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WHAT SCENARIOS FOR THE WAR IN UKRAINE? THE PROGRESSION OF THE CONFLICT AND GEOPOLITICAL TRAJECTORIES TO 2025

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VIGIE

FORESIGHT ANALYSIS

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The invasion of Ukraine by Russia on 24 February 2022 smashed head-on into a convalescent world weakened by the Covid 19 pandemic. The short and decisive “special operation” the Russian regime had imagined ground to a halt in the face of Ukrainian resistance, forcing the two states into an extended war. The uncertainties this conflict raises about the future are many and varied. They deserve to be considered using a systemic foresight approach to reflect on the trajectories that might be envisaged both on the ground and, more broadly, on the international scene. *Futuribles International* has therefore identified the major trends and questions that enable us to set the parameters of this foresight thinking. On this basis, six scenarios for how the conflict might unfold have been proposed, working to a short time horizon (three years). Three of these in particular have been worked up and their geopolitical implications for the years to 2025 studied. This analysis presents the results of this foresight exercise. ■

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Introduction

The invasion of Ukraine by Russia on 24 February 2022 smashed head-on into a convalescent world weakened by the Covid 19 pandemic. The short, decisive “special operation” the Russian regime had imagined ground to a halt in the face of Ukrainian resistance, forcing the two states into an extended war. The lessons to be drawn from this conflict and the questions it raises for the future are many and varied. They deserve to be considered with the use of a systemic foresight approach.

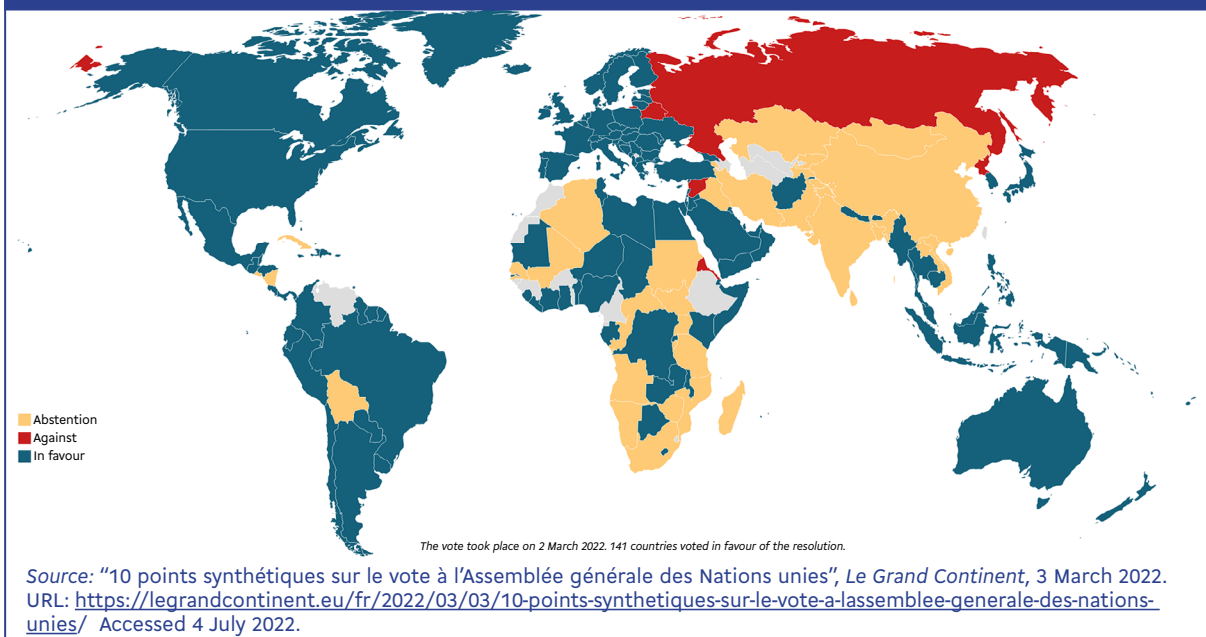
This war, which is quite classical in nature, arises within historical dynamics which, though they do not justify it, contribute to explaining why it is being fought. Without attempting to list these exhaustively, we may cite, for example, the sense of humiliation felt by Russia after the collapse of the USSR and the desire to reassert Russian power; the threat, perceived or simply invoked by the Russian regime, of an eastward expansion of NATO; the likely desire of Putin’s regime to shore up its political legitimacy and ensure its historical legacy; and the economic advantages Russia might have derived from a rapid victory and the

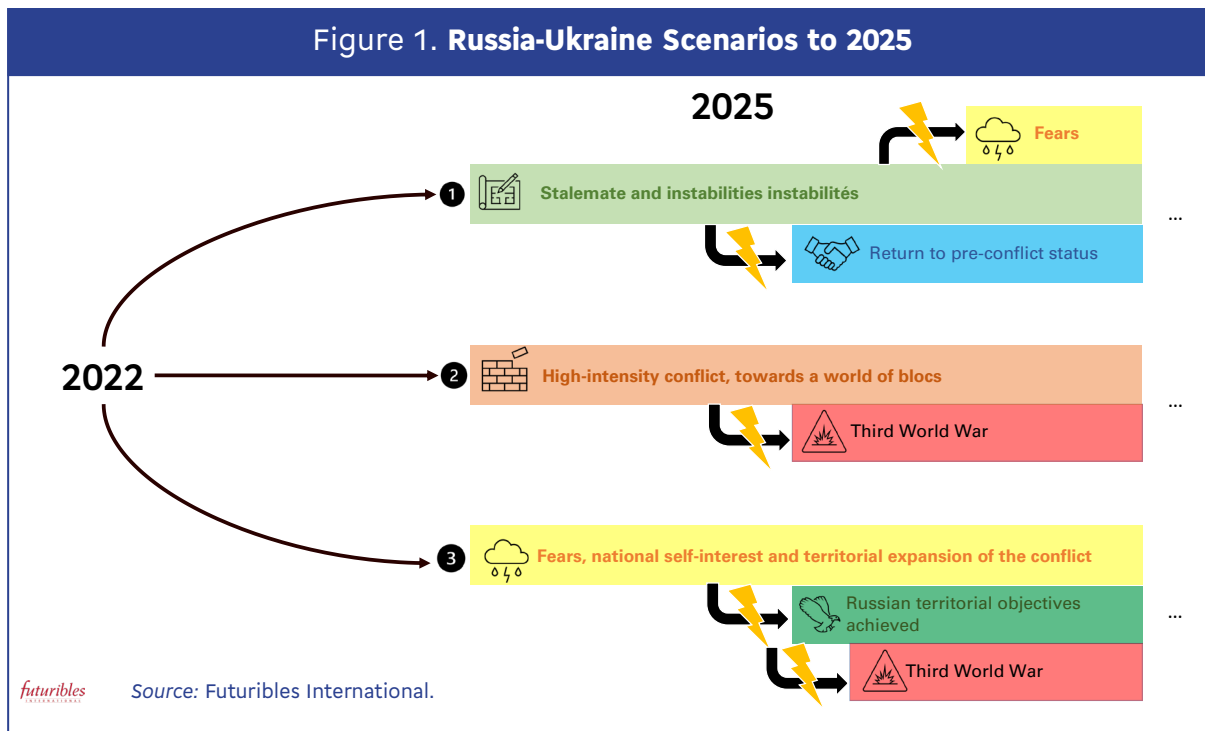
annexation of at least part of the territory of Ukraine.

The war is taking place in an international context in which it contributes to hastening a number of developments. It is, for example, fostering the more vigorous expression by “non-aligned” countries of resentment of American hegemony and of the old European colonial powers. The large number of abstentions in the vote on the UN resolution of 2 March 2022, condemning Russian aggression and demanding the withdrawal of Russia’s troops from Ukraine, clearly showed this commitment to non-alignment.

The war also raises many questions for the future. The outcome of the conflict itself is uncertain, with non-negligible risks of expansion—and even of escalation—and direct consequences, both economic and humanitarian, which are already perceptible but as yet difficult to assess over the longer term. Moreover, it is also playing a part in hastening the reconfiguration of geopolitical and geo-economic alliances in ways that were already perceptible before February 2022. Dynamics of regionaliza-

Map 1. Distribution of votes in the UN General Assembly on the resolution condemning the Russian invasion of Ukraine, 2 March 2022





tion into distinct blocs and competition between economic and cultural models might also be intensified.

The power relations structuring liberal globalization appear increasingly contested by emerging powers, with tensions in certain strategic sectors (energy, food, raw materials) contributing to free-trade principles being challenged in the name of protectionist strategies. In the face of the global problems of the twenty-first century (climate, nuclear proliferation etc.), the multilateral framework of international governance appears increasingly fragmented.

Lastly, the war has brought some major policy reversals within the European Union (EU). In military matters, the transatlantic links within NATO have been strengthened. The American presence in Europe has, for example, increased substantially. The rearmament that Germany has announced is reviving hopes of a future European defence community, which would allow for relative autonomy if the USA, under its next president, were to “pivot toward Asia”. The conflict is also generating intense economic pressures in Europe, which express themselves differently in the various EU member states. These phenomena raise

questions about the future of the EU and its political priorities in the coming years.

In response to this complex and shifting situation, and with contributions from experts, its members and its scientific advisors, the Futuribles International association has therefore:

- ▶ Identified the trend phenomena and existing uncertainties in the military, macroeconomic, commercial, energy, agricultural and humanitarian fields that make it possible to set the parameters for this foresight study (Key Takeaways, Part 1).
- ▶ Proposed scenarios from March 2022 onwards for how the conflict may unfold. Since then, these have been regularly re-evaluated. The six scenarios for the Ukraine war which seem plausible to us going forward to 2025 are presented in the second part of the document and in Figure 1. These scenarios may also succeed each other in time. A representation of the possible bifurcations is offered in this chart. Other combinations might also be envisaged. Three particular scenarios have been developed (in bold in the graphic), as they involve less radical reversals of the military dynamics and seem more probable (scenarios to 2025 and implications).

Methodology

These studies build on Futuribles International's post-Covid thinking on the global geo-political and geo-economic trajectories that might be expected over the coming years (last publication in August 2021¹).

Our analyses began, then, at the onset of the conflict in February 2022. Our foresight approach is guided by four methodological options:

1. **The choice of a short timescale (three years)** to establish precise scenarios for how the conflict will develop, given the many current uncertainties.
2. **Systemic consideration of the key variables** likely to affect the balance of forces and formation of alliances which determine how the conflict itself develops. This systemic approach also enables us to take account of the interactions, including retro-active interactions, between the different variables.
3. **The identification of major trends and uncertainties** with respect to six topics

(military matters, energy and infrastructures, agriculture and food, trade, macro-economic and financial equilibria, humanitarian issues). These analyses, available in the "Key Takeaways" section, enable us to lay down the framework in which the scenarios unfold.

4. **A participatory and iterative approach**, guided by questioning from the members of the Futuribles International association and enhanced by regular discussions with around a dozen experts. The scenarios and their implications have been—and will continue to be—updated in the coming months.

We warmly thank Sébastien Abis, Matthieu Anquez, Gilbert Cette, Elvire Fabry, Thierry Hommel, Nicolas Mazzucchi, Diane Mordacq, Pierre Papon, Christian de Perthuis, Thierry Pouch, Philippe de Suremain and Nicolas Werth for their valuable contributions.

