

# The Ukraine war: Challenges for Switzerland

Since Russia invaded Ukraine in February 2022, Europe has been in a state of emergency. On a political and economic level, the war has had far-reaching consequences. How should these developments be contextualized? And what challenges does this pose for Switzerland?

## **The geopolitical context of the conflict: a classification**

For Europe, the conflict in Ukraine is the first interstate war on European soil since World War II. It marks the end a period characterized by deepened multilateral cooperation, strong intensification of globalization, and the eastward expansion of the EU and NATO. Little attention has been paid to the fact that this development was less positive from Russia's perspective, even though the country also opened up strongly during this phase. Russia adopted an increasingly aggressive stance toward its neighboring states but the West, especially western Europe, neglected these developments for a long time. For many years, peace was taken for granted, and the concerns of the former "Eastern bloc states" were subject to derision rather than taken seriously.

When war broke out in Ukraine, then, it shocked the West, which explains the rapid and decisive action of western states. Concerned that Russia could be encouraged to demonstrate aggression against further

states and that the war would spread in general, they decided to impose comprehensive sanctions and supply weapons. In this respect, the current crisis represents a turning point, showing as it does that the peaceful and prosperous "post-cold-war era" is now over. It has also abruptly raised awareness of the new security challenges throughout Europe.

Two developments are noteworthy. First, western countries share an astonishing unity and determination to stand up to Russia. Russia has thus united the West and NATO to an extent not seen for a long time. Especially interesting in all this is the prominent role of the United States. Whereas just a few years ago the President questioned the continued existence of NATO,





no one doubts the role and importance of the alliance today – or the need for nations to maintain their capacity to act by investing in their own military. A second, less considered development, on the other hand, is that clear condemnation of the Ukraine war and clear positioning against Russia remains largely confined to western states. Even though a majority of states in the UN General Assembly condemned Russian aggression at the outset of the war, the conflict is viewed less clearly elsewhere in the world than it is in the West. In particular, large and important emerging markets such as India, China and Turkey have avoided taking a clear side.

Besides looking at these current geopolitical developments, it is also important to consider the broader geopolitical context. The Ukraine war is embedded in wider developments that we have been observing for about a decade; and these are putting sustained pressure on the rules-based, multilateral world order. This pressure comes both from within – the states that form the core of the current world order – and from the outside – states that are dissatisfied with the current world order.

Pressure from within is generated above all by what has become known as a “backlash against globalization,” the increasing rejection of globalization by public opinion, political actors and the political decisions taken in practice. This backlash is not just reflected in right-wing populist, nationalist criticism of various international institutions, such as the EU or the International Criminal Court, which typically emphasizes the costs of international cooperation and downplays or takes for granted achievements such as prosperity and peace. Backlash has also contributed to the weakening of international institutions as a result of concrete

“projects”: think Brexit or the US blocking of the WTO Appellate Body. Particularly challenging in this context is the isolationist turn of the US, which already began under Obama and reached its preliminary climax with Trump’s “America First” policy. Even if the Ukraine War has put the brakes on this process for now, the question still arises as to how things will continue with the US in the long term, especially if the erosion of US democracy cannot be stopped. It is interesting that Russia appears to be an active player in these challenges from within: there are indications that Russia supports nationalist parties and projects financially and ideologically.

Pressures from within on the rules-based, multilateral world order are compounded by external challenges. The world has changed massively in recent years, not least because of the rise of China. These shifts are triggering discontent among states that have less political influence in the current world order than they feel they deserve. States such as China, India or the emerging markets in general have experienced strong economic growth but this has not translated into greater status, recognition or political influence on the global stage. Many of these states are also increasingly showing autocratic tendencies and questioning the liberal and democratic values of the current world order. Here, again, Russia is an important player, albeit as a special case: military strength contrasts with comparative economic weakness and, having lost much of its influence, the country is now fighting for status.





