

Aside from viewing the Russia-Ukraine conflict through the lenses of the Social Contract theory, the ongoing conflict can be examined through the lenses of the system theory. The systems theory was borrowed from Biology and Engineering sciences; its emphasis is on the workings mechanism of a set-up for goal attainment. System theory helps in determining a political system's capacity for maintain its equilibrium in the face of stress and for adapting to changes that are forced internally and externally. The theory assumes further that, all existing political units interact with one another according to some regular and observable pattern of relationship. A system is an autonomous unit of complex elements which interacts and capable of adapting within itself, with each set of element being interdependent. These elements are individual, association, organizations, nations and states. It is this that Easton (1953) had in mind when he described political system as existing with other systems as physical, biological, social, and or psychology etc., which affect it and in turn affected by the political system, through continuous transaction and exchanges. That the functioning of the political system evolves from the environment and they evoke responses from it. The output could be demands that values be allocated in a particular way or they could be supports, that is, expression of approval for particular decisions. The inputs from the environment undergo a conversion process within the political system and come out as outputs, which are usually authoritative decision such as government policies and decisions. These authoritative outputs usually affect the environment as outcomes and in turn – excite some form of feedback, that is, changes in intensity and volume of demands and support from the environment. The behaviour of each state depends upon the behaviors of other states, or in terms of gamesmanship, every player's move or 'strategy' (the set of moves he calculates he must make in order to win), depends on the moves of every other players in the international political environment. A system then, is an abstract way of looking at a part of reality for the purposes of analysis; hence we speak of a human being's, in which the parts or subsystems.

It follows from the above analysis that, a country is a subsystem, whatever her behaviour; it either destabilizes or maintains the global equilibrium. When it destabilizes, conflict becomes imminent such as the world now experiences between Russia and Ukraine. The conflict between the duos has generated adverse economic hardship across the world by serious food shortages, rising cost of gas across Europe and energy crises across the world; aptly justifying the systems theory which sees the entire global system as made up of units with event in any of the units having effect or impact on the entire system.

The Impact of the Russia-Ukraine Conflict on the global economy

The reality of contemporary global economic relations is that the economies of countries around the world are highly interdependent on one another courtesy of information revolution. In such a state of interconnectedness, it is only natural that a conflict at one end would naturally have domino effect on the entire system not matter how small the conflict might be. Thus, although Russia's attack on Ukraine occurs thousands of miles away, yet the economic impact is felt across the globe. As Egan (2022) posits the impact is felt by millions of American households because the global economy and financial markets are interconnected. According to Smialek and Swanson (2022), a potential consequence of the Russian-Ukrainian conflict could be an increase in inflation due to an increase in the prices of oil and food globally, which would increase uncertainty in the United States as the average American household will bear the burden of Vladimir Putin's invasion of Ukraine. They argue that, while the United States imports very little from Russia (the world's largest wheat exporter), "commodities crunch caused by a conflict could have knock-on effects that at least temporarily drive up prices for raw materials and finished goods at a time when much of the world, including the United States, is experiencing rapid inflation. In other words, while the United States imports a small amount of oil from Russia in comparison to Europe, the energy commodity market is global, and a change in the price of oil in one part of the world will eventually affect the price of oil everywhere, including the United States. This report also reveals that such global unrest may prompt Americans to reduce consumption and other diverse economic activities, potentially impeding the Federal Reserve's plans to raise interest rates. (Mbah & Wasum, 2022).

The war between Russia and Ukraine has caused the price of oil to "hit an eight-year high." If the tension worsens or if US policymakers pursue conflicting "another round" of sanctions against Russia, as experts predicts, the price of oil could continue to rise even higher than anticipated. The world economy will implode if Russia's economy does. In a same line, JP Morgan predicts that this conflict will "easily" cause the price of oil to increase to \$120 per barrel (Egan, 2022). While economists worry that the conflict would restrict the amount of money available to US consumers for discretionary expenditure because of rises in commodities prices, Wall Street experts anticipate continued volatility in US stock indices (Mbah & Wasum, 2022). RSM claims that if oil prices reach \$110, year-over-year inflation might exceed 10%, which hasn't happened since inflation peaked at 10% in 1981. In addition, RSM claims that inflation is the "greatest concern facing the US economy" (Egan, 2022). Fears of inflation in the United States are being fueled by a potential scarcity of essential metals such as nickel, aluminum, and palladium in the world supply chain (Cohen & Ewing, 2022).

