

SESSION 4

Part 1: The Geopolitical Shift: The Long-Lasting Impact of Russia's Invasion of Ukraine

Sarah Lenti, Director, Transatlantic Policy Network (both parts)

- The debate was clearly focused from the outset, looking at the way in which things have changed over the past 18 months with particular attention to the following aspects.

What is at stake in this conflict?

- War in Ukraine is a war of destruction, a war of thoughts and ideas. If Ukraine doesn't succeed in this war, then no one will be free. Ukrainians are fighting for their lives. To win the war, they need the help of the West. 90% of Ukrainians want to be in the EU.
- Need to differentiate between the short and long-term impacts of the War. At present, war is increasing, deepening the gap between the global South and North. The war has shown how important the NATO alliance is, as well as the importance of values. Putin counted on the break-up of Europe, but he failed. Europe has shown unity, the instinctively anti-American voices calming down. There is a perceived need for Europe to unite around the US and NATO.
- Ahead, the war has profoundly altered the German elite with its attitudes, while Russia has become a republic of China in basically all respects. We need to apply strategic partnership to everything that is happening between the two ecosystems – strategic independence over strategic autonomy.

What is the role of businesses?

- Since the War began, there has been a 300% rise in cyber-attacks on major targets in Europe. Businesses are seeing a new type of leadership in Europe – a more active role in Brussels. A number of initiatives and platforms are being facilitated, with governments opening the door for businesses to engage. There is willingness and interest to do so.

Where is the money coming from for reconstruction?

- Before the war, crucial to recall that Ukraine was a poor country, with per capita income being 13% of the European average. Reconstruction of Ukraine will take between 10 – 15 years, during which Ukraine will need to double its productivity and see sustained economic growth. This will be hard to sustain without a lot of investment (10s of billions of dollars). Ukraine will need a booming IT industry,
- EU and US donors are going to have to step up. The private sector is not yet ready to take the risk. Public sector backing for insurance will be needed to be provided for investors. There is as yet no resolution on this issue. If we falter on this, 'China will show up with a checkbook'.
- EU Membership candidate status means that Ukraine is getting into bureaucratic status. An important issue is to clarify who will own the reconstruction effort – the EU, not the G7.

Part 2: The Future of Ukraine in the Transatlantic Partnership
Conversation between Kira Rudik MP and Bruce Stokes

- Last time we were here, no one knew what was going to happen. One element that has not changed is the resolve of the Ukrainian people.
- War is unimaginably tough on people, including legislators. War is also extremely tough economically, representing a 13% hit on the Ukrainian economy.
- On the ground, private sector actors have played their part – the digital world is an example where the digital infrastructure has delivered connectivity, solidarity, and more.
- The EU has demonstrated coherence and has impressed the US with resolve so far demonstrated and has managed to do things that NATO can't do. It has been a positive actor, helping to build confidence between the EU and NATO.
- Geopolitical outstanding questions include how to advance Ukraine's EU membership with all the accession challenges both at a governance level and in terms of economic integration. War is redefining alliances, e.g., with China and Russia.
- Until the war is over, there will not be democratization, but knowing what we know now, we will be prepared.
- Short-term priorities are to win on the battlefield and to arm Ukraine to win, but what if there is no clear-cut outcome? Will public opinion hold (it has been surprisingly resilient so far)? Next year will be extremely complicated for everyone.
- If the West loses the war, it will have devastating effects on prospects for democracy globally, and Russia must lose, not just Ukraine win.
- Reconstruction will take tens of billions of dollars, such is the devastation, and there is a gap between the acknowledgment of the scale and any secure plan to provide it. The sums involved are too big for government, and the private sector will not invest at risk. Russian missiles have destroyed 50% of energy: 30% of Ukraine is a minefield.
- The London conference recognized this, but bridging mechanisms are still awaited – notwithstanding some UK insurance guarantee initiatives enabling war insurance policy writing.

[Annex: Designing Ukraine's Recovery in the Spirit of the Marshall Plan](#)