N.B.: Futuribles International takes sole responsibility for the arguments advanced in this document.

Part 1. Key Takeaways for the Period to 2025

Literature monitoring and our discussions with the experts in the Futuribles network have enabled us to identify several key thematic takeaways. Among major trends and uncertainties, this thinking reveals both dynamics that existed previous to February 2022 and issues currently at the heart of the conflict. It has enabled us to establish the foresight framework within which the scenarios are constructed.

Military Issues

1. *A historic trend toward stalemate in external military operations*

Recent history shows that external military interventions to effect regime change or combat insurrectionary movements are long and costly and have difficulty achieving their objectives, even when they are initiated by the world's largest armies.² Above and beyond the purely military fail-

1. SÉGUR Marie, "Quelles trajectoires géoéconomiques et géopolitiques à l'horizon 2025 ?", *Analyse prospective*, no. 258, 3 August 2021, Futuribles International. URL: <https://www.futuribles.com/fr/document/quelles-trajectoires-geoekonomiques-et-geopolitiqu/>. Accessed 4 July 2022.

2. GERAINT Hughes, "Why Military Interventions Fail: An Historical Overview", *British Journal for Military History*, vol. 1, no. 2, February 2015. URL: <https://journals.gold.ac.uk/index.php/bjmh/article/download/618/740>. Accessed 4 July 2022.

ure of these operations (Vietnam, USSR in Afghanistan), in contexts of asymmetric conflict they fail to provide political stability (American coalition in Iraq, NATO coalition in Afghanistan). If the outcome of the clash between the two sets of conventional forces in Ukraine remains uncertain, there can be no doubt that the territories conquered by Russia will continue to be contested by civilian resistance movements, some of them armed.³

2. Nuclear deterrence under pressure

In a conventional conflict, NATO could no doubt defeat Russia. But the deterrence doctrines of the two belligerents would inevitably turn a direct military conflict into a nuclear confrontation. Russian doctrine has, in fact, evolved towards an “escalate to de-escalate” approach.⁴ And the conception of the “vital interests” of the Russian nation could apply to occupied Ukrainian territories such as Crimea and the self-proclaimed republics of Luhansk and Donetsk.

3. Shifting war objectives for Russia, vague “acceptable conditions of defeat” on the Ukrainian side—a situation that still leaves room for potential negotiations

The stated objectives of the Russian “special operation” in Ukraine were the “de-Nazification” and “demilitarization” of Ukraine, together with protecting Russian-speaking populations from genocide. The operation was justified on the grounds of a desire for eastward expansion on the part of NATO and Ukraine’s wish to join the EU, against an ideological backdrop of re-establishing Russian imperial grandeur. As regards a ceasefire, Ukraine’s security architecture seems to be a decisive factor for Russia, which wishes to see the country

neutral. Where Russia’s objectives of territorial conquest are concerned, the initiation of a second phase of the conflict in April, involving a shift towards a “war of position”, seems to indicate Russia scaling down its initial territorial aims. Russian war aims have shifted from the conquest of Kyiv and the installation of a pro-Russian government toward control of Ukraine’s eastern oblasts and a Black Sea corridor stretching toward Transnistria. Will Ukraine accept peace terms in which it would be shorn of its Donetsk and Luhansk oblasts and its coasts as far as Crimea? The military balance of power on the ground will determine what bargaining counters the belligerents hold. In Ukraine’s case, the trend as of late June 2022 seems to be toward scaling back the maximalist objectives declared at the onset of the conflict (*i.e.* to recover the whole of its territory).

4. Great uncertainties over the capability of Russia or Ukraine to sustain a war in the medium-term

During the first phase of the conflict, the Russian army showed signs of weakness that surprised many analysts: logistical difficulties, ineffective tactical manoeuvres, and particularly significant losses of troops and materiel. By the end of May, the British Defence Ministry estimated that Russia had lost 15,000 dead, with possibly three to four times more wounded, by analogy with the Afghan conflict in the 1980s.⁵ The question therefore arises of the human and material resources required to keep up this conflict and their replenishment by adequate industrial and logistical flows. Russia has committed 150-200,000 soldiers to this “special operation” out of total armed forces estimated at 850,000, including conscripts. These reserves do not all have the same level of professionalism and fighting

3. MORRIS Christopher, “Ukraine War: Why Popular Resistance Is a Big Problem for Russia”, *The Conversation*, 13 June 2022. URL: <https://theconversation.com/ukraine-war-why-popular-resistance-is-a-big-problem-for-russia-184956>. Accessed 4 July 2022.

4. BALL Joshua, “Escalate to De-Escalate: Russia’s Nuclear Deterrence Strategy”, *Global Security Review*, 7 March 2022. URL: <https://globalsecurityreview.com/nuclear-de-escalation-russias-deterrence-strategy/>. Accessed 4 July 2022.

5. AXE David, “Up to 15,000 Russians Have Died in Ukraine: U.K. Defense Ministry”, *Forbes*, 23 May 2022. URL: <https://www.forbes.com/sites/davidaxe/2022/05/23/up-to-15000-russians-have-died-in-ukraine/>. Accessed 4 July 2022.

capability. To bring in additional troops would mean Russia having to abandon other battlegrounds (Syria) or incur a high political cost (for the moment, there has been no general mobilization). In terms of materiel, the Ukrainian intelligence services estimate that Russia has already used up around 60% of its stocks of high-precision weapons⁶ and replacing these would require new imports of electronic components that are affected by Western sanctions. Hence, the current phase of operations is characterized by the use of artillery and more basic munitions. Russia does have significant stocks dating from the Soviet era, but its capacity to sustain the fighting over time nevertheless remains uncertain. The capacity of Chinese industry to provide Russia with military support—and even its desire to take part more openly in the conflict—remain highly uncertain.

On the Ukrainian side, a general mobilisation has been declared. Around 150,000 regular soldiers and 240,000 territorial reservists have been mobilized, while civilians are gradually being trained up. The Ukrainian forces trained by the American military and experienced in fighting in the Donbas since 2014 have proved particularly effective. But the scale of Ukrainian losses is becoming problematic. Those losses are thought to be equivalent, overall, to the losses sustained by the Russian armed forces. Nevertheless, they seem to have intensified since the second phase of the conflict began. In early June, an official Ukrainian source estimated that they were losing more than 100 soldiers per day,⁷ while 30-50% of materiel was said to have already been lost.⁸ These high figures may simply be a lever for mobilizing Western support, since maintaining the Ukrainian

war effort undeniably depends on the scale and velocity of arms deliveries by NATO, on which Ukraine is particularly dependent for long-range artillery. Unless European countries' industrial policy is switched to a war footing, low stocks of materiel would place the burden for that support mainly on the shoulders of the USA. That country is committed to providing almost 20 billion dollars' worth of military aid, which should be accelerated through lend-lease arrangements. What line will NATO take on deliveries of arms and equipment to Ukraine, deliveries on which it is dependent? Given the low levels of military stocks in Europe, are we moving towards a war economy?

Energy and Infrastructures

5. Reducing the heavy dependence of the EU on Russian energy imports: an economic lever to influence the military balance of power

The EU wants to reduce its dependence on Russian energy imports as part of its REPowerEU strategy, which serves to complement its "Fit for 55" climate objectives. Before the conflict, around 40% of its primary energy consumption where gas was concerned, 30% of its coal and 25% of all its oil, crude and refined, was dependent on Russian imports, according to EU data.⁹ Reducing dependence on Russian imports therefore represents a way of influencing the military balance of power. Russia actually needs its exports to finance the war effort: the revenues from hydrocarbon exports represented 40% of its national budget before the conflict. At the time of writing, only an embargo on coal and

6. "Russian Troops Depleted 60% of Missile Stockpiles – GUR", *The Jerusalem Post*, 28 May 2022. URL: <https://www.jpost.com/international/article-707903>. Accessed 4 July 2022.

7. KEYTON David and KARMANAU Yuras, "Ukraine Says up to 200 of Its Soldiers Die Daily as Battle in East Intensifies", *Los Angeles Times*, 10 June 2022. URL: <https://www.latimes.com/world-nation/story/2022-06-10/ukraine-100-200-soldiers-die-daily-plea-heavy-guns>. Accessed 4 July 2022.

8. MAGNUSON Stew, "Ukraine to U.S. Defense Industry: We Need Long-Range, Precision Weapons", *National Defense*, 15 June 2022. URL: <https://www.nationaldefensemagazine.org/articles/2022/6/15/ukraine-to-us-defense-industry-we-need-long-range-precision-weapons>. Accessed 4 July 2022.

9. "Questions and Answers on REPowerEU: Joint European Action for more Affordable, Secure and Sustainable Energy", European Commission, 8 March 2022. URL: https://ec.europa.eu/commission/presscorner/detail/en/ganda_22_1512. Accessed 4 July 2022.

tanker-borne oil imports has been decided by the EU (this could affect 90% of Russian oil imports if Germany and Poland confirm their wish to stop being supplied by pipeline).¹⁰ On the Russian side, the partial or total halting of gas supplies to certain EU countries attests to a desire to fragment European unity and increase the costs to the EU of supporting Ukraine, without confirming a total embargo which would also harm Russia. It seems uncertain whether the EU will achieve its aim of topping up its reserves to 80% by November 2022, despite an average level of 57% in late June,¹¹ one quarter higher than last year's levels when Gazprom's replenishment of reserves had been appreciably below normal. The countries that are heavily dependent on gas could be particularly affected, the German energy regulator having drawn up scenarios which almost all show reserves running out in early 2023.¹²

6. *Inertia in the creation of new sources of production and new supply chains*

Oil and gas extraction is characterized by cyclical investment. The relatively low price levels observed since the last peak in 2015 have led to an under-investment in developing new fields, which has been further reinforced by countries looking to decarbonize their energy mixes to meet climate objectives. Increasing global production to cope with the Russian supply shock will therefore take time. There is also a great deal of inertia in the reconfiguration of energy supplies. While the tanker trade in oil seems the most

flexible, oil and gas pipelines for transporting hydrocarbons are fixed infrastructures and it takes several years to create new routes. Shipping gas in liquefied form (LNG) also poses a complex logistical challenge. LNG terminals for export and regasification terminals for import are required and building them also takes some years. It does, however, seem that Europe generally has overcapacity in such infrastructure, though disparities between countries remain and the absence of some interconnections limits the continent-wide optimization of the gas network (in the Iberian peninsula in particular). The main source of inflexibility in this market is the limited number of LNG tankers in operation, at a time when the Asian ship-builders' order books are currently full for the next two years.¹³ Worldwide, the LNG-tanker building projects currently on the order books amount to one third of the fleet in circulation today.¹⁴ Similarly, the logistical bottlenecks associated with the post-Covid resumption are having an effect on the demand for container ships. In this context of high inflation, the spot market for LNG (with only a small number of long-term contracts) will inevitably favour those countries with the strongest financial capacities. In Asia, energy shortages are already being seen as prices rise, notably in Sri Lanka (oil), Pakistan and Bangladesh (gas).¹⁵

7. *A substantial reconfiguration of interactions in the oil market*

"Pariah" countries in international trade which are currently under embargo (Iran,

10. LIBOREIRO Jorge, "Why the Druzhba Pipeline Was Spared from the EU Ban on Russian Oil", *Euronews*, 31 May 2022. URL: <https://www.euronews.com/my-europe/2022/05/31/why-the-druzhba-pipeline-was-spared-from-the-eu-ban-on-russian-oil>. Accessed 4 July 2022.