Similar to many other Western nations, the United Kingdom has been dealing with high and rising inflation, with prices rising alarmingly during the past 30 years. According to experts, Russia's ongoing aggression against Ukraine has led to greater inflationary pressures and which has forced the Bank of England to hike interest rates in reaction (United Kingdom Parliament, 2022). Although Russia exports a significant amount of gas to several European countries, unlike the United States, it does not export gas to the United Kingdom. However, the United Kingdom has also been significantly impacted by the sharp increase in global oil prices, which has led to a great deal of uncertainty. Analysts warn that yearly household fuel consumption might top £3,000 per year, (Jones,2022). The fact

that Russia and Ukraine are both large producers of a variety of agricultural items, including wheat, raises additional concerns about the rise in food costs, which might put more strain on UK household and company budgets (United Kingdom Parliament, 2022). Despite the fact that 90% of the UK's wheat is produced domestically, farmers may have to pay more for fertilizer, one of Russia's biggest exports (Jones, 2022), and two-thirds of the ammonium nitrate fertilizers used by farmers globally are Russian, as British Meat Processors' CEO, Nick Allen, noted (Lanktree, 2022). Chris Rogers, a well-known supply chain economist, predicts that supply chain cost inflation will be this conflict's biggest economic impact on the UK and Europe as a whole (Lanktree, 2022).

Europe, which depends on Russian oil and gas, seems to be the region most exposed to the effects of this conflict. It is impossible to replace all Russian natural gas supplies to Europe in the short to medium term, and inflation will be significantly impacted by present price levels. According to experts, the February 2022 Russian invasion on Ukraine will cause higher inflation and supply chain disruption in Europe, the United Kingdom, and many other nations around the world. If Russia's exports decline, Saudi Arabia's refusal to release more oil supplies to back up those of Russia would have a huge impact on the price of the commodity globally (Lanktree, 2022). The majority of public discourse on the conflict has portrayed European governments as divided, weak, and absent, which, according to a report from the European Council on Foreign Relations in 2022, would significantly alter Europeans' perceptions of their safety in the event that Russia attacked Ukraine (Krastev & Leonard, 2022). In addition to being the largest producer of natural gas and oil in the world, Russia is a significant supplier to Europe (Bhattarai et al., 2022). The present Russian invasion on Ukraine may hamper EU economic development due to rising energy prices and lowered business confidence, but top EU financial officials claimed that the EU is "ready for it" (Thomas & Strupczewski, 2022). These authors also suggest that, despite the consequences to Russia, the EU's main energy supplier may respond to EU sanctions by limiting oil, gas, and coal deliveries to the EU, which would raise commodities prices, create uncertainty, and weaken consumption. About 25% of the oil and 40% of the natural gas that European nations (buy) are dependent on Russia (Wiseman, 2022).

What we do know is that the two primary ways that the Eurozone economy will be impacted are through the channels of energy, prices, and confidence or uncertainty; less so through the channel of trade, which is rather small between Russia and the euro zone. A drag on investment and consumption, persistent uncertainty will almost definitely stifle growth (Thomas & Strupczewski, 2022). Due to Russia's recent invasion on Ukraine, natural gas costs in Europe are around six times more than they were at the beginning of 2022. This is because the attack caused a 20 percent spike in natural gas prices, rising inflation, and soaring energy bills (Wiseman, 2022). The impact of COVID-19, supply chain constraints, and rising energy prices (inflation), according to the European Commission, could lower the economic growth curve for all EU member states using the euro to 4.0 percent by the end of 2022, down from the 4.3 percent forecast in November 2021. This most recent forecast is even more uncertain in light of Russia's attack on Ukraine (Thomas & Strupczewski, 2022). In the same light, the chief economist at Berenberg bank voiced, the drag from higher prices and the negative confidence effect may lower real GDP growth in the Eurozone from 4.3% to 3.7% for 2022 (Wiseman, 2022).

