



Peace Review

A Journal of Social Justice

ISSN: (Print) (Online) Journal homepage: www.tandfonline.com/journals/cper20

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To cite this article: Lucía Morales, Daniel Rajmil & Bernadette Andreosso O'Callaghan (2023) Navigating the Ukraine War: Unraveling the Interplay of Geoeconomics, Geopolitics and Deterrence, *Peace Review*, 35:4, 663-671, DOI: [10.1080/10402659.2023.2262408](https://doi.org/10.1080/10402659.2023.2262408)

To link to this article: <https://doi.org/10.1080/10402659.2023.2262408>



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Published online: 31 Oct 2023.



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Navigating the Ukraine War: Unraveling the Interplay of Geoeconomics, Geopolitics and Deterrence

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The Russian war in Ukraine has brought the deterrence dilemma back to the international table. More than a year after the eruption of the war both parties' deterrence and military strategies, in parallel with the international community's failed diplomacy, have proved non-decisive in ending the conflict. On the other hand, the war seems to be expanding to a more complex scenario with profound political and economic consequences. Despite some initial optimistic policy analyses, the war will not be short-timed, and its long-lasting consequences will remain even if the hostilities and armed aggressions cease. Economic power and military strategies contribute to reshaping the world's economic and political order due to their substantial impact on economic and energy assets. The interplay between political, military, economic effects, deterrence strategies and the security dilemma requires insights due to the renewed bargaining force in the global balance of power.

INTRODUCTION

Nuclear threats have emerged as a geopolitical weapon in the Ukraine war. For decades, deterrence theory guided most international relations dynamics, leading to the nuclear states' dominance in the security domain. Deterrence should be understood as the role of threats in

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international affairs, particularly the use of force, to stop others from acting in harmful ways (Freedman 2005, 789). In this, the Cold War can illustrate the discovery of nuclear deterrence as the maximum exponent of deterrent power. During the Cold War, deterrence was at the heart of the United States' national security strategy (Defence Science Board 2008). At that time, the Soviet Union and the United States developed an armed capacity capable of annihilating both countries. At the heart of deterrence, we find the credibility associated with nations' nuclear power that serves as a containment for aggression due to the fear of retaliation.

After the disintegration of the Soviet Union, nuclear deterrence did experience a relatively calm period that was broken in 2022 when the war in Ukraine started. The 2022 Russo-Ukrainian war brought forward the close connection between geoeconomics and geopolitics of deterrence and the growing significance of multidisciplinary studies to help understand the assessment of conflict situations. There is an interlinkage between deterrence, conflict, security policies, and economic and financial implications, whereby the risks that states are willing to take can lead to different geopolitical and geoeconomic scenarios embedded in deterrence strategies.

For instance, within the geoeconomic context, it is essential to consider the significance of international trade and its implications for national and international security. The World Trade Organization (WTO), the United Nations (UN) and the Free Trade Agreements (FTAs) play a noteworthy role in regulating countries' relationships that are embedded with security elements that grant nations survival. At this point, a pertinent question emerges: How are these relationships forged? Nations need economic integration, enforced by laws, so as to facilitate export and import flows. In addition, trade sanctions are sometimes used for security purposes during wars and within the context of conflict, leading toward an active economic diplomacy strategy that seeks to reinforce deterrence efforts (Jackson 1989; Lowenfeld 2008). More specifically, when looking at the deterrence effect that countries seek, it should be understood how international trade can secure competitive advantages (e.g., access to natural resources), which could deter aggressors or, on the contrary, be the leading force to guide one country's geopolitical strategy.

The global economy has entered a new phase where power is used to dominate the world's natural resources will dictate the future of nations that can secure their needs through economic dominance, diplomatic efforts or belligerent means. The continuous exploitation of natural resources and the erosion of our environment is a clear threat to the survival of the world economy and human existence. The dominance of economic interests to the detriment of undervalued and taken-from-granted

natural resources threatens our planet's biodiversity and puts future generations at "extreme risk." (UNDP 2023).

On the one hand, states are juggling power-play dynamics as they navigate the complexities of bilateral and multilateral relationships (Loke 2021). In these power-dynamics, the leadership and dominance of the USA are diminishing, with implications for American diplomacy and geopolitical influence, which are facing a decline in effectiveness as other countries demand their share in the international landscape (O'Rourke 2021; Rubin 2020). Countries such as China and the emerging Asian economies are seeking a more prominent and representative role in international affairs, given the spread of their economic and political influence beyond the mere regional sphere. In this evolving situation, further complexities arise when considering scenarios involving countries with nuclear capabilities engage in ongoing conflicts over regional territorial disputes. This is the case of the war in Ukraine, where Russia and NATO use deterrence strategies to dominate the context using economic and financial sanctions that did not play such a critical role in other geopolitical events.