11. Statistics from GIE (Gas Infrastructure Europe) / AGSI (Aggregated Gas Storage Inventory). URL: <https://agsi.gie.eu/>

12. "Gas-Mengengerüst von 06/22 bis 06/23 (Stand 23.06.2022)", 23 June 2022. URL: https://www.bundesnetzagentur.de/DE/Fachthemen/ElektrizitaetundGas/Versorgungssicherheit/aktuelle_gasversorgung/HintergrundFAQ/Gas-Mengengeruest.pdf. Accessed 4 July 2022.

13. LEE Joyce and TAN Florence, "Tight Asia Capacity Limits Room for New LNG Ships - Korea Shipbuilding Exec", *Reuters*, 2 June 2022. URL: <https://www.reuters.com/business/energy/tight-asia-capacity-limits-room-new-lng-ships-korea-shipbuilding-exec-2022-06-02/>. Accessed 4 July 2022.

14. CHAMBERS Sam, "Booming LNG Demand Will Require Plenty more Newbuilds to Be Contracted", *Splash247*, 2 May 2022. URL: <https://splash247.com/booming-lng-demand-will-require-plenty-more-newbuilds-to-be-contracted/>. Accessed 4 July 2022.

15. "Watch: Analyzing Europe's Electrification Pathway to 2050", S&P Global, 27 June 2022. URL: <https://www.spglobal.com/commodityinsights/en/market-insights/videos/platts-insight/062722-electrification-pathway-europe-power-transport-electrolysis-renewables-nuclear-hydrogen-solar-carbon-capture>. Accessed 4 July 2022.

Venezuela) are being increasingly courted by Western countries that are calling on them to deliver potential hydrocarbon production to the international markets. The same phenomenon can be seen with regard to other members of the Organization of Petroleum Exporting Countries (OPEC+), implying compromises with states with which, until recently, considerable diplomatic tensions existed (EU/Algeria, Saudi Arabia/USA). Though the members of OPEC+ made concessions last May and agreed to increase their oil production quotas slightly, their capacity for additional production remains limited in the short term. On the demand side, a switch between the European market for Russian hydrocarbons and the Asian market has already begun. Exports of crude oil to India have sky-rocketed since the start of the conflict (India now imports 11 times more barrels per day). And Russia also became the main supplier to China in May after a sharp acceleration in exports (+55% over May 2021).¹⁶ Uncertainties remain over the scale of this Asian demand as the threat of secondary sanctions from Western nations looms. European countries' dependence on overseas oil-refining capacity might itself lead to a paradoxical situation in which Russian oil is imported indirectly from Indian refineries.¹⁷

Agriculture and Food

8. Accumulated geopolitical and climate pressures on international agricultural markets. Sustained high prices

The war in Ukraine is affecting international agricultural markets very appreciably, as Russian and Ukraine are heavyweight global players as exporters of basic products (cere-

als, farm inputs etc.). Before the conflict, Ukraine provide food for 400 million people around the world, while Russia has been the leading global exporter of wheat since 2016. Between 20 and 30% of the Ukrainian wheat harvest could be affected by the war according to the UN Food and Agriculture Organization (FAO).¹⁸ Moreover, exports via the Black Sea are blockaded by Russia, while there are heavy logistical constraints on the alternative rail and road routes. Though there is as yet no embargo on Russian food and fertilizer exports, their production could be affected by the economic sanctions (pesticides, seeds, financing). On top of this situation, we also have the effects of the recent climate events that have affected agricultural production. Extreme climate events (hurricanes, floods etc.) are growing more common and destroying harvests. More insidiously, sudden variations in rainfall and temperature are having a lasting effect on crop yields, both in the emerging countries and in Europe and North America. The combination of these phenomena has contributed to a price rise in recent years, which accelerated in early 2022 and is set to continue over the coming years.

9. The food security of emerging countries rendered particularly vulnerable by these pressures

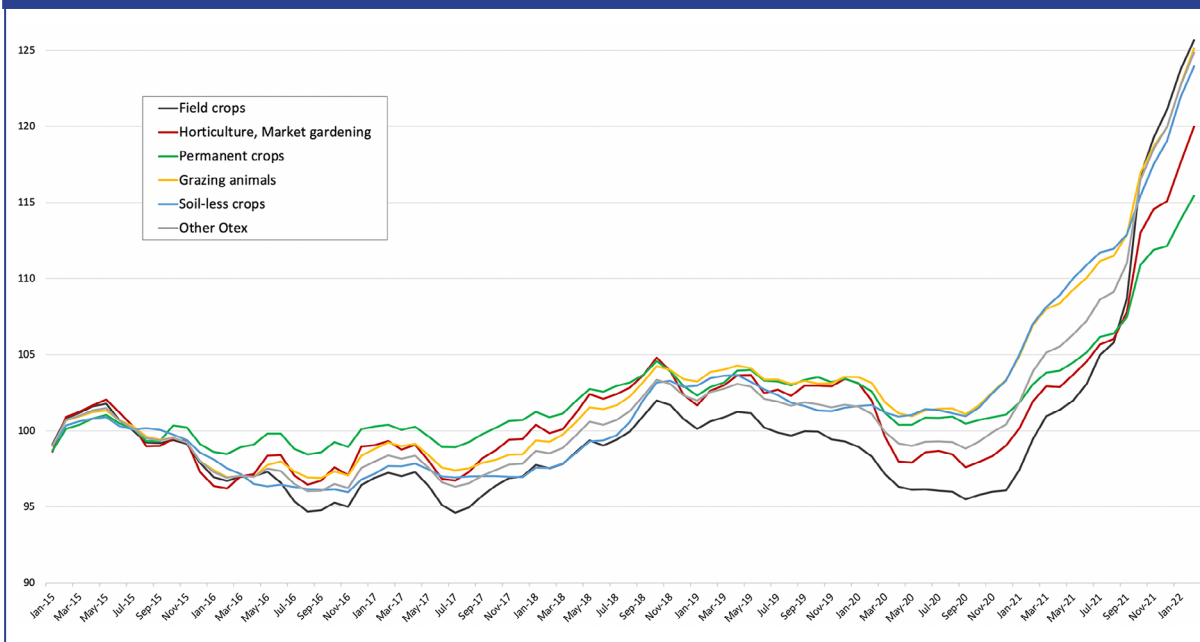
The emerging countries, particularly in Africa, are net importers of agricultural products from the global North. The Ukrainian crisis has exacerbated pre-existing pressures on the prices of agricultural goods. The price rises seen since the second semester of 2020 are the product, among other things, of the rising cost of fossil fuels. The use of agricultural products (maize in the USA and oilseed rape in Europe) for fuel production is intensifying that pressure,

16. AIZHU Chen, "China May Oil Imports from Russia Soar to a Record, Surpass Top Supplier Saudi", Reuters, 20 June 2022. URL: <https://www.reuters.com/markets/commodities/chinas-may-oil-imports-russia-soar-55-record-surpass-saudi-supply-2022-06-20/>. Accessed 4 July 2022.

17. COLLEN Vincent, "Comment le pétrole russe arrivera en Europe en passant par l'Inde", *Les Échos*, 24 June 2022. URL: <https://www.lesechos.fr/industrie-services/energie-environnement/comment-le-petrole-russe-arrivera-en-europe-en-passant-par-linde-1415585>. Accessed 4 July 2022.

18. FAO, "The Importance of Ukraine and the Russian Federation for Global Agricultural Markets and the Risks Associated with the War in Ukraine", *Information Note*, 10 June 2022. URL: <https://www.fao.org/3/cb9013en/cb9013en.pdf>. Accessed 4 July 2022.

Figure 2. Agricultural Means of Production Purchasing Price Index (IPAMPA* par Otex mensuel, base 100 in 2015)



*The Agricultural Means of Production Purchasing Price Index (IPAMPA) shows how the prices of goods and services used by agricultural operators change over time.

Source: Agreste, April 2022. URL: <https://agreste.agriculture.gouv.fr/agreste-web/disaron/IraCpr22038/detail/>. Accessed 4 July 2022.

with 40% of American maize, for example, already earmarked for the production of bio-ethanol.¹⁹ Will we see a re-think over the large proportion of crops dedicated to agro-fuel production?

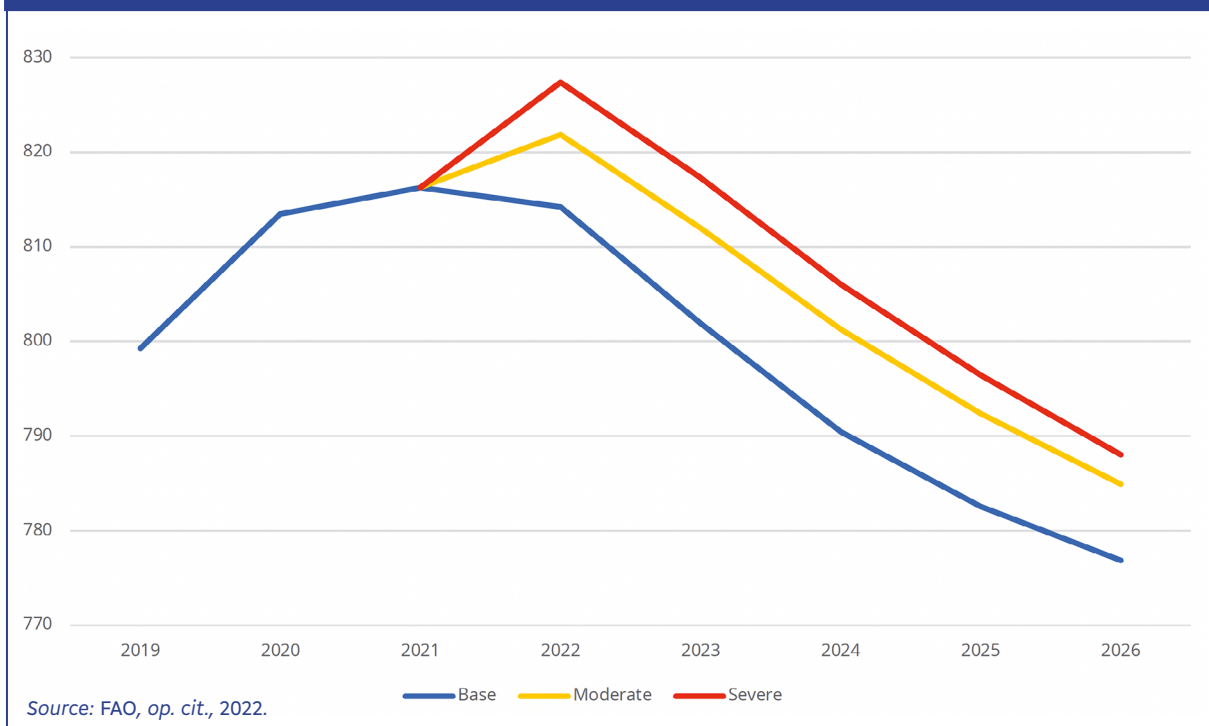
According to the FAO, Ukraine and Russia represented between them around a quarter of global exports of wheat, Ukraine half of sunflower oil exports, and Russia between 15 and 20% of nitrogen, potassium and phosphorous fertilizers.²⁰ The countries dependent on these imports are therefore the worst affected by price rises. Some 30 countries, 12 of them in Africa, import more than half their wheat from Ukraine and/or Russia. 10% of the world’s population was already undernourished before the conflict, a distinct rise since the

Covid crisis; the war in Ukraine has exacerbated the risk of undernourishment in the most at-risk populations (women and children in developing countries). Depending on the level of restrictions on Ukrainian and Russian exports and the scope for increasing production elsewhere in the world, the FAO estimates that between 8 and 19 million more people could be going hungry by 2023. What will the scale of the food (and political) crises be, and how much capacity will the development institutions have to provide food aid commensurate with the scale of the problems? Conversely, might we see more protectionist policies and export-restriction measures? More generally, to what extent might these food stress situations affect—or even sweep aside—environmental strategies?

