

Trend Analysis and Assessment Report

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The effects of the war inside Ukraine

Key Takeaway

The Russia-Ukraine war has been going on for 39 days. Since the invasion, over 10 million people in Ukraine have left their homes. In eastern and southern Ukraine, the humanitarian situation is dire. The humanitarian situation is likely going to worsen, and more people will be displaced within the country. People are without necessities and have nowhere to go due to their shelters being destroyed by Russian forces. After successful counterattacks by Ukraine, Russia has shifted its focus from Ukraine's capital, Kyiv, and is now focusing on the eastern part of the country. Some Ukrainian cities in the southeast are under Russian control and some came into Russian control after Russian forces abducted the cities' mayors. Ukraine has officially shifted to a wartime economy.

Trend Pattern

It has been a little over a month since Russia invaded Ukraine and started the Russia-Ukraine war. This is a series of events and developments from the past month of the war.

- When Russia invaded Ukraine on February 24, one of Russia's main targets was taking control of Kyiv [1]. Russia announced on March 29 that it was going to be shifting its military away from Kyiv and focus more on the Donbas region and the eastern area of Ukraine [2]. Since this announcement, Ukraine has regained control of the whole Kyiv region, this includes more than 30 towns and villages [3].
- Shortly after the Russian invasion began, Mariupol, a southern port city, came under attack. Parts of Mariupol are still under Ukrainian control, but the city is surrounded by towns and areas that are under Russian control [5]. The city has experienced intense shelling and eventually lost power, and has no water and gas supply. Its population is also running out of food [4]. In air raids and bombs, the Russian military hit the maternity hospital, the drama theatre where civilians were sheltering, and a school that was also used as a shelter [4]. Humanitarian corridors have been opening and closing periodically, but it has been reported that there are still around 200,000 civilians living in Mariupol.
- Around 4 million people have left Ukraine, the majority being women, children, and the elderly [6]. About 6.5 million people have left their homes in Ukraine to go to different areas of the country [6]. Around 12 million people are trapped in areas where the fighting has been too intense for them to leave, or they chose not to leave for personal reasons [6]. The International Organization for Migration data revealed that 13.5% of the people who are choosing to leave their homes in Ukraine due to war had to do the same in 2014, when Crimea was annexed by Russia [6].
- During the third week of the war, March 14 to March 17, two Ukrainian mayors were abducted by Russian forces. Yevhen Matveye of Dniprorudne and Ivan Fedorov of Melitopol were captured by members of the Russian military and their cities are now Russian-occupied [7]. In Russian-occupied Dniprorudne and Melitopol curfews were enforced, demonstrations were banned, and only Russian broadcasts are allowed to be on the TV and radios [7].

- Ukraine has shifted to a wartime economy. Businesses in the country have stopped producing their goods and are now making products to help the war effort [8]. Ukraine's President, Volodymyr Zelensky, announced new tax guidelines for Ukrainian businesses. For large businesses, instead of income tax and value-added tax, there will be a 2% tax rate for every business and simplified accounting [8]. For small businesses, a voluntary fee will be asked, but if small businesses are unable to pay it there will be no penalty [8]. The Ukrainian government estimated that Russia has destroyed over \$500 billion in economic assets [9].
- Many citizens and communities in Ukraine are without homes, food, water, electricity, or medical supplies. Russian shelling and bombs have hit people's homes and shelter spots leaving people no place to go [11]. Food is scarce in most areas of eastern Ukraine, in cities like Mariupol it is almost impossible to get aid into the country due to it being surrounded by Russian forces [11]. Due to hospitals being destroyed and limited medical supplies and medicine, many people are dying from very treatable diseases and injuries [12].

Assessment

After a month of non-stop shelling and attacks on Kyiv, Russia announced it would no longer be focusing on Ukraine's capital and would be shifting its focus to the eastern region of Ukraine. Many world leaders spoke about the validity of this announcement, and most do not think it is true. Reports from Ukrainian citizens in Kyiv said that intense bombardment and explosions could still be heard surrounding Kyiv [10].

We assess with moderate-to-high confidence that Russian forces are not going to completely leave Kyiv and that they will increase their power there in the coming weeks. Russian President Vladimir Putin said, "Russia will not invade Ukraine" and then later that day the invasion took place. Russia announced on many different occasions that it would open humanitarian corridors for evacuation and supplies, and then it did not. Russia has said one thing and then done the exact opposite; that is why we do not think Russian officials are being truthful when they say they are shifting their focus away from Kyiv.

Over ten million people have left their homes in Ukraine due to the war. Whether they have completely left the country or gone west for safety, they have been displaced. The war has hurt the economy, but people leaving the country hurts it even more. We assess with high confidence that more people in Ukraine will become displaced. Whether they leave the country or relocate inside Ukraine, we assess that people will leave the eastern part of Ukraine. With more fighting going on in that region, and due to Russia's announcement of shifting its focus there, it is likely that people will continue to leave. We assess with high confidence that Ukraine's economy will shrink by 35% or more due to the war, citizens not spending money, and their limited trade capability. We assess with high confidence that the number of economic assets that are destroyed will continue to increase as the fighting continues.

Broader Implications

Human Rights Watch, a human rights group, has documented apparent war crimes by Russian forces in Ukraine. Rapes, killing of innocent civilians, and unlawful use of violence by members of the Russian military were all documented. Human Rights Watch is calling out for support from other countries and United Nations to do something. Significantly, Russia has decided to shift its focus from Kyiv to the eastern region of the country. This allows the people near Kyiv to come out of hiding and start to rebuild and assess what happened to the city and the surrounding areas. It is important to point out that fighting will increase in areas that have not seen much action yet and this could lead to new issues. The United States of America (U.S.) is supporting Ukraine through sanctions, monetary aid, and equipment. The war affects the U.S. economy, especially gas and oil prices. If the U.S. and NATO would decide to get involved in the war by sending in troops the war would have a much larger effect on the U.S.

Indicators

We are waiting to see if Zelensky and Putin will meet and/or have communications. One of President Zelensky's advisors announced that the two may meet soon to discuss the war and a potential ceasefire. If this occurs there is potential for a ceasefire, or nothing could come out of the talks and fighting could continue. We are waiting to see how Ukraine's military responds to the increased fighting in the east. If Russia can capture most of the eastern region, it will increase its chance of winning the war. In addition, we are waiting to see if any other European Union (EU) countries, other than Lithuania, will cut off Russian gas supplies completely.

Sources

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