

Political and Economic Implications of the Russia-Ukraine War for Nigeria

Basiru Musa, PhD

International Relations and Diplomacy Department, Faculty of Administrative Sciences and Economics

Tishk International University, Erbil, Kurdistan Region, Iraq

basiru.musa@tiu.edu.iq

<https://orcid.org/0000-0001-6553-4976>

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Abstract:

The Russia-Ukraine war, which began on the 24th of February 2022, following Russia's invasion of Ukraine has upset the relative balance and stability of the world, with implications. It is against this background that the paper examined the extent to which Nigeria has been affected on the economic, political, and social fronts. The paper utilized document analysis for data collection and content analysis for data analysis and discussion of findings. The findings include increase in prices of commodities, resulting in faster inflation and slower economic growth, disruption to industrial activities and agricultural production, foreign exchange crisis and low purchasing power of the Naira (₦), disruption to the foreign education of Nigerians, heightened insecurity and reduced political leverage of Nigeria in national and international politics. The paper recommends that urgent and effective measures should be taken to address the identified challenges and a policy should be formulated and implemented to diversify the Nigerian economy.

Keywords: Russia-Ukraine War, Russia, Ukraine, Nigeria, International System, International Political Economy

1. Introduction

The Russian invasion of Ukraine, which began on 24th February 2022 has shaken the entire world, with implications for the global economy. This, therefore, means that it has upset the political, economic, and social balance of the world. It currently threatens global food security, as both Russia and Ukraine are agricultural powers. Russia is also an energy power; it has been using this energy leverage to respond to the thousands of sanctions that the United States and Europe had imposed on it. The sanctions appear to be double-edged sword, as they threaten the entire global economy (Bangura, 2022).

There were both remote and immediate causes of the ongoing war between Russia and Ukraine, the most immediate being Ukraine's intention to join NATO, which Russia considers provocative and capable of undermining and threatening its national security (Kirby, 2022). Africa, being a continent with many states that have been categorized as 'failed states,' as many of them suffer from fragility and serious threats to their corporate existence due to bad governance, which has resulted in unemployment, poverty, inequality, terrorism or collectively, serious socio-economic crisis. This,

therefore, means that the war would exacerbate or worsen the precarious condition of Africa in the international political economy.

The paper examines the implications of the Russia-Ukraine war for Nigeria, being the most populous state in Africa and a strategic trading partner for both Russia and Ukraine.

2. Literature Review

The extant literature shows that the security regime that characterizes the post-Cold war era has come to an end, with the Russian invasion of Ukraine (Bangura, 2022). This is because the invasion endangers the political and economic stability of the globe, particularly that of minor powers or small states in the international system, and it also poses a threat to the ‘body of rights and democratic norms, which has been in place since the 1990s, with the dissolution of the Soviet Union.

One of the remote causes of the war had to do with Putin’s hunger for restoring the lost territories, following the collapse of the Soviet Union, and recreating boundaries of the Soviet Union as Russia Territory (Mbah & Wasum, 2022). Putin made it clear in 2005, when he said it to the world that the fall of the Soviet Union “was the greatest geopolitical catastrophe of the century” and a “genuine tragedy” for the Russian people as “tens of millions of Russians found themselves outside of Russia (BBC, 2005).

As for the immediate cause, it had to do more with the continuous existence and expansion of NATO, which ought to have been dismantled, as the Warsaw Pact. The failure to dismantle NATO, its expansion and inclusion of former Soviet republics was a fatal error on the part of the United States and its Western allies (Rankins, 2021).

Lacina et al (2022) argued that the Russian invasion of Ukraine undermines and destroys global supplies because of reduced or low production, exports and rising costs. This, therefore, has repercussions on the food security of Africa, particularly Nigeria, which imports a lot from Russia and Ukraine. However, enhancing local production of crops, especially cereal in Africa would help in reducing the severity of the impact of global supply risks.