19. “Feedgrains Sector at a Glance”, US Department of Agriculture. URL: <https://www.ers.usda.gov/topics/crops/corn-and-other-feedgrains/feedgrains-sector-at-a-glance/>. Accessed 4 July 2022.

20. FAO, *op. cit.*

Figure 3. Scenarios for the global number of undernourished people (in millions)



Macroeconomics and Finance

10. A weakened global economy experiencing a new shock, the confirmation of stagflation in some countries, while the threat of global recession persists

The current inflation is hitting economies that acquired record peacetime levels of indebtedness in the battle against the effects of Covid-19 (public debt in the 35 richest countries was 17.4% higher in 2020 than in 2019) and are experiencing meagre growth. The tightening of the money supply by raising interest rates, which is the classic measure for fighting inflation, would actually increase debt repayment costs, reducing governments' margins for budgetary manoeuvre. Uncertainties remain about the nature, duration and scale of the economic crisis that might ensue. According to the International Monetary Fund (IMF), inflation is below the 6% bar in Portugal, Spain and France in 2022, whereas other countries, such as the United Kingdom (7.4%)

or Poland (8.9%) are worse affected. The differential economic impact of the war in Western countries could threaten those countries' ability to formulate common responses.

11. Great uncertainty over trajectories of regional value-chain integration

Half of commercial transactions involve intermediate goods (raw materials, components). Strong interdependency between countries, in a context of proliferating crises (Covid-19, military conflicts, trade wars), increases the speed at which external shocks spread and affects the recovery capacities of economies more lastingly. Countries thus seek to diversify their sources of supply to reduce their vulnerabilities. In this context, we might see an increase in regional trade agreements to meet the needs for diversification.²¹ More intensive regional integration might also be envisaged to make value chains more resilient, particularly in areas where intra-

21. Though it should be noted that these agreements do not solely concern countries in a single geographical zone.

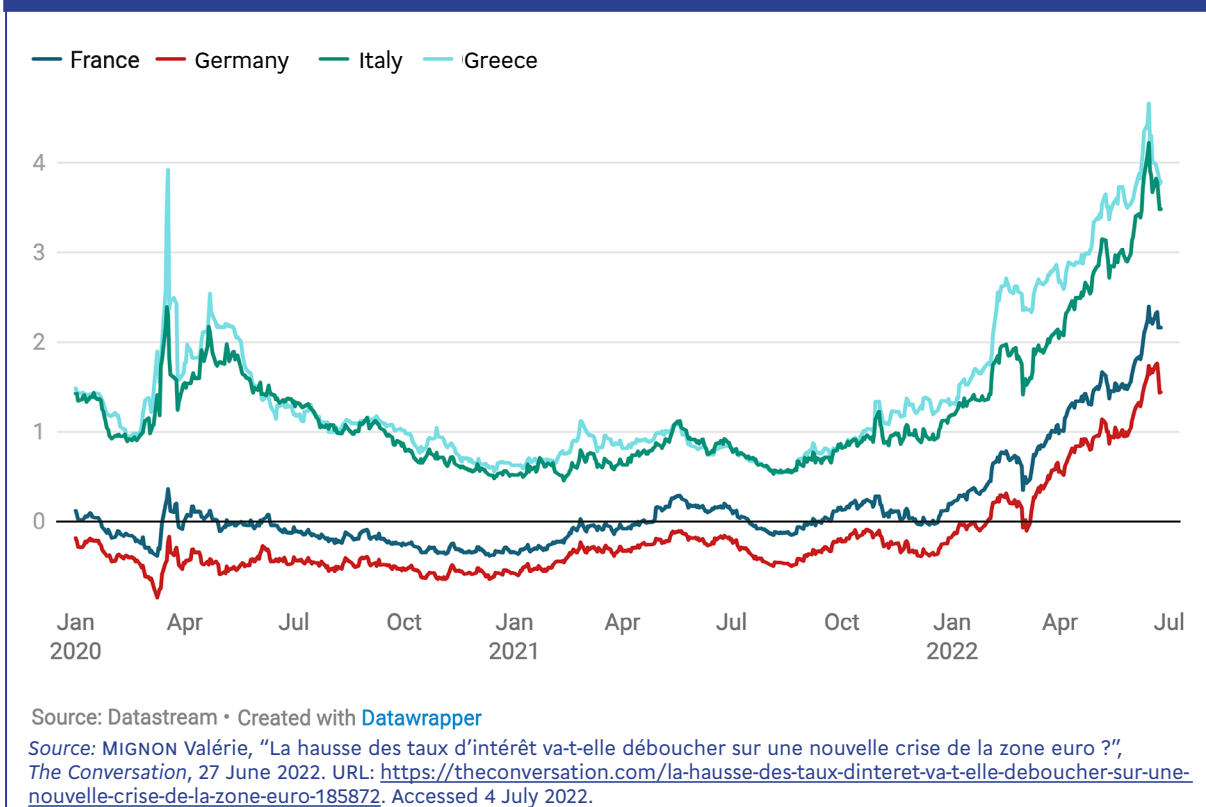
zonal trade is, by some distance, not the norm (it stands at less than 20% in Africa). In Europe and the USA, the reshoring of strategic value chains (health, batteries, rare metals) is a political objective that has increasingly come to the fore since the pandemic. However, production chains remain constrained by the availability and location of raw materials. Intense competition for access to these strategic raw materials in a tense geopolitical context is likely to increase greatly and might lead to direct or indirect conflicts between powers. Some African countries are directly concerned.

12. Great uncertainty over the trajectories of the Eurozone countries

The Euro has been falling against the US dollar for a year now (it fell by around 15% between June 2021 and 2022), a phenomenon exacerbated by the Ukraine crisis. Though European exports may remain relatively more competitive, the large share of consumption that is imported will carry with it an additional inflation component.

Given highly disparate economic situations between Southern (Spain, Italy, Greece...) and Northern European countries, there is a risk of the Eurozone fragmenting if appropriate monetary policies are not adapted and national budgets coordinated. Money is issued by the European Central Bank (ECB), whereas member states run up debt on markets at the national level. The economic stability of the Eurozone is conditional on the capacity of the ECB to maintain low spreads between interest rates on government borrowing. So far, these spreads have been kept low by the ECB buying back sovereign bonds in the markets, which ensured a rise in bond prices and hence, mechanically, a lowering of sovereign rates. The ECB currently holds around a third of European government debt, following its sovereign debt buy-back operations. The scheduled ending of the purchase of sovereign bonds in July 2022 raises the question of the tools at the ECB's disposal for avoiding Eurozone fragmentation. The spectre of a sovereign debt crisis is looming, while the question

Figure 4. Interest rates on 10-year government bonds (in %)



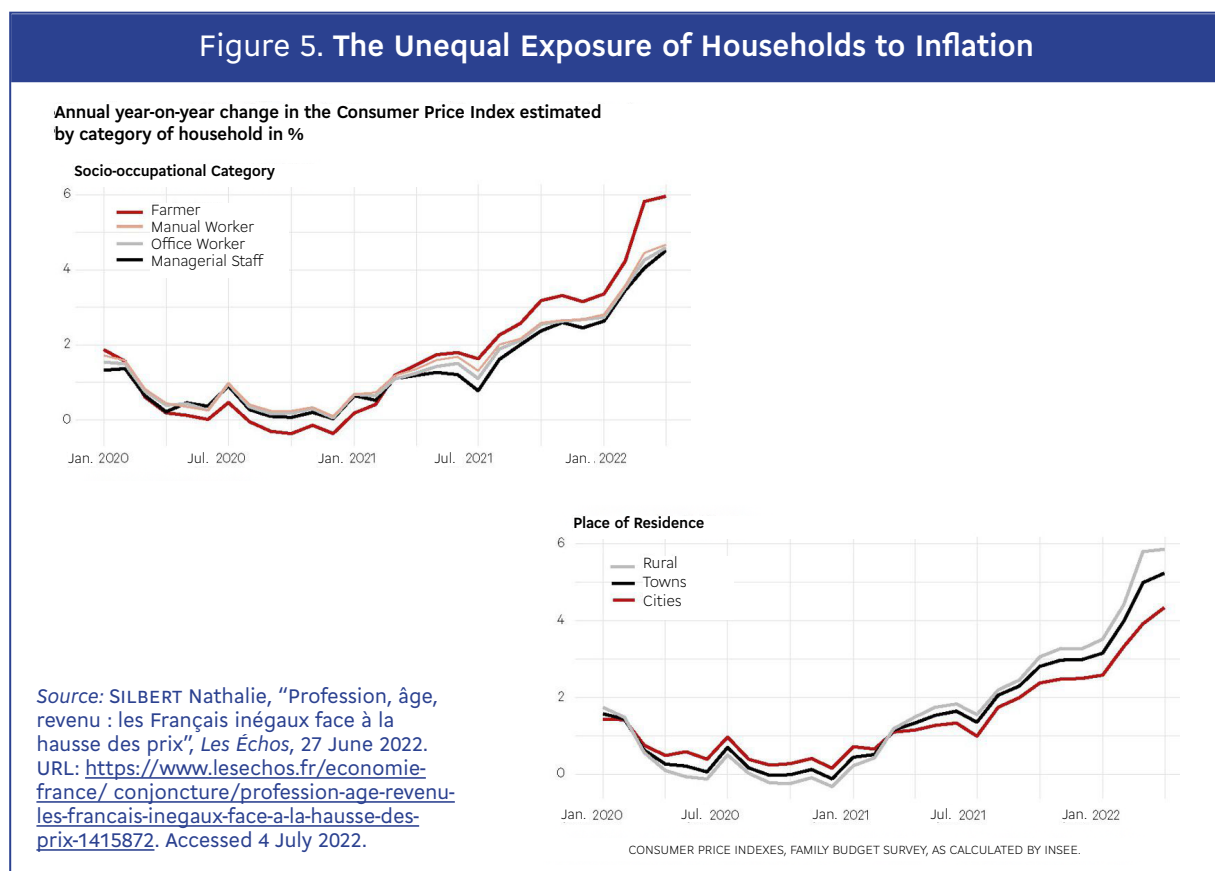
of the Community institutions' capacity to come to the aid of states that cannot repay their debt arises, as it did in the crisis of 2012. Will the northern countries (Germany, Netherlands) remain reticent about pooling member states' debt, as they did during the Covid crisis? Is it conceivable that, through the action of the ECB, there will be sovereign forgiveness of the debt the member states owe to themselves—breaking, as that would, with past trends?

