**What Is the Cost of War Between Russia and Ukraine?**

The Russian-Ukraine conflict has adverse effects globally. Ukraine and Russia are incurring high costs and losses from the war. Russia launched its invasion of Ukraine in February, with the attack reaching Kyiv, Ukraine’s capital. The international community has firmly criticized and opposed the attack, imposing sanctions to deter the aggression. The conflict between Ukraine and Russia afflicts the economies of the two countries and other countries globally through sanctions, the euro-dollar exchange rate, grain export problems in Ukraine, and gas.

**Sanctions**

The EU, US, Canada, and the UK are among the countries that have imposed bans on Russian banks. According to Toh et al. (2022), some banks were banned from SWIFT. SWIFT facilitates payment transactions in two hundred countries and eleven thousand banks (Toh et al., 2022). Russia faces injunctions from Australia, Japan, Taiwan, Switzerland, the UK, the US, and the EU. The US imposed travel bans on individuals responsible for the invasion, technology, and increased financial and diplomatic costs. At the same time, Australia targeted eight Russian Federation Security Council members with travel and economic sanctions (Toh et al., 2022). Toh et al. (2022) state that New Zealand prohibits the export of goods to Russian security forces and the military. Staten (2022) reports that the sanctions on the economy have disastrous effects on Russia, which will impact Russian citizens in the foreseeable future. According to Staten (2022), predictably, the country’s economy might suffer a thirty-year setback, with the Institute of International Finance predicting a fifteen percent drop in GDP (gross domestic product) this year.

**Gas**

The war is affecting gas availability and prices worldwide. Russia supplies natural gas through Ukraine to other countries. Baldwin (2022) reports that Russia provides forty percent of the EU’s natural gas and delivers half of Germany’s gas. Germany shunned participating in Nord Stream 2 pipeline connecting Germany to Russia earlier. The EU and the US followed suit, announcing reduced dependency on Russian fuel. The significant reliance on Russia for gas has led to a drop in supply as demand for gas increases worldwide, resulting in increased gas prices (Rowan, 2022). It is number two in producing natural gas worldwide. Rowan (2022) reports that JP Morgan estimates that twelve percent of the global oil supply comes from Russia. In Eastern Europe, the average gas cost was $3.41 in December and rose to $3.75 a day after the first attack on Ukraine (Rowan, 2022). Gas prices are increasing worldwide, a domino effect resulting from the war and, on a larger scale, affects the economy adversely.

**Grain Export**

Kuzub (2022) holds that the Black Sea Grain Initiative, signed by Russia, Ukraine, Turkey, and the United Nations, aims to revitalize fertilizer and grain supply to the vulnerable populace globally. According to Kuzub (2022), these warring nations have historically provided significant food supply to Europe and the world because of the favorable climate, producing a third of grains worldwide. These grains offer food, especially for less developed nations. These grains include sunflower, corn, and wheat (Kuzub, 2022). Kuzub (2022) states that an estimated forty-seven million people may experience acute starvation due to the conflict. The deal would have led to monthly transportation of approximately six million grain metric tonnes from Ukraine. The supply has now dropped to two million monthly (Kuzub, 2022). The grain backlog at the Ukrainian ports is estimated to be about twenty-two million metric tonnes, and a further sixty-five million tonnes are expected post-harvest (Kuzub, 2022). The conflict has impacted the grain supply in Ukraine.

**The Euro-Dollar Exchange Rate**

The impending conflict has caused an economic struggle, especially in the currency market exchange rate. The dollar’s strength has increased with the Ukraine-Russia conflict (Klein, 2022). According to Klein (2022), there has been a 5.6 percent dollar appreciation over the euro from February to May. Dubrovsky (2022) reported that the euro fell as the crisis loomed over the two nations. The euro began to slide pre-conflict with fear of conflict. A reason for this is that the increase in food and energy prices worldwide hit harder in Europe compared to the US. The treasury bonds and other US assets provide a haven for ongoing turbulent market situations. The increasing dollar strength will lower the cost of imports and increase the price of exports (Klein, 2020). The euro is still relatively more robust, but the conflict has tested the euro. Prices of commodities in Europe are increasing as the value of the euro over the dollar declines.

**Conclusion**

The conflict between the countries has negatively impacted Europe and other nations worldwide. The invasion led to backlash and impositions against Russia by influential governments, including the US, the EU, Canada, and the UK. These financial, diplomatic, technological, travel and trading bans targeted the people in the Russian government responsible for the attacks or close allies of Putin. In addition, the conflict resulted in a low gas supply worldwide, an increase in gas prices, hampered the export and backlog of grains from Ukraine, and led to the decline of the strength of the euro over the dollar.

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