Anthony Blinken, the US Secretary of State opined that the 2022 Russia-Ukraine War “it’s bigger than a conflict between two countries. It’s bigger than Russia and NATO. It’s a crisis with global consequences, and it requires global attention and action” (US Department of State, 2022). This is further stressed; when President Biden asserted that “Russia’s aggression is costing us all, and it is no time for profiteering or price gouging” (The White House, 2022). Evidence from the available literature indicates that even though the implications of the war are having a serious impact on the

Russian economy, the global economy has been seriously impacted by it too, with even greater uncertainty (Wasum & Mbah, 2022).

According to Hassan and El Bilali (2022), food security is attained; when “all people at all times have physical and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life. Food security consists of four (4) dimensions: availability (having a sufficient quantity of food available regularly); access (having enough resources to acquire suitable and healthy food); utilization (having a reasonable food use based on knowledge of essential nutrition and care); and stability of availability, access and utilization of food (Ericksen, 2008; UNSHLTFGFS, 2011). However, the war between Russia and Ukraine threatens global food security, as the world is yet to recover from global economic shocks due to COVID-19 pandemic in 2020, as many businesses and economies had to shut down, with serious consequences. The war also worsens global food prices, resulting in global stagflation, as Russia and Ukraine are regarded as ‘global breadbaskets,’ and vitally important producers and exporters of needed agricultural products, minerals, fertilizers, oil and gas (OECD, 2022).

3. Methodology

This paper employed document analysis as a tool for data collection from relevant academic works, such as books, journal articles, magazines, newspapers, policy briefs and the Internet. It then utilized qualitative content analysis as a method of data analysis. Content analysis refers to a research method for interpreting the content of text data through the systematic classification process of coding and identifying themes or patterns (Hsieh & Shannon, 2005).

The identified and named themes include inflation and poor economic growth, disruption to industrial activities and agricultural production, foreign exchange crisis and low purchasing power of the Naira (₦), disruption to the foreign education of Nigerians, and reduced political leverage of Nigeria in national and international politics. The justification for the adoption and utilization of the above identified methodological tools lies mainly in their relevance, flexibility and connection.

4. Findings and Discussion

The findings are discussed as follows:

4.1 Inflation and Poor Economic Growth

The Russia-Ukraine has worsened the inflationary rate in Nigeria, which has weakened the purchasing power of Nigerians to afford the human essentials for survival, especially food, water, health care and protection from violence (Seybolt, 2007; Duho, Abankwah, Agbozo, Yonmearu, Aryee, & Akomanin, 2022). Nigeria’s inflation rate stood at 18.6% as of June, 2022, as it increased

further, if compared to 17.71% that was recorded in May, 2022 (National Bureau of Statistics, 2022). This shows that Nigeria's has jumped up to its highest level in over five (5) years. This is caused largely due to the inability of Nigerian manufacturers to import vital industrial and agricultural inputs from Russia and Ukraine. Inflation has also worsened the plight of Nigerian workers, being the hardest hit and whose salaries have remained the same despite the hyper inflation or rising prices of commodities, especially foodstuffs. Food inflation also affects Nigerians, as they spend 60% of their income on food, as food inflation had reached an alarming 20.6% in June, 2022 from the 19.5% recorded in May, 2022 (National Bureau of Statistics, 2022). It is worth noting here that Nigeria's food inflation crisis is also caused by insecurity due to terrorism and banditry, although the Nigerian government has been trying to address it. However, the security situation still leaves much to be desired (Balma, Heidland, Jävervall, Mahlkow, Mukasa & Woldemichael, 2022).

4.2 Disruption to Industrial Activities and Agricultural Production

The ongoing war between Russia and Ukraine has caused massive industrial dislocation and disruption of agricultural production because Nigeria imports about 50% of its wheat from Russia and Ukraine. The invasion has equally raised prices of many products such as oil, even though Nigeria is a net exporter of crude oil, but it imports a significant percent of refined petroleum products, such as petrol, kerosene. Nigeria has no option than to import these for the time being because of its inability to refine locally, as its refineries are currently not working (Ali, Azaroual, Bourhriba & Dadush, 2022).