13. An unavoidable increase in inequality

At the international level, the crisis will initially affect the poorest countries, while nationally it will hit the lowest-income households. Given the larger proportion of their income spent on food, energy and transport by the less well-off, the effects of inflation on these spending categories are contributing to an immediate and substantial reduction in their purchasing

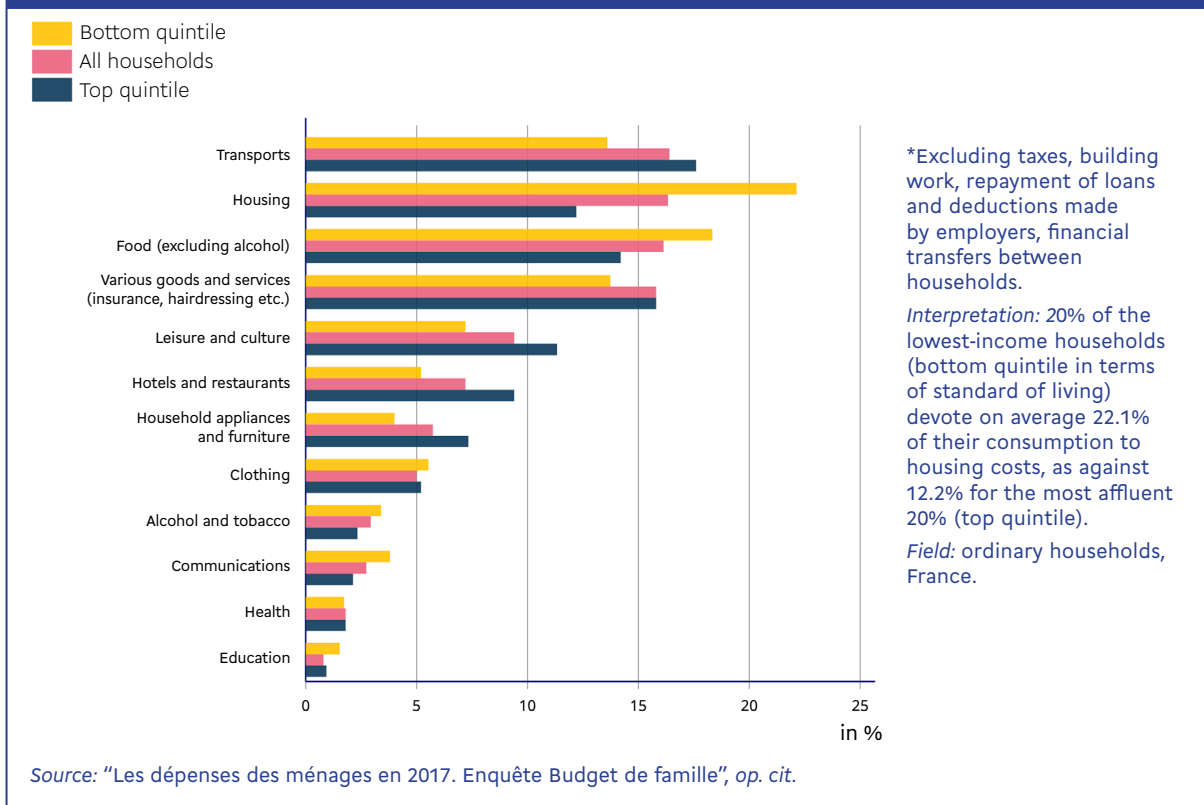
power. According to the “Family Budget” survey by the French national statistical institute (INSEE) in 2017,²² 20% of the lowest-income French households devoted an average of 18% of their consumption to food (excluding alcohol), as opposed to 13% for the most affluent. These disparities in the proportion of budgets given over to food consumption have not reduced since the 2010s and they could grow with current inflation. Households will be forced into new trade-offs where consumer purchases are concerned. Efforts to reduce the proportion of food expenditure in their budgets might lead, among other things, to their reducing purchases of so-called traditional fresh produce (dairy and meat). That consumption is already collapsing in the lowest-income bracket: according to Kantar, there was a fall of 22% in meat and 26.4% in cheese sales across all major retailers between 18 April and 15 May 2022, by

Figure 5. The Unequal Exposure of Households to Inflation



22. “Les dépenses des ménages en 2017. Enquête Budget de famille”, INSEE (Institut national de la statistique et des études économiques) *Résultats*, September 2020. URL: <https://www.insee.fr/fr/statistiques/4764315?sommaire=4648339>. Accessed 4 July 2022.

Figure 6. Structure of French Household Consumption by Standard of Living in 2017



comparison with the same period in 2021.²³ Precarious households living in suburban or rural areas are also seeing fast-increasing pressures on their transport budgets.

The Humanitarian Dimension

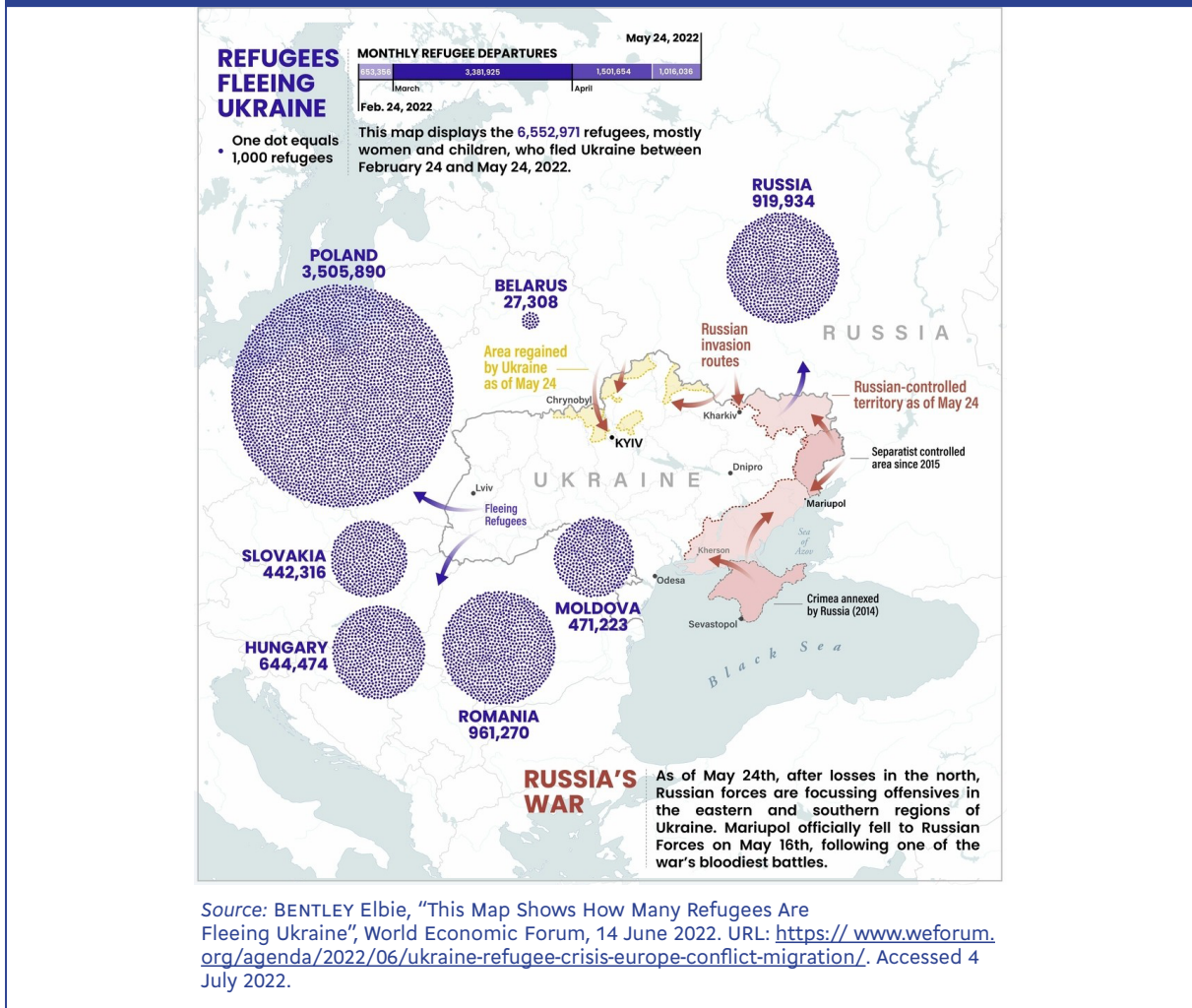
14. Countries in crisis, however the conflict develops; great uncertainty over the implementation of effective international solidarity

Ukraine is, of course, particularly affected, with around 6 million of its people fleeing as refugees in June 2022 and 6.2 million internally displaced (according to the International Migration Organization). But the countries bordering the conflict and the emergent nations highly dependent on Russia and Ukraine for their food and energy supplies are also faced with displacements of population.

More broadly, humanitarian, political and social crises linked to the pressures on agricultural and energy markets can be expected to break out in the medium term, while protest movements are already being seen, as in Sri Lanka from 15 March 2022 onwards. However, much uncertainty remains over the scale of these crises and their management by the local powers that be. Implementing effective international cooperation among the most vulnerable countries and peoples would make it possible to mitigate the humanitarian catastrophes, but such cooperation remains uncertain. It is worth recalling that the "Arab Springs", triggered largely by food shortages, impacted a number of countries in the Middle East and the Maghreb in 2011 (including Tunisia, Egypt, Yemen, Bahrein, Libya and Syria). According to CERI (SciencesPo Center for International Studies), the "Arab Springs" drove four million people from their homes,

23. LE FLOCH Gaëlle, "Inflation : l'arbitrage des ménages", Kantar, 28 June 2022. URL: <https://www.kantar.com/fr/inspirations/consommateurs-acheteurs-et-distributeurs/2022-kantar-inflation-juin-2022>. Accessed 4 July 2022.

Map 2. The New Migration Crisis in Europe caused by the War in Ukraine



making them refugees mainly across the regions concerned.²⁴

Popular demonstrations thus led to a number of major political conflicts, including the Syrian civil war. That war gave rise

to one of the greatest humanitarian crises of the twenty-first century and there are still 6.6 million Syrian refugees across the world, 5.6 million of them taken in by neighbouring countries (UN High Commissioner for Refugees).

24. THIOLLET Hélène, "Migrations, exils et printemps arabes", in: Frédéric CHARILLON and Alain DIECKHOFF (eds.), *Afrique du Nord Moyen-Orient 2013-2013. La double recomposition* (Paris : La documentation française, 2013), pp. 133-146. URL: <https://spire.sciencespo.fr/hdl:/2441/4n9k8qh3vm81u8ls1as8ad0suh/resources/thiollet-migrations-exils-printemps-arabes-2013.pdf>. Accessed 4 July 2022.