Canada was the first Western nation to recognize Ukraine's independence on December 2, 1992, and the two nations have kept up a cordial bilateral relationship ever since. Based on

this connection, Canada has given Ukraine more than \$890 million in aid since January 2014 in various forms. The probable economic consequences of Russia attacking Ukraine in 2022 on Canada worries experts (inflation cost of food, and immigration); the Canadian government, under the leadership of Prime Minister Justin Trudeau, is 'prioritizing immigration applications,' according to Neustaeter (2022), 1.3 million Ukrainians have immigrated to Canada, making it the country with the most Ukrainian immigrants outside of Russia. Accordingly, there are worries as to how this conflict may affect Canada's already-fragile supply chain, particularly in terms of food pricing (Mbah & Wasum, 2022). In the days following the attack, the unpredictability brought on by conflict prompted financial tradings to fall and markets to fluctuate drastically, causing panic in the global financial market. As an illustration, the conflict caused the Canadian dollar to trade for 77.93 cents US on Thursday as opposed to 78.63 cents US on Wednesday (Neustaeter, 2022). Given that Canada imports around \$550 million worth of oil from Russia each year, as reported by the Canadian Association of Petroleum Producers, experts anticipate that Canadians should prepare for a major increase in the price of gas. The head of the Canada-Ukraine Chamber of Commerce voiced concern about how the conflict might affect business ties with Canada, noting that it would be challenging to attract investors because of the political risk involved in doing business there. Investors are closely monitoring the situation, particularly in light of the widespread Western warnings against going to Ukraine (Bharti, 2022).

Operations across a range of businesses have been impacted by the disruption of global supply networks caused by the Russian invasion of Ukraine. The Russian export embargo and reciprocal ban on foreign imports, as well as Russia's refusal to allow foreign cargoes to pass through its airspace and waterways throughout the conflict, have the potential to disrupt the global supply chain, resulting in shortages and higher import prices; businesses have projected that the disruption brought on by trade restrictions and cross-border blockades will lead to supply hoarding and higher prices. Additionally, there will be disruptions to cargo flow and border operations as a result of restrictions on commercial flights near the Ukraine-Russian border and increased security checks at refugee camps in surrounding nations. This is because border officials may stop or delay cross-border supplies and goods while they attend to refugees first. This will make the global supply chain even more disrupted and drive up import prices. The rise in commodity prices, which will worsen already existing inflationary pressures, will be the main economic impact on the rest of the world. Net importers of energy and food products will be disproportionately impacted, as is always the case when commodity prices rise, with the prospect of significant supply disruptions if the conflict intensifies.

The Implication of Russia-Ukraine Conflict on Nigerian Economy

The global economy is still reeling in the effects of the COVID-19 epidemic and the various lockdown that followed, thus, the Russia's invasion of Ukraine has therefore exacerbated the situation by driving up commodity prices and choking up the food supply chains across the world, (Efebeh, 2020b). Russia is known as the world's largest wheat exporter, along with Ukraine, and the two countries export roughly a quarter of the entire commodity (Cohen & Ewing, 2022). Russia, on the other hand, remains a significant player in many areas of the global economy. Russia's oil supplies, as the world's second-largest supplier of

crude oil, play a significant role in determining crude oil prices. It also claims to be one of the world's largest sources of clean energy and natural gas. The Russian Federation is the European Union's largest exporter of oil, natural gas and hard coal, and it supplies a significant amount of fossil fuels. As a result of the conflict, the majority of European economies have withdrawn from all commercial deals with Russia, thereby causing a major stair in the Russian economy; forcing Moscow to respond by halting the supply of gas to Europe. As the continent's top oil producer, this event would undoubtedly have a significant impact on the Nigerian economy; because Africa and indeed Nigeria depends on Ukraine and to some extent Russia for the supply of grains and thus it would be the hardest hit by the fall out of the war. The Russian invasion of Ukraine has led Western nations to impose a number of sanctions on Russia, including the suspension of trade agreements and other forms of economic isolation. Russia's invasion has a wide-ranging economic impact, especially as the conflict persists. These include rising import and subsidy costs for gasoline, an increase in gasoline smuggling, and rising energy prices (including those for diesel, jet fuel, kerosene, and gas). Significant macroeconomic effects include the fiscal deficit, debt levels, debt service payments, money supply growth, exchange rate depreciation, and higher inflationary pressures (Ozili, 2022).