THE GLOBAL RESURGE OF DETERRENCE

Since the end of the Cold War, there has probably not been any other considerable *momentum* for deterrence, particularly nuclear deterrence, as it happens today in global dynamics. Nuclear threats have become part of daily political activity and have emerged as a relevant discursive narrative of the war in Ukraine. The "nuclear revolution" during the Cold War led to a more complex scenario whereby deterrence strategies grounded their cost-benefit strategies on possessing nuclear weapons as the best dissuasive tool (Rajmil 2015, 2020). This appears to be gaining strength again. Leading nuclear states and allies are giving nuclear weapons a renewed geopolitical power, grounded in the belief that a state with nuclear capabilities could deter aggressive actions and avoid conflict, even before the conflict starts, due to the deterrent power associated with nuclear weapons and countries' nuclear capacity.

However, the ongoing global revitalization of nuclear deterrence strategies is happening under conditions of geopolitical competition between great powers that are much different from traditional strategies and the bipolarity experienced during the Cold War. The reliance on nuclear deterrence might have wider geopolitical and geoeconomic consequences than initially expected, which go from the normalization effect of

nuclear threats as a political tool to military, economic and social effects. According to the Stockholm International Peace Research Institute, SIPRI, in 2023, there is an estimated total inventory of 12,705 nuclear warheads worldwide, revealing the importance of nuclear power.

The geopolitical order is convoluted and changing rapidly. Some reflections are needed to help us contextualize the deterrence-based strategy in Ukraine and the current Russian geopolitical strategy, whether the country aimed to achieve its geopolitical and geoeconomic goals by using deterrence threats (nuclear, economic, and diplomatic). In addition, the fact that economic assets, such as energy and food supply prices, are being interrelated and linked to the military advance of the war adds a further complex economic dimension to the deterrence defense strategy played in the Ukraine war. The economic and financial dimension of the war is visible in the international community's sanctions toward Russia emerging from the NATO-Russia divide. The international community massively expanded the sanctions list to weaken Russia's economic base by articulating a strategy that sought to undermine the country's ability to wage war due to the imposition of restrictions on access toward critical technologies and markets (European Commission 2023). In other words, as Russia is being hit by economic sanctions for its course of action, having lifted the curtain on its conventional military might, arms control is one of the few remaining tools to maintain international respectability (Bollfrass and Herzog 2022). Ongoing actions on the ground and the diplomatic and economic fronts unfold the close interrelation between deterrence, the political and economic system and their impact on geoeconomic and geopolitical dynamics.

THE ECONOMIC EFFECTS OF DETERRENCE: GAS, ENERGY AND GEOPOLITICAL RISK

Deterrence is not merely linked to military alliances; the overall strategic military balance of the possession of nuclear weapons are embedded in a much more diverse strategy that includes economic and military power. In addition, the current Ukrainian war has proven that further unforeseen civilian installations, such as civil nuclear energy plants, could be turned into military strategic assets if necessary. The Chernobyl and Zaporizhzhia incidents have shown the potential impact of nuclear accidents in civil energy installations, becoming possible military nuclear assets, which could have geopolitical and geoeconomic implications in energy-related incidents during and after-war scenarios.

Nuclear deterrence also directly influences the diplomatic events that unfold around a nuclear threat as part of a wider diplomatic strategy. Accordingly, diplomacy helps to build a deterrence effect, as nuclear diplomacy has been in flux for years reinforcing countries nuclear policies and alliances. In addition, current challenges of nuclear deterrence are being overhauled to accommodate both missile defence capabilities and arms control negotiations, which, in the end, had long tried to restrict nuclear weapons proliferation in horizontal and vertical development (Singh and Seeti 2004). In parallel to a global deterrence resurgence, it is also a fact that the current war in Ukraine has pushed for an alternative voice that seeks to limit nuclear deterrence by searching for new paths beyond the traditional arms control scheme. This has led to the review of the Nuclear Weapons Prohibition Treaty (TPNW) as a feasible (even if not easy) long-term option to the current nuclear arms race and the traditional arms control schemes, mainly the Nonproliferation Treaty (NPT) and the Comprehensive Nuclear-Test-Ban Treaty (CTBT), which have proved insufficient to avoid the current nuclear escalation.