Part 2. Scenarios for the Development of the Conflict to 2025

The six scenarios proposed here are the product of our own analyses and discussions with experts. They do not claim to predict what will happen but to offer a prospectus of the range of possible futures over a three-year time period. The first

three scenarios are the most elaborately worked out, since they seem to us to be the most plausible. With each scenario, we examine its main implications for a number of key themes. The overall project does not aim to be exhaustive.

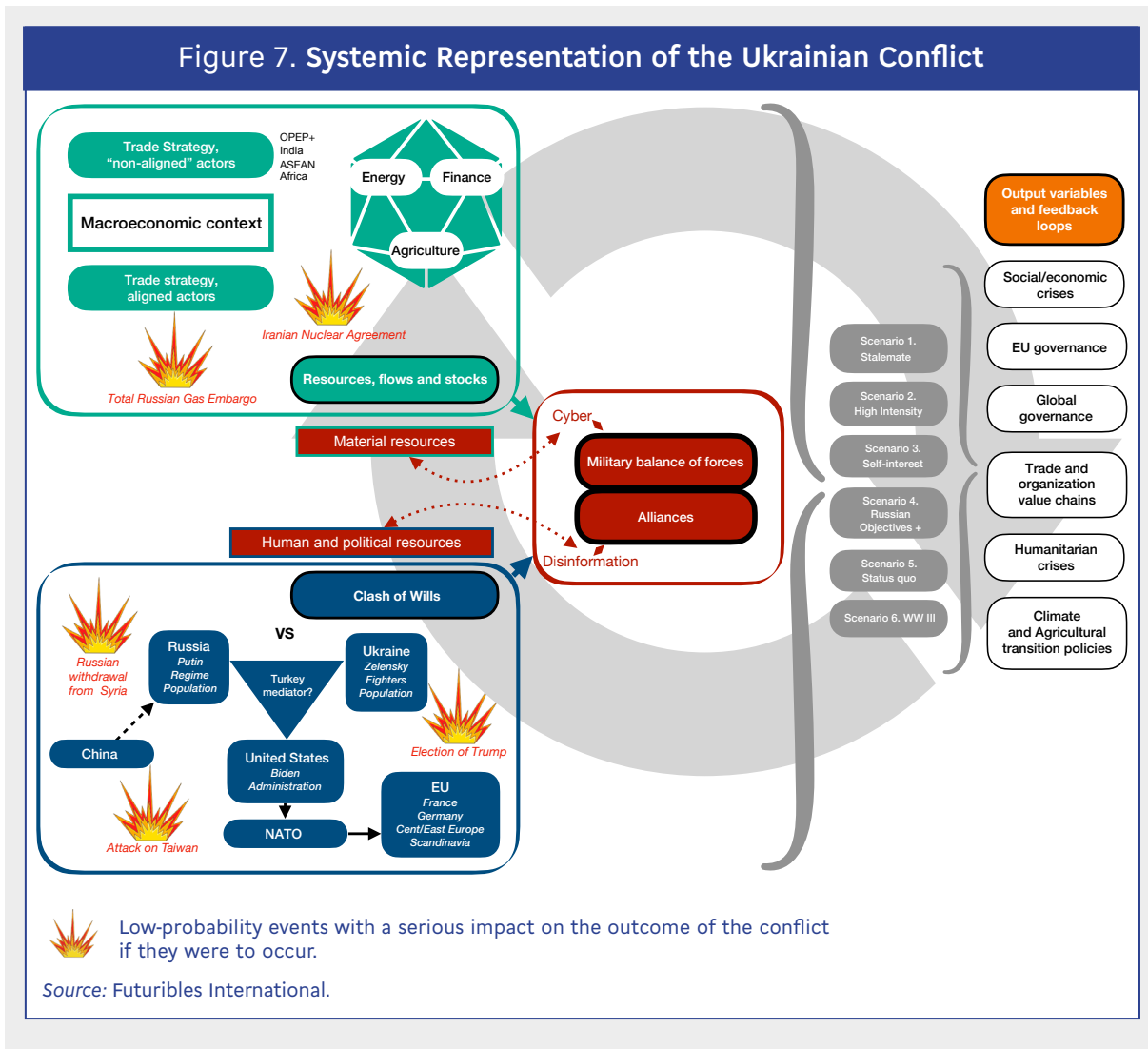
VARIABLES AND SCENARIOS: SYSTEMIC REPRESENTATION

Figure 7 is a simplified diagram of the Russia-Ukraine conflict, representing the main variables we considered. Without any claim to exhaustiveness, this enables us to depict a complex, developing situation. Two key parameters—political intentions, on the one hand, and resource flows and stocks, on the other—appear to influence the evolution of the military balance of forces and the structuring of alliances, without however determining them entirely.

The conflict manifests, in particular, a “clash of wills” and ideologies on the part of the actors directly involved (Russia, Ukraine) or indirectly implicated (USA, EU, China). These are not monolithic blocs, since they have within them what are at times contradictory interests and objectives among different groups. The fact remains that official national strategic orientations determine positions taken up in the interplay between actors and the support (or otherwise) given to one or other of the belligerents.

Moreover, as in any conflict, the Russia-Ukraine confrontation is also a matter of flows and stocks. In military terms first, the deployment of human forces and materiel requires complex logistics and an active industrial base. Further upstream, financial, energy and agricultural flows are essential to these military flows. Downstream, serious humanitarian issues are raised by the displacements of population the conflict produces. The war in Ukraine is, however, characterized by one specific feature: the sizeable heft of the two belligerents in the global energy and food markets, which means the consequences of the conflict are felt worldwide. In these circumstances, both the strategies of aligned countries (embargo decisions) and of the non-aligned (production policies and choices of trading partners) affect the costs of the conflict by impacting the balance of supply and demand in the markets and, ultimately, shaping the macroeconomic context.

In this way, human intentions and material flows influence the military balance of power and the structuring of alliances that are at the heart of our system. They affect the trajectories the conflict will take, without determining them entirely. Contrast is lent to our scenarios by the identification and characterization of several thematic output variables: the state of international governance, socio-economic crises, the structure of trade and of value-chains etc. These variables in turn have a retroactive effect on the input parameters of our system and they too affect the balance of forces and, hence, the trajectories the conflict may take. Clearly, these elements do not dictate the outcome of the conflict, which also depends on other parameters, such as the strategies and tactics adopted by the protagonists on the ground. We have before us, then, a dynamic environment, making it all the more complex to anticipate what the various actors will do. Some events with serious strategic implications might send the conflict down a different path. These could be political, such as the re-election of Donald Trump in the USA in 2024 or a renewal of the Iran nuclear agreement. They could also be military, such as a Russian withdrawal from Syria or a Chinese attack on Taiwan. The scenarios described below fall within this systemic thinking. ■



Scenario 1. Stalemate and Instabilities

Key Points

- ▶ Standstill in the military conflict in Ukraine but overspill into the cyber field, with cyberattacks and efforts at destabilization through disinformation, including beyond Ukraine’s borders.
- ▶ Stabilization of front line zones, a precarious balance of forces; no escalation in clashes, but a high degree of unpredictability.
- ▶ International cooperation in support of the countries in greatest difficulty.

Possible Course of Events

By 2025, the situation in Ukraine has changed little by comparison with the onset of hostilities. The front lines are on the frontiers of the Donbas and along the corridor towards Transnistria. Odesa is under Ukrainian control. The fighting has very much diminished in intensity. Russia is managing to keep its army afloat thanks to the high income flows from its energy and agricultural exports, Western embargos having in the end been limited to a few countries and sectors and not extended to gas. It is, nevertheless, in economic and financial difficulty and relatively isolated on the international scene. China prefers to maintain a

neutral position, which enables it to retain its trading links with both parties.

Ukraine, for its part, still remains highly dependent on its European and American support, which has been constant since 2022. That has enabled Ukrainian troops to resist, but not to gain the upper hand. The conflict is, therefore, low-level and non-linear, and alternates between a war of position, violent flare-ups and temporary ceasefires.

The conflict is also becoming hybridized, reaching into cyberspace with, on the one hand, sustained disinformation campaigns by Russia—partly into some African countries—aimed at destabilization and even at generating new conflicts, and, on the other, regular cyberattacks on civilian targets and mid-level strategic infrastructures, particularly in Europe. The war is becoming bogged down, both physically and otherwise, and increasingly resembles the Afghan conflict of the 1980s, without explosive developments. Some strategic commercial activities continue along protected corridors (agricultural produce, gas), but these are exceptions by comparison with the risks of destruction looming over infrastructures.

There is a permanent sense of instability on account of the precarious balance of military power and the refusal of either belligerent to make territorial concessions. Russia particularly plays on that instability to attempt to win victory. Hence, this scenario may at any point evolve towards a different one.

Implications for the Years to 2025

Current power balances with regard to international relations and alliances largely unchanged in the years to 2025

China and the USA become increasingly decoupled economically, but China keeps to a position of ambiguous neutrality toward Russia. The tensions around Taiwan would not be exacerbated in this scenario. Within the EU, current trends would continue, with advances in certain areas (common defence, strategic industrial policies in the ecological transition, digital sovereignty

etc.) and divisions over others (e.g. management of migration, integration of new countries into the EU). It would maintain its trade with China, but might increase its dependency on the USA. The non-aligned countries maintain their ambiguous stance. OPEC+ would retain its internal cohesion, faithful to its principle of not yielding to Western political demands.

No major economic crisis; inflation persistent but under control

This scenario assumes that general budgetary and monetary policies are implemented in the countries of Europe and North America to control inflation. These policies will nonetheless vary, depending on countries and their specific issues. The American Federal Reserve (Fed) might, for example, choose to raise its prime rates sharply to counteract inflation, whereas the ECB might adopt a more cautious position to avoid disparities with the Eurozone. These policies would be implemented in a context of low productivity, particularly in Europe.

However, the impacts are differentiated by the respective degrees of vulnerability of the countries and their creditworthiness. Ukraine itself suffers consequences that differ greatly between the occupied and unoccupied zones.

Raw material flows maintained despite regular disruptions

Temporary ceasefires and access to the port of Odesa could make it possible for more of Russian and Ukrainian agricultural production to get to market. The absence of a total embargo on Russian gas reduces the pressures on the fertilizer market, though price levels remain high.

At the same time, the policy of OPEC+ could adapt in part to the change in the demand for—and fall in the volume of—Russian oil without undermining the principle of solidarity between oil-producing nations. China and, most importantly, India would take an opportunistic line and offer an alternative export path for Russian crude oil, particularly as the macroeconomic impact on their demand would be limited in this scenario.

Reacting to this, some Middle Eastern exports could then be redirected temporarily towards Europe.

For their part, natural gas markets would remain more volatile, with significant price peaks in winter or during heatwaves, leading some countries to ration demand during periods of high consumption. In this scenario of permanent instability, and to deter the EU from imposing a total embargo on gas which provides it with essential revenues, Russia could, in fact, use the limitation of supply, on a one-off basis, to prod European economies repeatedly into compliance. EU countries could not replace Russian imports with Norwegian, African or Eastern Mediterranean gas or with American LNG before 2025, on account of inflexibility in the infrastructures. Signing long-term contracts for LNG supply through new pipelines or tankers, coupled with extending the life of coal-fired power stations would delay the de-carbonization of the EU energy mix. Alongside the development of capacity in renewables, more ambitious policies of demand reduction may be adopted if the restrictions on energy supply remain too severe.