Despite its distance from the conflict zone, Nigeria is not immune to its consequences due to Russia's global economic influence and Nigeria's reliance on international trade and imports. As a result, it is critical to emphasize the economic impact of the ongoing conflict on Nigeria. Following Russia's attack on Ukraine, crude oil prices have skyrocketed, with Brent trading above \$100 per barrel and Bonny Light trading at \$110. Nigeria, which imports refined petroleum products, is bearing the brunt of the increase in crude oil prices, as the cost of diesel, which is not subsidized in the country, has risen to more than N800 per litre and is already being sold at certain stations for more than N830. Owing to fragile state of power generation and distribution in Nigeria, there has been a forced increase in demand for diesel in the local market, causing the landing cost of refined products to skyrocket. Given that the majority of the country's businesses rely on generators for power, the rise in fuel prices has become a significant impediment to doing business there. In a related vein, Nigeria is presently dealing with a fuel shortage as a possible result of the conflict, prices of PMS have risen from N175 per litre to between N450 to N500 per litre as at January 29, 2023, implying over 300 percent increase in just a few months; with its attendant ripple effect on prices of goods and services across the country. In the upcoming months, this is probably going to get worse as ships bringing petroleum products into the nation can run into problems; although the petroleum industry in Nigeria is heavily laden with corruption, (Efebeh, 2018), but the latest crisis has added a new twist to it all. In most areas of Nigeria, the price of transportation has increased in step with the price of petroleum products (Maijama'a & Musa, 2022).

In Nigeria, particularly in Lagos State, the cost of ride-hailing services has increased dramatically during the past six months. Given the amount of traffic that wreaks daily havoc on the state, higher transportation expenditures are the last thing Lagos residents' desire. In the specific scenario of Nigeria, increased oil prices in the international market have resulted in higher petroleum product and subsidy expenditures, which have then increased the cost of borrowing for the government and cause the fiscal deficit to exceed projections. This has made an already risky financial situation worse. The Russia-Ukraine conflict has impact on the Federation Account because the Nigeria National Petroleum

Company (NNPC) Ltd will not contribute as much money due to an increase in subsidy commitment. This could have an impact on how funding is distributed to different levels of government, particularly in states that rely heavily on monthly allocations from the Federation Account.

Due to the sensitive nature global oil market which has seen the prices of oil responding with astronomical increase in the prices of jet fuel; the cost of air travel has also increased dramatically during the past several weeks. The airline industry in the country has been forced to reduce the frequency of its operations. Airlines' prices increased by at least 100% in February, with an economy one-way ticket costing more than N50,000. Nigerians who can afford it will have to pay much more for both domestic and international travel as airline costs rise. People who work in industrial areas such as Lagos State, Port Harcourt, and others but live in other states are also affected by this because they will have to reduce the frequency of their travels. Durum wheat, a basic crop predominantly imported by Nigeria that has undergone astronomical price increase since the invasion started, is one of the food staples that Russia exports in large quantities, just like the crude oil market does (Maijama'a & Musa, 2022). The war between Russia and Ukraine has caused wheat prices to reach their highest point in a week. Nigeria, which consumes wheat as the third-most other grain in the nation, is a significant importer of wheat products.

According to Nigeria Bureau of Statistics (2022), Nigeria imported more durum wheat worth over N128.1 billion in the first nine months of 2021 than it did in the entire year of 2020. Since Nigeria relies heavily on imports to meet domestic demand and already struggles with high inflation and disruptions in the food supply chain, the rise in commodity prices puts further pressure on the local market. The conflict has also disrupted wheat supply on the global market. As a result, there is a chance that the price of wheat will rise, affecting the cost of flour and, as a result, the price of bread and other baked goods (Ozili, 2022). Expectedly, the disruption in the wheat supply accessioned by the Russian/Ukraine conflict has resulted in astronomical rise in the prices of flour and thus of bread and other baked goods in Nigeria. Prices of the big size of bread that used to sell for N450 and the small size for N200, rose to N1,200 to N700 respectively, since the conflict started between the duo in February of 2022. Nigeria already spends more than half of its budget on food, and if food prices continue to rise at the unprecedented rates they are, Nigerians' purchasing power will decrease.

The central bank often intervenes in the market to fix currency rates in Nigeria's controlled floating exchange rate regime. However, a sizable amount of cash is exchanged in an unreported and in-monitorable manner of the black market. Given that Nigerians would obtain foreign exchange from any source in order to meet their commercial obligations, Nigeria is vulnerable to further naira depreciation. Inflationary pressures are also affecting developed economies, with the US inflation rate reaching a 40-year high in February 2022. Given Nigerians' proclivity for imports, we would simply be introducing foreign inflation into an already sick economy. Nigeria's foreign exchange liquidity will be strained further as a result of a lack of FPIs and FDIs, as well as a drop in Diasporas remittances from Nigerians living in Russia, Ukraine, and other nearby countries, leaving the country vulnerable to further depreciation. It would be unfavorable if a lack of foreign capital reversed the current account's and world trade balance's upward trend. It is also worth noting that thousands of Nigerians have joined the thousands of Nigerian youth who have

remained at home as a result of the months-long ASUU strike and the inability to continue attending lectures in Ukraine as a result of the disruption.