Meanwhile, when the international community does not secure a proper diplomatic and political instrument to ease nuclear tensions, economic assets serve geoeconomic and geopolitical interests while being used to counteract political acts. Bearing all this in mind, the Kremlin has played its economic card beyond the nuclear threat; the country's wealth in fossil fuels is significant, as demonstrated by the European economies' struggle to form a unified front against Russia due to their asymmetric dependence on Russian gas and oil imports. In particular, Germany has been in the spotlight due to its strong focus on its economic agenda and has been under mounting pressure to provide more help to Ukraine. According to a report by the European Commission (2022), more than 40 percent of the EU's total gas imports, 27 percent of its oil imports, and 46 percent of its coal imports came from Russia in 2021. Furthermore, Russia is one of the world's major natural gas producers, with the US and Russia taking the lead and highlighting the significant impact of Russia in terms of energy. Moreover, Russia is a critical player in the global energy markets, as it is one of the world's major crude producers; it holds the world's largest gas reserves, and it is the world's second-largest producer of natural gas behind the United States, which provides a critical insight into the significance of Russia as a global player in the energy markets that are dominated by fossil fuels.

The extant literature suggests the importance of nuclear capabilities for most nuclear powers' defense and geopolitical strategies but pays limited attention to their geoeconomic effects. This paper explored the connection between geopolitics and geoeconomics and how they can be used to maintain deterrence bargaining power. Overall, it is difficult to know if

nuclear deterrence has prevented and will prevent future conflicts and their further escalation. In the case of the Ukrainian war, the security dilemma seems to remain the same. It is unclear whether Russia and NATO are achieving their deterrence goals and maintaining their strategic dominance. Undoubtedly, deterrence strategies and the war in Ukraine are closely linked to the economic and political levels. However, as the war advances, the human perspective and costs exceed initial deterrence calculations.

CONCLUSION AND CRITICAL REFLECTION

Deterrence and nuclear deterrence dictated the fate of International Relations during the Cold War by guiding the superpowers' geopolitical strategies. After decades of relative calm, the war in Ukraine has reactivated old nuclear postures, accelerating nuclear proliferation and alliances. Researchers have tried to compare the current situation with the Cold War nuclear scenario. Nonetheless, several differences arise due to the complexity and multipolarity of current geopolitical dynamics, where other actors, such as NATO or China, are entering the geopolitical and geoeconomic scenario. The international context is defined by the sophistication of the USA and Russia's own deterrence strategies that are contributing to reshape the world's economic and political order. As we try to understand how the global economy has evolved and how Russia is coming to terms with its international position as a diminished political and economic power struggling and becoming more isolated, the uncertainty of using nuclear deterrence appears to be clearer.

The war has significant implications for the economic and financial context and within the geopolitical balance of power. The world's most developed economies, particularly the United States and the European Union, have shown clear signs of weakness, revealing a vacuum of leadership and a failed opportunity for change. The Eurasia axis shapes the latter as Russia and China are seeking a more prominent role in global affairs, with the BRICS block challenging the dominance of the G-7-led world order (Bloomberg 2023). This leads to significant clashes over understanding how the new political and economic order should be reshaped. The USA struggles to contend with emerging and developing economies' aspirations to gain global representation. These clashes signal the critical connection between geopolitics and geoeconomics and underline the winds of change blowing in the international context.

Finally, this paper offers insights that contribute to addressing a current literature gap on geoeconomics and geopolitics of deterrence. The

economic agenda has been a focal point driving the international community's actions. In parallel, the use of nuclear threats has helped Russia to maintain its presence in parts of the Ukrainian territory. The global order is guided by increasing levels of risk and economic uncertainty. Contrary to expectations, the Russia-Ukraine war has not been initially associated with high geopolitical uncertainty when compared to other major historical events such as the 2008 Global Economic and Financial Crisis or the Gulf and Iraq wars. Nonetheless, regardless of the military outcome of the war in Ukraine, as happens in any deterrence-based strategy, the human dimension and its associated costs cannot be properly balanced when designing any military tactic. Within the state of current affairs, it seems that only time will write the end of this tragic geopolitical event.

DISCLOSURE STATEMENT

No potential conflict of interest was reported by the author(s).

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