



RUSSIA-UKRAINE WAR'S EFFECTS ON SOUTHEAST ASIAN COUNTRIES' ECONOMICS

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ARTICLE INFO	ABSTRACT
Published: June 25th, 2023 Keywords: Russia, Ukraine, Southeast Asia, economics	<i>The war between Russia and Ukraine has had important consequences for global markets. Russia is a country that has the activities of producers and exporters of oil, natural gas exporters of coal. while Ukraine is obliged to jointly implement the global market, namely exporters of oil, sunflower, corn, and wheat. These two countries are major suppliers in every deficit country such as those in Southeast Asia, active wars causing an increase in oil prices in the world that have an impact on the Southeast Asian region. The purpose of the study is to describe and analyze the existing economy in the Southeast Asian region due to the impact of the Russia-Ukraine war. This study utilizes qualitative methods in this type of descriptive analytical study, then the researcher not only lays out the impact of the war between Russia and Ukraine on the Southeast Asian economy but also to analyze the economic ties between Southeast Asian countries and Russia. Among ASEAN's main trade as well as only bilateral trade 0.66% of ASEAN's total trade turnover. Southeast Asia is feeling the direct impact of wars such as global supply chain disruptions and rising energy and food figures. Coupled with the increase in fuel prices of various countries, the problem made a big impression on the impact of the war between Russia and Ukraine in various aspects, leading to the restructuring of the global economy.</i>
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INTRODUCTION

War is a special event that explores many sectors of human behavior and daily survival in a region. War is caused by a combination of various interests, such as political gain, territorial expansion, and plunder of natural resources (Le Billon, 2001; Sarsito, 2009). The outbreak of war always leaves grief for those who lost loved ones and lost precious material and financial losses as victims of brutal wars.

Russia is one of the great superpowers, has great power and plays an important role in international relations. Exercise influence at the global level. On the other hand, Ukraine is an independent former Soviet Union country. On December 1, 1991 a referendum was held by the Ukrainian people for Ukraine's independence to be valid and recognized by the international community. On February 24, 2022, Russia began its invasion of Ukraine. The war was started by Putin because he felt he could not persuade Ukraine to remain neutral and not unite with the NATO alliance which is often called NATO (Kirby, 2022). There are also fears of Ukraine joining NATO and Russia joining the European Union (Erina, 2022; Fajariah, 2022). Russia will continue to invade Ukraine until conditions are met to write Ukraine's neutrality into the constitution so that it never joins NATO (Hutt, 2022). Ukraine joining NATO could pose a real

threat because Ukraine is right next to Russia. Russia suspects the NATO alliance is building a military base right next to its country endangering the country's sovereignty.

Based on Pakpahan's research (2022), Russia can impose counter-sanctions or export bans that allow it to influence other countries and harm their interests. Russia's invasion of Ukraine is sure to play a role in the ongoing global economy and the fallout from the COVID-19 pandemic. Even if the economies of several countries recover together accurately from COVID-19. However, the war in Russia and Ukraine has created inflationary pressures and disrupted key supply chains. Based on the increase in energy and food rates that caused the crisis. Several countries have reduced their support or become embroiled in the war between Russia and Ukraine. Of course, the crisis between Russia and Ukraine triggered the economic aspect, and of course the related conflict led to the restructuring of international sales. No one knows when the restructuring can take place. However, of course, any country playing a bond with Russia or Ukraine could have a significant impact on national interests.

Based on the data, Vietnam Indonesia and Thailand are located but, in this case, it is at the top of the list in relation to Russia except Asia, the whole country suffered a setback in bilateral relations that interestingly broke in the Southeast (Hutt, 2022; Iqbal, 2022). This lesson is qualitatively a type of descriptive research analysis. Thus, the researchers were not only able to see the effects of the Russian war, but also Ukraine had entered the Southeast Asian economy, but the researchers were also involved in examining the economic ties between Southeast Asian countries and Russia. Therefore, the researchers aim to explain the economic impact of the war between Russia and Ukraine in Southeast Asian countries. Hopefully, this study can contribute to widening the perspective of the current war.

METHOD

The researcher combined a qualitative technique with a methodology for conducting a literature review. The majority of the articles and other sources used to compile the study's data were books and academic publications that examined relevant subjects discussing the current war. The three-stage Miles and Huberman (2014) approach, which includes data reduction, data visualization, and conclusion drawing/verification, was then used by the researcher.