Concluding Remarks

The paper examined how the conflict between Russia and Ukraine has affected other countries of the world that has commercial and other sundry relationship with both countries in the conflict. The outcome has brought to the fore how conflict between two nations at one end of the world, could have almost spontaneous impact on the rest of the world in the contemporary globalized world system that is highly interconnected and interdependent in nature, (Efebeh & Okereka, 2020). Recent studies have focused on the European Union, the United States, Canada, and the United Kingdom, all of which have imposed severe economic sanctions on Russia over her invasion of Ukraine. However, this study focuses on how the Russian and Ukrainian crises have affected the Nigerian economy. Russia's 'retaliatory' actions are likely to last for many years. Food and energy importers in Africa will continue to face challenges. As the conflict ranges, the economies of Nigeria and the world is encountering difficulties and downside risks in the form of increased energy costs, increased fuel imports and subsidy bills, government fiscal operations, the smuggling of petroleum products, decreased wheat export from the region, and effects on regional and international trade. The economic impact of the Russian invasion of Ukraine, if it continues, will be extensive and diverse. Significant macroeconomic effects include a rise in the budget deficit, a rise in debt levels, a rise in debt servicing costs, a rise in the money supply, a decline in the value of the currency, and a rise in inflationary pressures in most African countries, particularly Nigeria. The state of Ukraine has put so measures in place to help the global community especially African countries affected by the restrictions on exports of grain from the region by setting up and appointing some individuals including Obiageli Ezekwesili as "Ambassadors of Grain from Ukraine". This is a programme initiated by the Ukraine government to assist countries suffering from severe food shortage caused by the war with Russia.

In situations like this, where key crisis actors are requesting assistance, Nigeria should avoid taking sides. Smear campaigns and sympathy-inducing propaganda mills must clash with our leaders and the general public. Nigerians should remember that the conflict is a Western construct, and that, despite the horrific existential plight of the victims, it is a European tragedy. Africans should be aware that the policies underlying this conflict are detrimental to the interests of Africans, particularly Nigeria. Nigerians do not need to be taught that they are on their own in difficult times, as racist treatment of Africans has demonstrated. As a result, Nigerian policymakers must begin discussing alternative means of subsistence in the event that Russia decides to respond by punishing the rest of the world through export restrictions. They should also, if possible, support domestic production of such essential commodities imported from Russia and even from Ukraine.

References

1. Aloisi, S., & Daniel, F. J. (2022, March 1). "Timeline: The events leading up to Russia's invasion of Ukraine". New York: Reuters.

