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# GEO-ECONOMICAL AND GEOPOLITICAL (GEOSTRATEGIC) IMPLICATION FROM THE WAR IN UKRAINE ON THE BLACK SEA AND SOUTHEAST EUROPEAN REGIONS

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#### **Abstract**

The war in Ukraine has significant geo-economical and geostrategic impacts on the Black Sea region. The ongoing conflict in Ukraine has not only caused unrest within the country but has also led to tensions between Russia and Western countries. This has had implications for the Black Sea however and for the Southeast European regions. Namely, Overall, the war in Ukraine has had wide-ranging effects on the geo-economical and geostrategic dynamics of the Black Sea region, impacting energy security, trade routes, military presence, and political alliances. In this paper the author will prove the hypothesis that: "The war in Ukraine have created four major issues for the Black Sea and Southeast Europe in the fields of energy, trade, military and politics" The hypothesis is proved by operationalization of the following major areas of analytics; The Black Sea region is critical for energy transportation, with pipelines that carry natural gas and oil to Europe passing through Ukraine. The conflict has raised concerns about the security and reliability of these energy routes. The Black Sea and Southeast Europe are an important trade route, with access to various countries in Europe, the Middle East, and Asia.

Key word: War, Economics, Politics, Strategy, Stability

JEL classification: F51, F52, N44, Q34, R58

# **ECONOMIC OVERVIEW**

The war in Ukraine has had specific economic impacts on the Black Sea and Southeast Europe's regions. Some of the key parameters and analysis from the beginning of the war are implicating that there are several factors that are crucial on the economic influence of this conflict not only on the regions that are mentioned above, but also on the entire Europe and more specifically on European Union. Namely, with the very beginning of the war one of the first implications was the lowering of investments not only in Eastern Europe, but also in every country from the regions that are part of this research. Specifically, the conflict in Ukraine has created uncertainty in the region, leading to decreased investment confidence. Businesses may be hesitant to invest in areas affected by conflict, impacting economic development in the Black Sea and Southeast Europe's regions. The next economic issue that is very important is the reducing of the income from the Ukrainian and Russian tourist on the Black Sea coast in Romania, but especially in Bulgaria. Regarding this, one can conclude that countries bordering the Black Sea, such as Bulgaria and Romania, rely on tourism as a significant economic driver, and the conflict has had a negative impact on this sector. Other significant sector

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for the regions that are with the biggest impact from the war is the Economic integration and regional cooperation in the Black Sea and Southeast Europe's regions may be hindered by the conflict, impacting initiatives such as infrastructure development, trade agreements, and joint investment projects.

By analyzing the mentioned above framework, we can conclude, and will support these arguments bellow in this paper that economic situation showcases the complex and multi-faceted impacts of the war in Ukraine on the Black Sea and Southeast Europe's regions, highlighting the need for continued analysis and strategic responses to support economic stability and growth.

### 1. GEOSTRATEGICAL / GEOPOLITICAL OUTLINE

We can conclude that this w2ar was completely unexpected and that no one expected that with this war, Russia will try to increase significantly its presence in the Black Sea, and with this will try to put the NATO in position to have a direct border with Russia, thanks to the Russian influence and presence in the Region.<sup>2</sup> The other thing/fact is that with the war in Ukraine Russia is gaining total control on the trade routes for energetics and grain and is trying to transform the Black Sea in what the Romans use to say for the Mediterranean in "Mare Nostrum" or in the completely controlled geopolitically strategic sea that is penetrating very deep in the Eurasian land. <sup>3</sup>

Interesting fact was that the Ukrainian Navy succeed to make some naval counteroffensives, but all of them finished unsuccessfully. Namly, we can say that at the moment Ukraine has no navy, and that even they destroyed the naval destroyer "Moskva" near the Ukrainian coast, no one can see some progress of the Ukrainian navy.<sup>4</sup>

Turkey has maintained a delicate balance in its foreign policy by continuing trade with Russia while also supplying arms to Ukraine. Turkey's control of the Bosporus and Dardanelles Straits under the Montreux Convention has been pivotal. The country has not closed these straits to Russian warships, adhering strictly to the convention, but its stance remains critical for regional stability. NATO has increased its focus on the Black Sea and Southeast Europe's regions, conducting joint exercises and enhancing the military readiness of member states like Romania and Bulgaria. However, the presence of non-Black Sea NATO vessels in the region is limited by the Montreux Convention, which restricts their stay to 21 days. The U.S.A. and its allies have emphasized the importance of Black Sea security in their broader strategic goals, linking it to the security of adjacent regions like the Eastern Mediterranean and the South Caucasus<sup>5</sup>. Political dynamics in Black Sea countries, such as Bulgaria and Romania, have been influenced by the war. Bulgaria, for instance, has experienced a political shift with increased pro-European sentiment, leading to direct military support for Ukraine despite internal opposition from pro-Russian factions.<sup>6</sup>

<sup>&</sup>lt;sup>2</sup> A security strategy for the Black Sea - Atlantic Council

<sup>&</sup>lt;sup>3</sup> 2023 - BLACK SEA SECURITY - REPORT - LANCASTER - 020 DSCFC | NATO PA (nato-pa.int)

<sup>&</sup>lt;sup>4</sup> <u>Ukraine's Black Sea success offers hope as Russian invasion enters third year - Atlantic Council</u>

<sup>&</sup>lt;sup>5</sup> How geopolitical competition in the Black Sea is redefining regional order | Chatham House – International Affairs Think Tank

<sup>&</sup>lt;sup>6</sup> <u>Navigating Geopolitical Currents: Evolving Policies in the Black Sea Region Amidst the Russo-Ukrainian</u> <u>War - Transatlantic Dialogue Center (tdcenter.org)</u>

#### 2. NATO: SECURITY AND IMPLICATIONS ON THE SOUTH WING

The South Wing of NATO, encompassing Southeastern Europe, however and the Black Sea. Regarding this, it plays a pivotal role in maintaining regional and broader Euro-Atlantic security, particularly considering the ongoing war in Ukraine. Namely, the South Wing of NATO and the Balkans are vital for maintaining stability and security in a strategically significant region. NATO's presence deters potential aggressors, counters external influences, and supports the integration of Balkan states into broader European and transatlantic structures, thus promoting long-term peace and stability.