RESULT AND DISCUSSION

Southeast Asia's economies are heavily dependent on imports, and few countries can play the role of global clean energy exporters. This is proof that Southeast Asian countries are obliged to build energy surpluses and face rising energy prices due to the Russia-Ukraine war, triggering a blockade or evasion of Russian and Ukrainian energy sources, making countries do what they have. replacing energy with another (Karina, 2022; Oktaveri, 2022). The resulting war is affecting rising oil prices caused by Russia's attack on Ukraine and presents new challenges to the global economy. Russia and Ukraine are known to play large market shares in the supply of oil, gas and other commodities, and the attacks have pushed up the price of these commodities. Based on the direct impact in Southeast Asia, especially with the economy, especially through

higher commodity prices. The region is a net importer of oil as well as gas products. Even before the invasion, Southeast Asia's economic inflation was rising relative to competition in global markets, and Southeast Asia was more dependent on oil and gas commodities than any other country.

The immediate trigger of this increase in commodity numbers will trigger the economic expansion of countries affected by the Russia and Ukraine war. As a result, the economies of the Southeast Asian region will be affected by the war that breaks out, and more, the harshness of Western sanctions against Russia. Russia's political response will affect all countries in Southeast Asia in conjunction with Russia's economic ties. Pressing Western sanctions on Russia and Russia's political response pressuring all Southeast Asian countries that rely on Russia's economic ties. Western sanctions on Russia have triggered a rise in commodity numbers and sustained global inflation. Due to high demand in Southeast Asia, post-pandemic demand for Southeast Asian goods is likely to rise further, widening income inequality and pushing more people into poverty.

The prolonged war between Russia and Ukraine has had a strong impact on the economies in Southeast Asia causing economic losses that greatly exceed the impact of economic losses caused by the COVID 19 virus (Putri, 2022). This is because Russia is a country that became the ninth largest trading partner in the Southeast Asian region starting in 2019 (Yuliastuti, 2022). In the Southeast Asian region, Russia in its trade is estimated to have earned around £17 billion, there are some severe sanctions from Europe against large Russian investments aimed at the Russian economy. In the Southeast Asian Region there is a historical partner of Russia, namely Vietnam, which is a Southeast Asian country that abstained from the UN general assembly resolution (Yolandha, 2022). It can be concluded that the relevant countries are vulnerable to the impact of the polemics of Russia and Ukraine. This is supported by Vietnam's investment management statement, Thu Nguyen stated that especially in the financial sector Vietnam did not feel the trigger for the Russia and Ukraine war. Unlike other Southeast Asian countries that enjoyed a direct trigger from the war, such as global supply chain disruptions and foodstuffs increased. However, in some countries the price of petroleum has increased. This is the impact of the polemic between Russia and Ukraine which has a strong influence on various sectors, causing changes in the order of world economic life.

Russia's relations with Southeast Asia before the Russo-Ukrainian War

Although Russia's participation in the ASEAN-led regional security forum is relatively weak. However, Russia is active as a political in ASEAN because Russia has succeeded in establishing cooperation with ASEAN and strengthening cooperation together in the fight against terrorism. Over the years, Russia has donated scholarships to police officers Studying in the Russian Security Service in Southeast Asia Russia has also made joint progress in strengthening dialogue with ASEAN, drug trafficking and fighting epidemics, security, consensus making and multilateral security, although ASEAN rejects this idea of integrated politics. The proposal was

jointly accepted in both China and Brunei, but not in the United States. Because it can weaken the regional alliance system.

Vietnam

Relations between Russia and Vietnam have been close since the Soviet era, when both countries leaned towards communism. At the same forum, Russian President Vladimir Putin said the war with Ukraine had accelerated moves into Asia, especially China. Russia's attack on Ukraine has boosted Vietnam's awkward position politically as well as diplomatically. Hanoi is caught between trying to avoid criticism of Russia and reassuring domestic public opinion by supporting Ukraine. After abstaining on two UN votes on Russia's actions, Vietnam finally voted against Russia's withdrawal from the UN Human Rights Council in early April. The Asia Links report said Russia is Vietnam's main arms supplier as well as a key strategic partner alongside Hanoi's defense process against Chinese threats in the region. It is also the largest contributor to Vietnam's arms imports and is a key partner for Vietnam's oil projects in the South China Sea. As a result, Vietnam cannot afford to risk its own military preparations by denouncing Putin's country as open.