4.3 Foreign Exchange Crisis and Low Purchasing Power of the Naira (₦)

Nigeria suffers from a severe foreign exchange crisis due to a combination of factors, as the Naira has been depreciating massively in both the official and unofficial foreign exchange markets, with serious implications for the purchasing power of the Naira. The official foreign exchange rate is ₦419.89 to \$1 (CBN, 2022) as of 15th August, 2022, while the unofficial or the black market or parallel market rate, as it is called is ₦675 to \$1 as of 10th August, 2022 (Oyekanmi, 2022). This has resulted in arbitrage and rent-seeking behaviour, which had plunged Nigeria into a serious socio-economic crisis. Some of the factors that are responsible for this include Nigeria's unsustainable debts, and the debt servicing it has to render to its creditors out of its budget. Nigeria's total debts hover around ₦41.5 trillion, that is well over \$100 billion; payment of fuel subsidy in dollars, depletion of its foreign reserves, the hike in interest rate by the Federal Reserve of the United States, unrealistic foreign exchange regime, and low oil production due to oil theft and vandalism, among other factors (Debt Management Office, 2022).

With the above gloomy picture, Nigeria is heading towards an economic disaster; if urgent and realistic economic decisions are not made to manage the situation, however, the situation is also

externally caused. In this context, the Russian invasion, which made the US and the West to impose severe economic sanctions on Russia, which have global repercussions, especially on Nigeria.

4.4 Disruption to the Foreign Education of Nigerians

Many Nigerian students had their education in Ukraine disrupted, following the Russian invasion of Ukraine. This has rendered the students hopeless, with attendant impact on their intellectual and social development. This ugly development also threatens Nigeria's national development, as it relates to its human capital development necessary for socio-economic development. However, Nigerian government tried its best in evacuating the students from the invaded Ukraine, and it now remains to be seen how they would be absorbed or accommodated in Nigeria or elsewhere, as deemed necessary for them to continue with their studies.

4.6 Reduced Political Leverage of Nigeria in National and International politics

The leverage, Nigeria, as a sovereign state in the international system used to have decades ago has reduced abysmally, as it suffers from a myriad of challenges that even threaten its corporate existence, following its inability to withstand the shocks and changing dynamics of international politics and economics, especially the impact of the Russia-Ukraine war.

5. Conclusion

The economic and political impact of the Russia-Ukraine war on Nigeria has shaken and destroyed the relative socio-economic and political stability it had, even though it is still recovering from the impact of COVID-19, and the economic recession it had suffered on two occasions, with serious implications for its national development. Some of the implications that Nigeria suffers from as a result of the the ongoing Russia-Ukraine war include hyperinflation and poor economic growth, disruption to industrial activities and agricultural production, foreign exchange crisis and low purchasing power of the Naira, disruption to the foreign education of Nigerians, especially those that were caught in the crossfire in Ukraine and reduced political leverage of Nigeria in domestic and international politics. Consequently, these have worsened Nigeria's security situation, and plunged it into chaos or a severe socio-economic crisis.

6. Recommendations

The following recommendations are given:

- 6.1** The Nigerian government needs to do more to enhance its domestic capacity, as it relates to industrial activities, so that its industries can still work even in the face of geopolitical shock, arising from invasion, war and so on.

- 6.2 The Nigerian state should have more realistic and actionable policies that would enhance the resilience of its economy to global shocks and changing dynamics of international politics, geopolitics and economics.
- 6.3 The international community needs to come together to find a more diplomatic and win-win solution to the ongoing war between Russia and Ukraine beyond imposition of sanctions, which have implications for the entire global economy.

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