2. Averre, D. (2016). "The Ukraine conflict: Russia's challenge to European security governance". *Europe-Asia Studies*, 68(4), 699-725. <https://doi.org/10.1080/09668136.2016.1176993>
3. Bharti, B. (2022, February 22). "Very hard to predict what's going to happen: Russia's advance on Ukraine puts Canadian dreams on hold Financialpost". Retrieved February 28, 2022, from <https://financialpost.com/news/economy/very-hard-to-predict-whats-going-to-happen-russias-advance-onukraine-puts-canadian-dreams-on-hold-threatens-investment>.
4. Bhattarai, A., Romm, T., & Siegel, R. (2022, February 28). "U.S. economy appeared ready to surge, but Russia's invasion of Ukraine could send shockwaves." Washington DC.: The Washington Post.
5. Bigg, M. M. (2022, February 18). "A timeline of the tensions between Russia and Ukraine". New York: The New York Times.
6. Birkland, T. A. (2016). "An introduction to the policy process: Theories, concepts, and models of public policy making (4th Ed.)." New York: Routledge, Taylor et Francis Group.
7. Charap, S., & Darden, K. (2014). Russia and Ukraine. *Survival*, 56(2), 7-14. <https://doi.org/10.1080/00396338.2014.901726>
8. Coface Trade Newspaper (March 2022). "Economic consequences of the Russia-Ukraine conflict: Stagflation ahead". Retrieved February 12, 2023, from <https://www.coface.com/News-Publications/News/Economic-consequences-of-theRussia-Ukraine-conflict-Stagflation-ahead>.
9. Cohen, P., & Ewing, J. (2022, February 21). "What's at stake for the global economy as conflict looms in Ukraine?" New York: The New York Times.
10. Dragneva-Lewers, R., & Wolczuk, K. (2016). "Ukraine between the Eu and Russia: The integration challenge". UK: Palgrave Macmillan.
11. Dreger, C., Kholodilin, K. A., Ulbricht, D., & Fidrmuc, J. (2016). "Between the hammer and the anvil: The impact of economic sanctions and oil prices on Russia's ruble". *Journal of Comparative Economics*, 44(2), 295-308. <https://doi.org/10.1016/j.jce.2015.12.010>
12. Efebeh, Vincent (2018). Public Procurement and Development in Africa, in Samuel O. Oloruntoba and Toyin Falola, *The Palgrave Handbook of African Politics, Governance and Development*, New York: Palgrave Macmillan, Pp. 573-585.
13. Efebeh, Vincent E. (2020a) Sports as an instruments of Development and National Cohesion: The Nigerian Experience, *Journal of Danubian Studies and Research*, 10, Issue 1.
14. Efebeh, Vincent E. (2020b). The Political Economy of VOVID-19 and its effects on global Economy. *International Journal of New Economics and Social Sciences*, 11, Issue 1.
15. Efebeh, Vincent E., Okereka, Onofere P. (2020). Nigeria-British Relations: Implications for Nigeria in the Post-Brexit Era, *Pal Arch's Journal of Archaeology of Egypt/Egyptology*, 17, Issue 7. 8811-8822. <https://archives.palarch.nl/index.php/jae/article/view/3698>
16. Egan, M. (2022, February 24). "Why the Russian invasion will have huge economic consequences for American families". CNN News.
17. Elahi, M. (2014). "Summary of social contract theory by Hobbes, Locke, and Rousseau". Retrieved March 4, 2022, from <https://doi.org/10.2139/ssrn.2410525>
18. Government of Canada. (2022, February 25). "Canada's engagement in Ukraine". Canada: Government of Canada Publications.
19. Harris, E. (2020). "What is the role of nationalism and ethnicity in the Russia-Ukraine conflict?" *Europe-Asia Studies*, 72(4), 593-613 <https://doi.org/10.1080/09668136.2019.1708865>
20. Havlik, P. (2014). "Economic consequences of the Ukraine conflict (No. 14)". Policy Notes and Reports.
21. Havlik, P. (2014, November). "Economic consequences of the Ukraine conflict". Vienna: The Vienna Institute for International Economic Studies.
22. Hoffmann, M., & Neuenkirch, M. (2017). "The pro-Russian conflict and its impact on stock returns in Russia and the Ukraine". *International Economics and Economic Policy*, 14(1), 61-73. <https://doi.org/10.1007/s10368-015-0321-3>
23. International Monetary Fund. (2022). "7 debt crisis in Russia: The road from default to sustainability". Retrieved February 28, 2022, from <https://www.elibrary.imf.org/view/books/071/06039-9781589062078-en/ch07.xml>.
24. Ivanova, I. (2022, February 25). "How the Ukraine conflict is already hitting Americans' wallets". CBS News.