If we take in consideration all the mentioned above situations not only for NATO, but also for the states from the mentioned regions, one can easily bring to an end some of the main reasons why The Balkans and the Black Sea are so important for the stability of the NATO's South Wing. Having in mind that the South wing is playing one very huge strategic role as a buffer zone between NATO and Russia, we are concluding that potential threats from both state and non-state actors. Given the proximity to conflict zones and areas of instability, the presence of NATO forces in the Balkans helps to deter aggression and maintain stability. For instance, about 4,500 NATO troops are stationed in Kosovo to counter ongoing tensions with Serbia, which are influenced by external actors like Russia. 7 Considering the mentioned, the Balkans are a significant theater in the strategic competition between NATO and Russia. Russia's activities, including military engagements and support for nationalist movements, aim to destabilize the region and undermine NATO's influence. By maintaining a strong presence and deepening relationships with Balkan countries, NATO helps to counteract these efforts.<sup>8</sup> On the other hand, the integration of the Southeastern Europe into NATO and the European Union is seen as a long-term solution for ensuring stability. Membership would not only provide security guarantees but also promote democratic governance and economic development, thus reducing the susceptibility of these countries to malign influences.

# 3. GEOPOLITICAL, ECONOMIC AND ENERY PREDICTIONS

The war in Ukraine has become an unpredictable in the field of geo-economics. Namely, with that has underscored the need for the EU to reduce its energy dependency on Russia. This has led to a push for diversification of energy sources, increased investment in renewable energy, and strategic partnerships with non-Russian energy suppliers. Regarding this war, no one can predict how long it will last and in which direction the same will go regarding the very important elections in U.S.A. in November 2024. On the other hand they will be elections for European Parliament in 2024. And, even it is more and more predictable that the center-right European Peoples Party will gain majority again in the European Parliament, there is still 0roblem with the economic relations between the Union and Russia, and with the supply of the Russian emergencies

 $<sup>^7</sup>$  The Geopolitical Dynamics in the Balkans: Unraveling Complexities and Shifting Alliances - the diplomaticaffairs.com

<sup>8</sup> NATO and the South after Ukraine (csis.org)

<sup>&</sup>lt;sup>9</sup> EU defence facing Russia: Eastern European security after the invasion of Ukraine | ECFR

<sup>&</sup>lt;sup>10</sup> This paper had be written in April/May 2024.

for Europe. Having this in mind, one can predict that the European Union shall continue to face economic challenges due to rising energy costs and supply chain disruptions. However, these challenges also present opportunities to bolster economic resilience by investing in local industries and enhancing intra-EU trade. <sup>11</sup>

The war in Ukraine war has strengthened the resolve of Eastern Partnership countries like Ukraine and Moldova to seek closer ties with the European Union. Namely, the European Union is likely to continue supporting these countries with economic aid and security assistance, and there may be accelerated discussions about their potential EU membership. Namely this war has reaffirmed the importance of the transatlantic alliance, with the U.S.A playing a crucial role in supporting European security. This has led to closer EU-NATO ties and a more coordinated approach to defense and foreign policy between Europe and the U.S.A. 13

Concerning that the Ukrainian war is reshaping Eastern Europe and the European Union in profound ways, driving a more robust defense posture, a shift towards energy independence, and stronger transatlantic and intra-European cooperation. These changes are likely to define the region's geopolitical landscape for years to come. To be specific, the implications of the Ukraine war on Eastern Europe and the EU are multifaceted. Continued conflict poses ongoing security threats to the region, heightening military tensions and economic instability. The European Union has been steadfast in supporting Ukraine, but without strong American backing, Europe might struggle to fill the gap, both in terms of military supplies and financial aid. This could weaken the EU's strategic position and undermine its efforts to ensure regional stability and security. <sup>14</sup>

# CONCLUTION

The end of the war in Ukraine is uncertain and contingent on multiple dynamic factors. A prolonged conflict seems likely unless significant diplomatic breakthroughs occur. The outcome will heavily depend on American political dynamics, European and NATO policies, and the ability of both Ukraine and Russia to sustain their respective war efforts. The international community's role in supporting Ukraine and pressuring Russia through sanctions and diplomatic channels will also be pivotal in shaping the war's resolution. We can conclude the mentioned above because war's continuation will have severe economic and humanitarian impacts. Prolonged conflict will strain Ukraine's economy, displace more civilians, and create broader regional instability. International organizations and the European Union's will need to ramp up humanitarian aid and economic support to manage these challenges.

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<sup>&</sup>lt;sup>11</sup> The war in Ukraine and its implications for the EU | EEAS (europa.eu)

<sup>12</sup> The Ukraine War and Its Implications for European Security | Martens Centre

<sup>13</sup> Ibid.

<sup>14</sup> Ukraine War in 2024: What Happens Now? | The National Interest

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