RUSSIA-UKRAINE WAR: A WATCHLIST OF EVOLVING SYSTEMS RISKS IN EURASIAN HOTSPOTS

ORGANISED CRIME NETWORKS

Organised crime networks, especially in Russia, are targeting refugees for human trafficking, increasing smuggling flows.

- Increased arms trafficking leads to deteriorating security environment.
- Opium flows commonly transited via Ukraine are diverted along the Balkan route, increasing smuggling activity.

PEACE AND SECURITY

Increased potential for instability in regions of strategic importance to Russia, such as the Caucasus, Moldova, and Eastern Europe.

- European countries increase defence spending, and new countries join NATO, further antagonising Russia and reinforcing Chinese concerns about NATO expansion.
- Increased risks associated with both tactical and strategic nuclear warfare in response to changing threat perceptions.
- China uses European and US focus on Ukraine to shore up its defence and strategic alliances in the South China Sea and to diminish US power in Eurasia.
- The current dominance and status quo of the rules-based international system is openly challenged.

FINANCIAL

Disruption of economic relations with Russia/Ukraine has severe economic impacts for countries with close economic links to both countries.

- Countries take advantage of sanctions against Russia for political leverage and financial gain.
- China sees an opportunity to garner support for its ambitions to reform the global financial system.

COMMODITIES

Volatility in commodity markets, with some countries less resilient than others to changing prices.

- Perceptions of impending commodity shortages lead to stockpiling and protectionist policies, pushing up prices.
- Sanctions and export restrictions on commodities (oil, gas, fertiliser) from Russia benefit other exporters through higher export volumes and prices.

CLIMATE GOVERNANCE

Compound risks of economic instability and Ukraine conflict mean potential deprioritisation of delivering on the Paris Agreement commitments.

- Russia fails to live up to climate commitments, undermining the Paris Agreement.
- Embargo on Russian gas, higher gas prices and concerns about energy security drive demand for alternative fuels, including higher-carbon fuels, contributing to higher emissions.
- China benefits from EU push for renewables, leaving the bloc more dependent on China for energy transition.

Climate governance and the impacts of the rules-based international system are openly challenged.