

GEOPOLITICAL RISK OBSERVATORY

# Russia-Ukraine Conflict

## **An overview**

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## GRO Overview: Russia-Ukraine Conflict

*GRO Overviews are neither extensive analysis nor news updates. Instead, they offer a general perspective over areas and issues, trying to provide a series of factors and variables that organizations should monitor to anticipate risks. For in depth analysis or day to day updates you should contact the observatory at [strategicchange@luiss.it](mailto:strategicchange@luiss.it)*

### Summary

The Ukraine-Russia conflict is one of the world's most significant geopolitical crises, transforming from a regional dispute into a confrontation with global consequences. Since its escalation, the conflict has shaped international relations, disrupted economic systems, and spurred strategic realignments across continents. For organizations, understanding the conflict as an evolving context is essential for anticipating its impact on operations, investments, and strategic plans. Crucial factors to monitor include military developments, international alliances and support, and internal stability.

### Historical and Geopolitical Context

The roots of the Ukraine-Russia conflict lie deep within Ukraine's contested geopolitical identity. After the 2013-2014 Euromaidan uprising, which crystallized the country's internal division between pro-European and pro-Russian blocs, Ukraine's aspirations towards integration with Western institutions provoked strong resistance from Moscow. Russia's annexation of Crimea in 2014 and its support for separatists in Donetsk and Luhansk signaled a willingness to employ hybrid methods (i.e., information warfare, covert support, limited conventional force, etc.) to retain influence over what it considers its historical sphere of interest.

The full-scale invasion of Ukraine in 2022 marked a dramatic escalation and brought worldwide attention to the fault lines running through the post-Cold War security architecture. Much of the tension has centered around NATO's expansion eastwards, which Russia interprets as an encirclement threatening its security and regional ambitions. These developments are not simply about territory or national security; they reflect a clash of worldviews. Ukraine positions itself within a rules-based, Euro-Atlantic framework, while Russia seeks to revise that order, promote alternative security arrangements, and demonstrate that military power can still redraw maps in Europe.

Recent security realignments, such as the Swedish (2024) and Finnish (2023) accession to NATO, which extended the Alliance's frontier along Russia's borders and reshaped the strategic balance in Northern Europe, and the strengthening of strategic and security partnerships between Russia and non-Western powers like China or North Korea highlight how the conflict is accelerating deterrence adjustments in Europe while reinforcing alternative security arrangements beyond the Euro-Atlantic space.

### **Global implications**

The war in Ukraine has had ramifications far beyond its borders. One of the most significant outcomes is the tightening of Russia-China partnership, exemplifying a growing bloc of countries seeking alternatives to the US-led international order. China's stance—officially neutral but supportive of Russia's economy and international position—has helped Moscow withstand sanctions and demonstrates how the conflict serves as a testing ground for broader geopolitical competition.

The response from the so-called Global South has been largely characterized by strategic neutrality or non-alignment. Many developing countries view the conflict as just another episode in ongoing competition between global powers, not simply as Russian aggression against Ukraine. This fragmented landscape has limited the effectiveness of Western sanctions and illustrates the waning ability of the West to drive global consensus.

At the same time, Western cohesion, though significant, is not friction-free. EU and G7 countries have frozen around €210 billion in Russian central bank assets. Nonetheless, the EU debate over the use of these immobilized sovereign assets remains a key variable for long-horizon reconstruction finance. In December 2025 the EU agreed to indefinitely freeze the assets held at Euroclear commercial bank in Brussels – thus, reducing the previous 6 months “renewal” risk—whereas legal and political constraints around any use of the principal persist revolving around issues such as sovereign immunity, litigation exposure, burden-sharing, and retaliation risk.

Domestic politics, particularly in the US, shape the pace and conditionality of military aid and influence the parameters of any future peace deal. Recent US-led diplomacy has also stepped-up pressure for negotiations that could include controversial territorial compromises for Ukraine.

Sanctions enforcement has also shifted from purely financial restrictions toward maritime pressure aimed at Russia's oil-export revenues. The EU has increasingly targeted Russia's “shadow fleet”—older, opaque-ownership tankers used to move crude outside the price-cap framework—by expanding vessel listings that trigger port-access bans.

### **Practical implications for businesses and interests**

For organizations with direct or indirect exposure to the conflict, the situation presents a mix of operational risk, regulatory uncertainty, and strategic opportunity. Ukraine's reconstruction remains a major medium- to long-term opportunity in energy, infrastructure, housing, and services. However, investment will require a careful assessment of security, legal, and ethical considerations alongside de-risking instruments.

The Ukraine Recovery Conference (Rome, July 2025) reinforced this trajectory. In parallel, the EU's Ukraine Facility (up to €50 billion for 2024–2027) is designed to provide predictable financing that can help stabilize the macro-environment and mobilize private capital.

Organizations must also contend with ongoing disruptions in trade flows, higher commodity costs, and the possibility of further regulatory and sanctions changes as the international response evolves.

Recent reporting points to an escalatory pattern of sabotage and covert operations across Europe alongside persistent cyber risk, underscoring the need for stronger resilience planning for critical infrastructure, logistics, and corporate networks.

On the operational level, companies are advised to closely monitor geopolitical developments, critically evaluate their supply chains and regional dependencies, and bolster their cyber defenses in anticipation of increased hybrid and digital threats. As a matter of fact, adaptability, proactive compliance with shifting regulations, and participation in dialogue with governments and partners will be crucial for managing exposure and seizing opportunities as they emerge.

### **What to monitor**

To effectively navigate this complex environment, the following indicators should be continuously monitored for signs of escalation or change:

- **Military developments:** the front-line is slow-moving but not static, with Russia sustaining pressure in key eastern sectors (e.g., around Pokrovsk) and Ukraine increasingly relying on long-range strikes and drones.
- **Diplomacy and security guarantees:** US-led efforts to explore a settlement have intensified, with active discussion of ceasefire along current front lines and governance/control questions over sensitive sites such as the Zaporizhzhia nuclear power plant. Any credible movement on legally binding security guarantees –or, conversely, a breakdown in talks– would reshape risk assumptions and timelines.
- **International alliances:** the two sides have been extensively supported by foreign partners. Especially for Ukraine, losing the substantial contributions coming from the West (EU and USA) could substantially compromise its capacity to defend itself.
- **Economic sanctions:** while certain sanctions have been unable to drastically impact Moscow's economy, Russia might still be exposed to extensive sanctions. Businesses should track not only new measures but also enforcement signals and secondary-risk exposure via third-country intermediaries.
- **Hybrid and cyber escalation:** European authorities report a rise in hybrid threats (sabotage, disinformation, cyber operations) linked to Russia, while maritime insecurity is also rising, including strikes on shadow-fleet vessels in the Black Sea that affect war-risk insurance and logistics. This raises the importance of monitoring threats to critical infrastructure, transport nodes, and corporate networks.

- Internal stability: while neither in Ukraine nor in Russia since the early phase of the conflict there have been major protests, discontent during war times can mount and erupt abruptly. Any sign suggesting consistent dissatisfaction towards the leadership should be carefully monitored.

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