Display of significant international solidarity to limit the impact of regional humanitarian crises and migratory flows

In this scenario, global governance institutions play a major role in humanitarian assistance on the ground in Ukraine and in the countries in difficulty. A genuine international solidarity develops within the framework of global financial institutions with, for example, the reactivation of urgent loans to reduce fiscal pressures, a new issue of special drawing rights by the IMF to top up the existing reserves of member states, or the G7 and G20 countries offering instruments for debt restructuring. On the other hand, international governance is weak in the area of conflict resolution.

With regard to humanitarian crises in this scenario, the limited geographical scope of the conflict contributes to a fall in the number of Ukrainian refugees (6 million in June 2022, an estimated 5 million in 2025),

though this assumes significant numbers of returnees, with the attendant problems of re-settlement in a partially destroyed land. Moreover, as the conflict reaches stalemate, the extent of atrocities committed in occupied territory might increase. The countries bordering the conflict and Russia that are disrupted by the war and its consequences also experience significant humanitarian crises (Central Asia, Poland etc.). For their part, the nations that are highly dependent on Russian agricultural and energy supplies suffer food or socio-political crises, potentially with very great dependence on international aid (Thailand, Vietnam, Indonesia, Benin, Egypt, Sudan, Senegal, Tanzania, Madagascar, Rwanda, Yemen, Lebanon etc.). Given its role as mediator in the conflict, Turkey might be able to secure part of its cereal supplies.

Scenario 2.
High Intensity Conflict in Ukraine.
Towards a World of Blocs

Key Points

- ▶ Geostrategic polarization of the conflict and of international relations, unambiguous support of China for Russia, but still imperfect internal coherence of blocs and non-alignment of major countries (India, Israel, Turkey).
- ▶ Increased intensity of clashes and an extension of conflict into the cyber field; the physical war does not, however, spill beyond Ukraine's borders.
- ▶ Reorientation of flows of energy, commodities and humanitarian aid within blocs; maintenance of interconnectedness via the non-aligned countries.

Possible Course of Events

In this scenario, the Russia-Ukraine war contributes to exacerbated geostrategic polarization, which is also reflected in international trade. Russia maintains an intensive war effort in Ukraine. It withstands both the high level of attrition of

materiel and its human losses. Its stocks of Soviet-era equipment and the reorientation of its industrial production to military ends enable it to maintain its firepower. By strictly controlling information through the use of bellicose nationalist language, Vladimir Putin's regime increasingly mobilizes its population against Western sanctions. In the face of the Russian threat, the transatlantic bloc hardens its position. Finland and Sweden are fast-tracked into NATO as early as 2023. This contributes to a heightening of tensions. The European and American budgets allocated to the Ukrainian war effort are substantial; there are more frequent deliveries of increasingly high-specification weapons.

Taking note of the American and European strategies aimed at thwarting its power and encouraged also by the prospects of economic development it envisages, China supports Russia unambiguously. It invests in alternative financial circuits, while exporting industrial products and basic technological components to Russia. Under American pressure in their immediate enviroing regions, Beijing and Moscow appear to manoeuvre to form a coalition to compete with the USA and its allies. But, in reality, China is embarking on an increasingly asymmetric form of cooperation with its vulnerable Russian neighbour. Its medium-term objective is chiefly to ensure its food and energy security cheaply.

Alongside this, a bloc of nations is being consolidated in solidarity against Western embargos. This finds expression in accelerated commercial and financial relations between "pariah" states. Iran and Venezuela gradually move back toward their pre-sanctions levels of energy revenues. In so doing, they contribute to the polarization of the energy market. Trading relations are maintained between China, Europe and the USA, but there are increasing restrictions in strategic sectors. After benefiting from historically high energy revenues in the first year of the conflict, Russia suspends its deliveries of gas to Europe. Some countries implement aggressive protectionist policies on agricultural products and strategic

materials (metals, electronic components). These policies hasten the reconfiguration of these strategic sectors within value-chain blocs (so-called "friend-shoring").

In a context of economic crisis and serious military tensions, other countries across the globe try to stand back from these conflicts. Those that can do so adopt an opportunistic posture. Some nations consolidate their strategic importance this way, such as the main producers of hydrocarbons, particularly in the Middle East and Africa. Several petro-monarchies refuse to increase their oil production and seek rather to profit from the financial windfall offered by high prices. India oscillates between the two blocs, attracted by cheap Russian energy, but concerned also to contain Chinese regional ambitions. The same goes for Turkey. Its support for Ukraine in the form of drones and its attempts to mediate in the conflict have lent it greater legitimacy within NATO, but it retains its ambition of strategic autonomy. Among other things, it plays on its control of the straits and its position as an energy "crossroads" between Asia, Europe and Africa. New treaties enable these non-aligned states to gain greater autonomy from Europe and the USA, including in terms of financial regulation. They free themselves from the SWIFT system and set about "de-dollarizing" strategic trade. On the periphery of these strategic actors, many countries find it hard to influence this international "great game". They represent "high-stakes territories"—e.g. in terms of the exploitation of strategic metals required for energy and digital transition—in Latin America and Africa.

The rigid stances taken by the antagonistic blocs generate very high tensions, in a context where international regulation is flouted and conflict intensified. That conflict now extends over the whole of Ukraine's territory. Though there is (as yet) no direct military conflict between NATO, Russia and China at this stage, hybrid forms of warfare spill out beyond the periphery of the Black Sea. Cyberattacks are exacerbated and disinformation is at its height.

At the same time, sectoral trade policies become increasingly aggressive. Ever more proxy conflicts break out over high-stakes strategic resources (e.g. cobalt and nickel in the Democratic Republic of Congo [DRC]). Other countries are able to profit from this international polarization to extend their influence into immediate surrounding areas through more or less direct military operations. The Middle East is particularly unstable. The gradual withdrawal of Russia from Syria stokes the ambitions of Iran and Turkey in what is a context of great tension between the Shiite power, Israel and the Gulf states.

Implications for the Years to 2025

Strong ideological and opportunistic polarization of support for Russia and Ukraine; Unambiguous alignment of Beijing with Moscow

In this scenario, relations between Beijing and Washington deteriorate sharply following an increasingly intense ideological polarization between liberal democracies and authoritarian regimes, a polarization correlated with the opportunism of the countries concerned—particularly China—which seek out new strategic alliances. China's explicit support for Russia in fact marks an important break. This finds expression in increasingly aggressive trade policies, particularly in strategic sectors (energy, raw materials and strategic technological components). China might try to stoke the Ukrainian conflict and trigger new ones (potentially in the Balkans) to weaken the EU and deflect the USA from the Pacific. The threat of opening up a new front in Taiwan between China and the USA would be particularly high.

In this scenario, there is maximum cohesion within the EU on standing with its allies against the threat of Russian expansionism. Hungary may even distance itself from Russia, for fear of total isolation within the EU. The possibility of Donald Trump being re-elected in 2024, which would put in doubt America's commitment to NATO, may, however, generate sources of discord

among the member states, particularly on defence matters.

In this scenario, some non-aligned countries maintain an ambiguous position, switching between blocs according to their strategic interests. Others fail to assert their strategic individuality and are more passive in this reconfiguration of alliances. Even if the OPEC+ member states are probably going to keep to their quotas, the internal cohesion of the group might crumble in the face of the increasingly antagonistic trade policies of the parties (Iran, Venezuela, Russia).

A challenge to free trade principles in strategic sectors; acceptance of the economic cost of reconfigured interdependencies

Inflation is persistent in this scenario, compounded by the adoption of increasingly protectionist trade policies. Many countries experience stagflation. Global economic growth is marked by sharp asymmetries between the countries that gain from the gradual reconfiguration of international trade and those falling into outright recession thanks to excessive dependence and lack of support. Some regions thus experience deep crises, such as Lebanon or the Sahel area. The emergent countries, particularly those in Africa, remain dependent on Chinese demand. The African countries might not be able to achieve regional cohesion. That would hinder their attempts to diversify their external trade and the implementation of policies for achieving food sovereignty.

Though ideology increasingly underlies some of the finance directed abroad, investments may become less sustainable, with serious economic impacts on the populations concerned. Western countries are facing significant funding difficulties on account of the rising cost of debt since restrictive monetary policies became prevalent. Uncertainties among economic actors have an effect on consumption and investment decisions. A fear emerges of losing major economic partners like China once and for all, while Europe and the USA encounter difficulties in the area of import substitution.

Increase in the scope of sanctions on energy and raw materials; redirection of flows within allied blocs

Agricultural supply chains are progressively reconfigured. Flows are reoriented within blocs, while stocks are increasingly allocated to protectionist policies. Besides this, the Russian bloc could move to a “hunger-based diplomacy”, using agriculture as a lever to persuade the most struggling countries to fall in line with its strategic interests. Ukraine and its allies would be rendered vulnerable by this policy in a context in which the intensity of the fighting could compromise a large proportion of Ukrainian harvests after 2023, while preventing the resumption of exports through the Black Sea.

Trade in gas and oil is restructured within blocs—possibly, in the case of Europe, as a result of repeated interruptions of supply and shortages of hydrocarbons. Russia, China, Iran and Venezuela are allied on one side. The opposing bloc is kept afloat by US production and supplies from non-aligned countries, mainly in the Middle East, which switch back and forth between blocs depending on their economic and geopolitical interests. However, the inflexibility of gas infrastructures and of the exploitation of deposits creates serious stress on prices lasting until 2025. The effects are not so severe for oil. But reconfiguring trade from the ground up also has a high cost in that sector. In the short term, India profits from cheap Russian oil. However, it may potentially reduce its imports in subsequent years in the face of threats of secondary Western sanctions and a slowdown in Russian production. Protectionist policies do, in fact, exert strong pressures on the fossil-fuel industries of Vladimir Putin’s regime, which are deprived of strategic components. By contrast, the EU and USA’s ambitions for energy transition are thwarted by Chinese and Russian restrictions on the extraction and refining of rare metals (cobalt, rare earths).

The centrality of Western development institutions questioned; humanitarian aid regionalized and directed to political ends

The multilateral institutions of the post-World War II order are increasingly called

into question. The UN Security Council appears divided and paralyzed, while infringements of the free-trade principles of the World Trade Organization (WTO) proliferate. By 2025, we could also be seeing international financial institutions more and more challenged and the emergence of—competing, exclusive—regional ones, structured around blocs.

In terms of humanitarian crises, the number of Ukrainian refugees that needs managing by the European Union grows ever larger as the conflict intensifies. It could rise from 5 million at the beginning of the conflict to almost 8 million long-term refugees. On the ground, the establishment of humanitarian corridors and the arrival of international aid would be made particularly difficult by the great tension between NATO and Russia.

Some countries experiencing humanitarian crises see their situations improve as a result of increased trade and Chinese aid. In a context of high inflation and pressures on commodity prices, the aggravation of humanitarian crises is mitigated to various degrees depending on the countries’ alignment with one of the blocs. Conversely, proxy conflicts would worsen the situations of some already particularly fragile countries, such as the DRC.

