**The Future of Neutrality on Ukraine (Part I)**

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The Russian invasion of Ukraine is a crisis that coupled with the Pandemic’s long-lasting impacts is causing great economic concern for investors who previously thought all was well. The Pandemic brought the world to a standstill and global enterprise saw itself stumble for the second time in two decades. But ever since, Russia waged its war against its western neighbour (which it claims as Russian territory)-there are renewed concerns about what the impact could be for consumers globally.

Early on, governments and regulators had efficient tools for dealing with the disarray in Eastern Europe. Things like price caps and sanctions on oligarchs really helped decelerate a moving force in the region from taking over a sovereign nation unexpectedly. The Pandemic was initially at centre stage and now that it was coming to an end, fears of a looming recession were dismissed. But ever since, early February, close to the first anniversary of the war, Russian forces have been advancing in areas such as Vulehdar and Bakhmut in what is an offensive like never before.

Sure, Russian forces were optimistic last March, when a timeline was presented before the international community as to Kyiv’s potential collapse. But as the pace of change moved forward, so did folks’ realisation that Ukraine was and always will be a sovereign state and has the backing of some of the most powerful alliances in the world. On a policy front and a military strategy, Ukraine’s gamble turned out effective and the biggest impacts of the war-such as the German and overall European energy crisis cooled down. However, ever since President Biden visited the region, new alliances seem to be forming on the adversarial side as well.

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Though they deny it, the Russians are working closely with the Chinese and bilaterally with Belarus to help secure what they could view as a power dynamic in the black sea. What’s in it for them you may wonder? It’s simple, China wants the whole world to buy its goods and services, all while funding its campaign to expand in the South China sea (at the expense of the fall of other nations)-and Belarus wants an attempt at relevance after the last Presidential election turned out to be a pretence of democracy.

For consumers worldwide, this has no such benefit, and in fact, can be deemed as a dangerous matter. There is a consistent threat from China to all independent economies, while there is a threat of supply shocks coming from OPEC countries following the unreliability and volatility in regions not prepared to buy cheap oil from oppressing nations. As yet, the war is not a global issue involving multiple nations, but it does seem to be playing out like a cold war, with Russian forces coming uncomfortably close to NATO’s border in Poland.

For Russia, if ultimate sanctions are placed, the whole world could go into a recession following immediate damages to the supply lines of oil and gas to major consumers of the goods around the world. Developing countries-which already rely on public debt to curb consumption in these times of high inflation-will, find it ever-so difficult to choose sides in case a full-scale war begins. This is where the issue of neutrality comes in. Nations who choose to not call out Russia’s war out for what it was-an unsolicited attack-suffered the most. Western allies had no right but to condemn their poor neglect of policy. Investors were already troubled to see nations with multiple stances on a basic issue coming out as ‘nuanced’. Nations like Pakistan and nations like China were put at the forefront of their trade partner and told to judge-pursued an honest approach.

The U.S. has already attempted to raise interest rates in an effort to curb consumption and avoid an immediate drop in demand similar to what was seen in early 2020 for oil prices. Production sector firms want to be highlighted for their extraordinary efforts to maintain production lines and supply chains despite lockdowns worldwide. But in countries, where investors are bidding up bond rates, it’s getting tough for companies to see where there’s a suitable profit point.

But to the point of China and the U.S. going back to square one, it is a legitimate issue that both countries are beginning to grow further apart, and don’t see eye to eye on anything other than the threat against Covid (debatable though). Chips, Chips, Chips, that’s all anyone ever talks about these days. Chips are what is getting our commercial zones a substantial boom. The world’s largest chip maker lies in a conflict similar to Ukraine but on the other side of Asia-Taiwan. Taiwan is under constant threat of a Chinese invasion. It could be the sequel to the Ukrainian fights for sovereignty in what has become this ‘new normal’ of the global order. Arguably, precariousness has always existed, but with a growing worldwide population and multiple crises piling on top of one another-the prospect for economic tranquillity is nowhere around the corner.

(To Be Continued)

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