Myanmar

In recent years, China has shown a lack of will to support the Myanmar government and strive to stabilize the political situation in Myanmar. Dating back to 2007, Russia and Myanmar struck a controversial nuclear research center deal. According to the press release, "The center will consist of a 10MW light-water reactor working on 20% enriched uranium-235, an activation analysis laboratory, a medical isotope production laboratory, a silicon doping system, nuclear waste treatment, as well as burial facilities". In June 2016, the two countries struck a defense cooperation agreement. Min Aung Hlaing and Sergei Shoigu announced their intention to extend military cooperation in a 2018 meeting.

Although Russia and Myanmar play long-standing ties to the arms trade, interaction with Myanmar's military dictatorship is limited. However, economic collaboration between Russia and Myanmar has gradually developed over the past 5 years. During Lavrov's first visit in 2013, Russia's Myanmar economic projects consisted of oil and gas exploration, metalworks construction, as well as the expansion of the Naypidaw metro (Pristiandaru, 2021). With more oil exploration contracts signed, inter-quantum trading is expected to raise \$500 million in 2017, up from \$130 million in 2015 and \$130 million the year before. Agree to help build the Myanmar Gas Exploration and Natural Disaster Emergency Management Platform and other areas.

Malaysia

In early August 2019, the Russian Embassy in Kuala Lumpur was among those affected by two online bomb threats posted on Twitter; the other is KL Sentral which is the transport hub of the capital. The aforementioned threats were posted through a hacked account by someone calling themselves "*limzhengyan*"; As a result, Malaysian police conducted a search at the

location and determined that the threat was fake, although coincidentally on the same day an incomplete improvised explosive device was found in the Bukit Damansara area

Years later, Mahathir (now out of public office at the time) turned against Putin and continued to criticize and condemn Russia's invasion of Ukraine after February 24, 2022, stating that "the Malaysian government cannot support those who will take advantage of the war. and aggression as justification for resolving the conflict between two opposing countries" and "Today we have witnessed that Russia has used war to capture and solve problems, we cannot support those who use war as a weapon to find solutions," he added. "Any dispute or rivalry between two governments must be resolved through negotiations, courts ... It was the best way, not war. Russia seems to be doing the opposite when it comes to using the military to resolve their dispute with Ukraine."

Indonesian

One of the countries that felt the impact of the war between Russia and Ukraine is Indonesia. The first impact experienced by Indonesia is the increase in wheat prices. Most of the lower middle class are not prepared for this situation and are not ready to accept price increases. So far, the increase in wheat prices does not directly affect the price of raw materials for food production at the consumer level, because the industry has enough raw materials. However, if the war goes on for a long time, the price of wheat-based processed foods is inevitable. If such a situation arises, the government can facilitate the supply of grain raw materials except Ukraine. Another consequence of the war between Russia and Ukraine in Indonesia is the increase in oil prices. Oil prices rose to the level of 100 dollars per barrel. This condition forced SOEs to impose various price increases on the public. The increase is like doubled subsidized LPG and also adjusted non-subsidized fuel. This situation is due to most of the oil reserves of the Republic of Indonesia come from imports. This drains cash flow from SOEs due to rising oil prices and puts SOEs under debt pressure. Another effect of the war between Russia and Ukraine is the increase in prices of basic goods. The cost of basic necessities is the economic impact of Indonesia.

Rising crude oil prices of \$100 per barrel have increased inflation and made transportation costs much higher. This makes the price of basic necessities increase. When the price of basic necessities increases, people's purchasing power to meet basic needs shrinks. When people's purchasing power is low, it affects the Indonesian economy and also the survival of the Indonesian people (Haitao & Ali, 2022; Djatmiko & Pudyastiwi, 2020).

Another consequence of the war between Russia and Ukraine is exchange rate instability. A war between Russia and Ukraine could weaken the rupee, according to LAB 5 research. This was due to the fact that Russia was excluded from the SWIFT global payment system, which resulted in the write-off of Russian funds. In addition, exchange rate instability also increases the burden of foreign debt which makes interest rates on loans more expensive (Guenette et al., 2022). Interest rates on loans are nominally rising due to instability against the dollar, which makes it difficult for countries with excessive capital burdens to deal with the crisis in Ukraine.