One assumption behind this trajectory is that there will be significant alliances that make it possible for the poorest countries to stay afloat. Governments are proactive in consolidating the bloc to which they belong. The richest states could maintain or develop schemes of the New Silk Road or Marshall Plan type in the developing countries, with investments in food aid, infrastructure building, the modernization of institutions, etc. China in particular would continue to invest in the emerging nations, producing a string of vassal states, in order to safeguard its food reserves. However, China’s financing difficulties (its zero Covid policy and environmental crises etc.) could restrict the scope of those projects in a context of high inflation aggravated by protectionist policies.

Scenario 3. Fears, National Self-Interest and Territorial Expansion of the Conflict

Key Points

- ▶ NATO military aid to Ukraine runs out of steam; the balance of military power in Russia's favour.
- ▶ Reorientation of the strategies of the major allies to their internal (economic and social) issues.
- ▶ Occupation of the East and South of Ukraine and blockading of the Black Sea.
- ▶ Heightened tensions within the EU.
- ▶ Price Instability and Serial Crises.

Possible Course of Events

This scenario envisages that the current situation will persist, deteriorating somewhat, until 2025. In 2023, the Russians intensify the repatriation of their troops from Syria, though do not entirely abandon that territory. They also recall some of their militias involved in Africa to swell their ranks. There is ever greater recourse to conscription. In the face of this intense involvement and the significant economic costs it generates, the European countries and the USA weaken. Some yield to the fear of escalation, as in the 1930s. Ukraine continues to receive regular military aid, but it proves insufficient to hold out for more than a few years. The Ukrainian army seems to be at breaking point in this war of position. Yet, the USA restates its intention not to send troops to Ukraine. The Western bloc countries tend, in fact, to concentrate on their domestic issues.

This gradual withdrawal of Ukraine's allies further fires Russia's determination. Russia restructures its forces and occupies the eastern and southern part of Ukrainian territory, without controlling it entirely. Ukraine would thus lose access to the Black Sea and expansion of the conflict to Transnistria would be possible. The Russians might also threaten to invade Moldavia and double down on their aggressive declarations against Poland and the Baltic states. Without a strong trans-

atlantic alliance, these threats do not lead to global escalation. On the ground, there is intense fighting, regular bombing and proliferating war crimes. The war is hybridizing, with the belligerents also resorting to cyberattacks, particularly on strategic infrastructures, both Russian and Ukrainian. Alongside this, the Russian government increasingly limits its agricultural exports, in order to build up stocks and thus ensure the population's long-term subsistence. Russia blockades Ukrainian exports to exert pressure on the global economy. Similarly, gas remains its favoured means of pressuring the most dependent European countries and corporations. There is still, effectively, no blanket European political embargo on Russian energy and the Russians take advantage of this to interrupt flows unequally, in order to influence markets. At the same time, they conduct a "hunger-based diplomacy" and a "divide and conquer" strategy, by imposing constraints on some countries rather than others.

The Russian offensive in Europe and North America takes the form of cyberattacks, targeting, inter alia, undersea cables and regularly paralyzing IT systems, including those relating to strategic infrastructures. Propaganda is ramped up on the social networks and media that are open to Russian influence. In this context, tensions continue to ramp up between EU member states over the best strategy to adopt. Doubt is cast on the project of European construction, with issues over desires for eastward expansion (Ukraine, Moldavia, Georgia etc.), the Hungarian veto, and tensions between France and Germany over energy and finance policies and the question of military rearmament. Russian destabilization efforts exacerbate ethnic rivalries in the Balkans (Serbia) and migration flows in the Maghreb and Sahel.

Implications for the Years to 2025

Weak coordination of actors at the global and regional levels, and even a collapse of some alliances

On this trajectory, Sino-American relations deteriorate, but there is no direct clash,

the two countries being focussed on their domestic affairs. The re-election of Donald Trump in 2024 could help to bring about the return of such an “America First” policy.

Within the EU, tensions ramp up between member states on account of divergent strategies over the posture on Ukraine and potential sanctions on Russia. The European authorities are unable to avoid the zone fragmenting. The EU is unable to coordinate a common response to the economic consequences of the war in Ukraine that satisfies every country. The social tensions associated with inflation and the sense of paying the price of a war that isn’t theirs, lead peoples to turn increasingly to nationalist parties advocating non-intervention.

Generally, the alliances that existed at the onset of the conflict are hollowed out, giving way to isolated strategies driven by individual interests.

Proliferating economic crises and a lack of a global response

Inequalities between countries increase very strongly, particularly in the emergent countries. Some resource-rich states or states implementing predatory strategies to obtain resources and sell them to the highest bidder, benefit greatly from the situation (Qatar, USA, Saudi Arabia etc.), while others are faced with famines and internal rebellion. Prices for energy and agricultural produce remain high and, though very volatile, regularly verge on the most extreme levels, such as the symbolic bar of more than 400 euros per ton for wheat.

Inflation persists internationally beyond 2023 and develops in all sectors. This might trigger a price-wage spiral. Central banks would then tend to raise their interest rates significantly to prevent overheating, leading to recessions.

Difficulties over financing the national debt are exacerbated in many countries, particularly in the Eurozone, which runs the risk of fragmenting. The priority accorded to controlling inflation—under pressure from, among others, the Netherlands and Germany—might cause it to reject more inno-

vative financial policies, such as the pooling of debt.

In this inward-looking context, policies favouring a restructuring of production are insufficient to reduce dependence on imports in the years to 2025, on account of financing difficulties and the inflexibility of interdependencies. This being the case, countries face a host of supply shocks caused by the instability on global markets.

In the absence of real growth prospects, the financial markets remain volatile and the US dollar is thus able to remain the standard safe-haven currency for investors.

Raw material flows greatly disrupted and trading partnerships put in doubt

In the agricultural sector, in particular, in the absence of effective regulation of stocks in the international market, countries favour protectionist strategies. Many producer countries stop exporting their surpluses in order to safeguard their supplies—for example in China or Europe.

High inflation in the costs of nitrogen fertilizers and raw materials destabilizes agricultural production in Europe, which is consequently forced to rethink its agricultural model. Alongside this, to cope with historically high gasoline prices in the USA, the proportion of the wheat crop given over to producing agrofuels could be further expanded, contributing to a further weakening of global markets.

Ukraine’s loss of access to the Black Sea greatly disrupts the delivery of raw materials and food to the rest of the world. Globally, in the less creditworthy countries, there are frequent shortages of wheat, but also increasingly of rice and some animal foodstuffs: price pressures would extend to other resources on account, among other things, of fertilizer shortages. Export restrictions increase the inflationary phenomenon.

Energy prices remain at high levels in this scenario, driven by the partial embargos of the European countries and Russia’s targeted interruptions of supply. The rise in energy prices would contribute to the inter-

national economic crisis and to—uneven—weaknesses among countries, depending on their available resources. Though circuits of alternative suppliers for oil may be established before 2025, the inflexibility of gas infrastructures would mean that investments decided on after the outbreak of the conflict would have difficulty becoming effective by that date.

France would be among the European countries least severely affected by the energy crisis. But it would nonetheless be faced with the question of European solidarity and would have to impose rationing in the energy sector, while awaiting new tanker terminals coming on-stream to enable the importation of American LNG. Over and above the Russian crisis, France is faced with the problems of maintaining its nuclear installations, making the management of peak capacity difficult in winter. More dependent on gas, Germany would not be forced to review its anti-nuclear policy and might continue to increase its coal production.

In this scenario, European tensions over the modalities of energy transition may be exacerbated, particularly between Germany, with its hydrogen strategy, and countries favouring a revival of nuclear programmes. Also, EU electricity market arrangements would be increasingly regarded as incapable of ensuring energy security and investment planning. If there is reform, a retreat from the integration of the continental energy network could, in the short term, heighten inequalities between countries, the impacts of the energy crisis varying as a function of national production capabilities.

Internationally, non-aligned countries like China and India could adopt an opportunistic policy in this crisis context, in order to acquire cheap oil. Such practices with regard to gas flows in the period to 2025 seem less likely, given the bottlenecks involved.

*Significant migratory flows;
and humanitarian crises aggravated
in the absence of mitigation policies*

The institutions of global governance are distinctly less present in this scenario and

provide insufficient humanitarian assistance on the ground in Ukraine and the crisis-hit countries.

Ukraine is devastated and the territorial expansion of the conflict prompts part of the population to flee the country. The number of refugees and internally displaced persons approaches 10-12 million—as many as in the Syria crisis. This would have major economic and social consequences in the host countries if they were not able to absorb these population flows.

The consequences of the conflict are equally dramatic in the regions worst hit by shortages because they are highly dependent on Russian and Ukrainian supplies (North, West and Central Africa). Algeria and Egypt are in crisis, as are Lebanon, Yemen, Sri Lanka, where social protest could spread as it did in the Arab Springs.

Syria suffers as a result of the departure of Russian forces. An intensification of the civil war through increased Iranian and Turkish presence might be seen, thus destabilizing a zone that is already vulnerable.

Migration flows within and between countries increase, including at the gates of Europe.

**Scenario 4.
Russian Territorial Objectives
Achieved**

This scenario envisages that Russia could conquer Ukraine by 2025 if the Western bloc were too focussed on domestic issues and hence unable to commit itself as thoroughly as Russia. Hence, it may follow on from Scenario 3. On this trajectory, Ukraine would be under partial occupation, with pro-Moscow leaders installed in its towns and cities. Russia would reassert its strategic position in the European space by virtue of securing access to the Black Sea. It might then give vent to new territorial ambitions. In this scenario, the de facto Russian victory would not be recognized either by the defeated Ukraine or by the international community and NATO, which would see it as opening the door to multiple campaigns

of conquest on the part of nuclear-armed countries. This unstable and temporary situation might then lead to Scenario 6.

Scenario 5.
Return to the Pre-Conflict Status Quo

This scenario assumes, by contrast, that the war will have ended more or less in Ukraine’s favour by 2025, even if that country is forced into concessions. Weakened militarily and economically and increasingly isolated, a Russia facing increasing disapproval in domestic opinion, would gradually reduce its involvement in the conflict. It would eventually withdraw altogether, in exchange for Ukrainian neutrality and the maintenance of the self-proclaimed republics of Luhansk and Donetsk, which, through its domestic propaganda, it could present to its population as a sort of victory. This trajectory might be accelerated or reinforced by the removal or disappearance from the scene of Vladimir Putin.

Scenario 6.
Third World War

This trajectory potentially follows on from scenarios 2 or 3. It envisages the war in Ukraine degenerating into a third world

war. As a consequence of the escalation between the two sides, this could be triggered by the use of nuclear weapons by Russia (tactical strikes in Ukraine) or by the geographical expansion of the conflict (for example, along the Suwalki Corridor), including by way of a Ukrainian military strike on civilians on Russian territory or in Crimea. It would eventuate in NATO entering the war—or even China, which could take advantage of the massive shock effect to open up a new front in the Pacific. A situation of maximum unpredictability would ensue. In this scenario, given the military balance of power that is not in its favour and the deterrence doctrines of the belligerents, Russia might be tempted to launch one or more nuclear strikes on Ukrainian—or even European—targets, to cause the maximum possible damage to its enemies before its collapse.

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The scenarios proposed here will need to be updated and refined. Their humanitarian implications and effects on financial, agricultural and energy flows are also under constant analysis by Futuribles, including in their regional aspects. There will be regular presentations on these analyses within the Association and in publications in the coming months. ■