25. Jones, L. (2022, February 25). "Ukraine conflict: Five ways life could get more expensive". BBC News.
26. Khudaykulova, M., Yuanqiong, H., & Khudaykulov, A. (2022). "Economic consequences and implications of the Ukraine-Russia War". *International Journal of Management Science and Business Administration*, 8 (4), 44-52. <https://doi.org/10.18775/ijmsba.1849-5664-5419.2014.84.1005>
27. Korovkin, V., & Makarin, A. (2019, June 18). "Conflict and Inter-Group Trade: Evidence from the 2014 Russia-Ukraine conflict". SSRN Publications.
28. Krastev, I., & Leonard, M. (2022, February 9). "The conflict of European security: What Europeans think about the conflict in Ukraine." ECFR News.
29. Lanktree, G. (2022, February 26). "Businesses in Britain, EU brace for impact of Ukraine conflict." POLITICO Publications.
30. Liefert, W. M., Liefert, O., Seeley, R., & Lee, T. (2019). "The effect of Russia's economic crisis and import ban on its agricultural and food sector". *Journal of Eurasian Studies*, 10(2), 119-135. <https://doi.org/10.1177/1879366519840185>
31. Maijama'a, R. & Musa, K. S. (2022). "Russia-Ukraine war and crude oil price surge: can Nigeria benefit from this surge?" *International Journal of Multidisciplinary Academic Research*, 3 (1), 10 – 14.
32. Malyarenko, T., & Wolff, S. (2018). "The logic of competitive influence-seeking: Russia, Ukraine, and the conflict in Donbas". *Post-Soviet Affairs*, 34(4), 191–212. <https://doi.org/10.1080/1060586X.2018.1425083>
33. Mbah, R. E. (2021a). "Expanding the theoretical framework in student debt research by connecting public policy theories to the student debt literature". *Advances in Social Sciences Research Journal*, 8(11), 211–219.
34. Mbah, R. E. (2021b). "A possibility or just a wish? Assessing current perceptions on the potentials of full student loan debt forgiveness legislation". *Advances in Social Sciences Research Journal*, 8(10), 365–392.
35. Mbah, R. E., & Wasum, D. F. (2022). "Russian-Ukraine 2022 Conflict: A review of the economic impact of Russian-Ukraine conflict on the USA, UK, Canada, and Europe". *Advances in Social Sciences Research Journal*, 9(3). 144-153. <https://doi.org/10.14738/assrj.93.12005>
36. Neustaeter, B. (2022, February 25). "What ramifications will Russia's attack on Ukraine have in Canada?" CTV News.
37. Ozili, P. K. (2022). "Global economic consequence of Russian invasion of Ukraine." Retrieved February 28, 2022, from electronic copy available at: <https://ssrn.com/abstract=4064770>.
38. Pabriks, A., & Kudors, A. (Eds.). (2015). "The conflict in Ukraine: Lessons for Europe". Europe: The Centre for East European Policy Studies.
39. Pisani-Ferry, J. (2022). "The economic policy consequences of the war". Bruegel-Blogs, NA. Peterson Institute for International Economics.
40. Samokhvalov, V. (2007, September). "Relations in the Russia-Ukraine-EU triangle: 'zero-sum game' or not?" Europe: The European Union Institute for Security Studies.
41. Samokhvalov, V. (2015). "Ukraine between Russia and the European Union: triangle revisited". *Europe-Asia Studies*, 67(9), 1371-1393. <https://doi.org/10.1080/09668136.2015.1088513>
42. Shelest, H. (2015). "the Ukrainian crisis: Is there a place for Russia?" *Southeast European and Black Sea Studies*, 15(2), 191-201. <https://doi.org/10.1080/14683857.2015.1060019>
43. Simchi-Levi, D., & Haren, P. (2022). "How the War in Ukraine Is Further Disrupting Global Supply Chains". New York: Harvard Business Review.
44. Smialek, J., & Swanson, A. (2022, February 23). "What does Russia's invasion of Ukraine mean for the U.S. economy?" *The New York Times*.
45. Sol'čanyk R. (2001). "Ukraine and Russia: The post-soviet transition". New York: Rowman & Littlefield.
46. Stukalo, N., & Simakhova, A. (2018). "Social and economic effects of the war conflict in Ukraine for Europe". *Geopolitics under Globalization*, 2(1), 11-18. [https://doi.org/10.21511/gg.02\(1\).2018.02](https://doi.org/10.21511/gg.02(1).2018.02)
47. The White House. (2022, March 8). "Remarks by president Biden announcing U.S. ban on imports of Russian oil, liquefied natural gas, and coal." U.S.: The White House.

48. Thomas, L., & Strupczewski, J. (2022, February 25). "Ukraine conflict will hit economy but EU is ready, officials say". UReuters.
49. U.S. Department of State. (2022, January 20). "The stakes of Russian aggression for Ukraine and beyond - united states department of state." U.S. Department of State.
50. United Kingdom Parliament. (2022, February 28). "Economic update: Ukraine conflict adds to inflationary pressures". UK Parliament.
51. Wang, W. (2015). "Impact of western sanctions on Russia in the Ukraine crisis". *Journal of Politics and Law*, 8(1), 67 – 79. <http://dx.doi.org/10.5539/jpl.v8n2p1>
52. Wiseman, P. (2022, March 2). "Economic dangers from Russia's invasion ripple across globe". AP News.



This article is an open access article distributed under the terms and conditions of the [Creative Commons Attribution - Non Commercial - No Derivatives 4.0 International License](https://creativecommons.org/licenses/by-nc-nd/4.0/).