At the same time, the public is making sufficient efforts so that SOEs can contribute to maintaining price stability. The war between Russia and Ukraine affected Indonesia's economy, especially exports and imports. Bank Mandiri economist Faisal Rachman said the war between Russia and Ukraine could disrupt Indonesia's sales flow with both countries. The hot war makes it difficult for Indonesia to export to Russia and Ukraine. According to BPS, Indonesia's sales with Russia are quite large, with Indonesia's export figures to Russia in January 2022 amounting to \$ 176.5 million or 2.52 trillion Rupiah. Most of the raw materials traded between Indonesia and Russia are fats, animal oils and rubber for rubber products. Due to delays in exports and imports, this has an impact on the Indonesian economy.

Thailand

Economic relations between Russia and Thailand have strengthened significantly over the past few years. The total value of bilateral sales in 2016 was \$4.3 billion. Russia's main exports are petroleum products, fertilizers as well as steel, which account for about 78% of Thailand's total exports. Various raw materials as well as finished products from Thailand. Russia's security involvement with Thai aid has been relatively limited for the following reasons. However, the Thai military takeover has been heavily criticized since the United States activated restrictions on future arms trade to Thailand in May 2014.

Philippines

Relations between Russia and the Philippines are strained in many ways. Based on the delivery in 2016, but bilateral ties are very limited. This is because the Philippines depends on the United States. Beyond security and defense, much depends on history, and accurate bilateral economic ties are quantitatively limited: in 2016, trade, including exports, totaled about \$0 million. Imports from Russia were \$15.8 million and imports from the Philippines were \$29.2 million. Therefore, the two countries have common boundaries of maintaining bilateral relations. Based on Russia's ties with the Southeast.

However, there are differences in the common ties of some countries with Russia. Russia's growing influence in Southeast Asia has made constant progress together developing relations with the region. It corresponds to lower political interests. Russia abroad. From Russia's point of view, Russia's sales ties with Southeast Asia should have been stronger from the beginning, but they have been relatively limited. After the war between Russia and Ukraine.

ASEAN countries are not the same, namely non-interventionist and non-interventionist countries. As per ASEAN guidelines. A statement from the Philippine Secretary of Defense indicated that ASEAN did not want to participate (Adigapa, 2019). Therefore, in the context of certain countries, the Southeast Asian region continues to build relations and cooperation, even with Russia and Ukraine. But in the conflict that occurred in ASEAN.

Russia's Economic Influence in Southeast Asia on the Russo-Ukrainian War

The conflict between Russia and Ukraine has caused commodity prices to explode, as both competitors. The undeniable fact is that the disruption in raw material supplies caused by Russia's invasion of Ukraine, beginning on February 2, 2022, triggered a big blow on the world. Its economy covers Southeast Asia such as Indonesia. According to the World Bank, Malaysia, the Philippines and the Association of Southeast Asian Nations (ASEAN) imported 9.7% of their fertilizers from Russia as well as 9.2% of their crops from Ukraine in 2020. Supply will increase by a total of 50% as well as 20% in 2022. Meanwhile, ASEAN's inflation rate will rise to 4.7 percent in 2022 from 3.1 percent in 2021.

CONCLUSION

The war in Ukraine-Russia will have an impact on the economic field and will also lead to efforts to improve international trade, and countries that have relations in the two countries will have a great influence on national interests in their countries. Rising commodity prices, disruptions in supply chains and inflation. It will be burdensome for consumers in Southeast Asia. The Ukraine war and economic sanctions in various countries against it are known to push energy prices in Southeast Asia even further, because Russia is an exporter of natural gas and petroleum. It is known that the price of non-subsidized fuel in various Southeast Asian countries has increased such as Singapore totaling Rp. 28,500/liter, Thailand Rp. 19,300 / liter, Indonesia Rp. 12,750/liter, Laos Rp. 19,200/liter, Philippines Rp. 18,500 / liter, Vietnam Rp. 16,800 / liter, Cambodia Rp. 16,500/liter and Myanmar Rp. 15,300 / liter.

The author understands that writing is far from perfect, related to less in-depth discussion in some analyses. The author wants the study to be useful for the readers. Due to lack of knowledge and lack of references, this research can be a suggestion for future research. Based on the results of the study, the researcher makes recommendations for the results of the analysis. It has been suggested that more research is needed to examine the impact of the Russia-Ukraine war on the economies of Southeast Asian countries. Therefore, suggestions and constructive criticism are very much desired so that this thesis is more complete and perfect.

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