# “The unity and determination to stand up to Russia is astonishing.”

## What challenges does the Ukraine war pose for Switzerland?

The war in Ukraine poses a number of challenges for Switzerland. These are not least military challenges – for example, the question of how well Switzerland is prepared for a possible emergency. However, I will focus here on the broader challenges facing Switzerland in the medium and long term.

In the medium term, Switzerland will need to address three key challenges. First, the Ukraine crisis is having a major economic impact, affecting Switzerland both directly and indirectly. Sanctions, which prohibit certain business transactions, are an example of the direct effects, while the issue of oil, gas and coal supplies is more indirect, but no less serious. Switzerland not only relies indirectly on Russia for these fuels to some extent, but is also affected by the general rise in commodity prices. In this area, Switzerland faces a particular challenge: With EU states set to cooperate more closely in the electricity sector in the future, Switzerland is exposed to an increased risk of power shortages from 2025 onward in the absence of an electricity agreement with the EU. This issue will only be exacerbated if the Ukraine war causes electricity shortfalls in the EU in the medium to longer term. At the same time, clouds

have gathered over the global economy as a whole as a result of the Ukraine war and ongoing acute supply chain problems caused by the pandemic. Inflation has risen worldwide and a global recession is not unlikely. Operating as they do in a small, open economy, Swiss companies are directly affected by these developments.

Second, the war in Ukraine has brought the refugee issue back into focus. Like other European countries, Switzerland is currently dealing with a large wave of refugees from Ukraine. Even though the population is very willing to help and Switzerland has a clear humanitarian tradition, it is conceivable that the issue will once again dominate politics. Besides the wave of Ukrainian refugees, a much larger influx of refugees from Africa and the MENA countries could potentially roll into Europe in the next few years if bread and food prices in the region climb in the long term due to the lack of grain and fertilizer exports. This would not only exacerbate famine, but also increase the risk for conflict – two dynamics that are likely to fuel a refugee movement to Europe.

Third, questions arise for Switzerland on how to deal with neutrality. In Switzerland, a distinction is made between the law of neutrality (observance of the obligations of neutral states under international law) and neutrality policy (implementation of neutrality beyond these obligations). Compliance with the law of neutrality is largely undisputed in Switzerland, although there are occasional discussions about how to interpret neutrality specifically with regard to arms deliveries. More controversial is the form neutrality policy should take, and this is a challenging question in the current situation. Since compliance with the “rules of play” in accordance with international law is central for a small, open economy like Switzerland, and because the country benefits greatly from a rules-based, multilateral world order, Switzerland is committed to these fundamental values. This stance is reflected most clearly in the sanctions Switzerland takes against states that blatantly violate these fundamental values. Currently, Switzerland has imposed sanctions against 24 other states and actors besides Russia. In a world of increasingly tense geopolitics, shaping neutrality policy can be something of a balancing act, especially since Swiss neutrality is not always understood abroad. The Swiss seat on the UN Security Council is an opportunity in this respect: Switzerland has the chance to actively advocate for the fundamental values it shares in the rules-based,

multilateral basic order, and to explain this position. The Ukraine war also poses challenges for Switzerland in the long term. In my view, the biggest challenge for Switzerland will be its positioning in a changing geopolitical context and the increasing “competition” between the liberal, democratic core states of the liberal world order (commonly referred to as “the West”) and the more autocratic, revisionist states that seek to shift the balance of power in the international system in their favor (especially China and Russia). Against this background, it could become more difficult for Switzerland longer term to continue its current strategy of maintaining close relations with almost all states (and especially the US, EU, China, and Russia), even though this strategy has until now proved highly beneficial for Switzerland, especially economically. It is conceivable that the various parties will demand a stronger position or even more reciprocation from Switzerland in future. For example, China has already made it clear that it will not conclude a new trade agreement with Switzerland as long as Switzerland criticizes Chinese human rights practices, western partners are putting pressure on Switzerland in the area of tax competition, and the EU would rather let bilateral relations with Switzerland erode than make substantial concessions to Switzerland. It is therefore important to perform a strategic analysis of the new security and geopolitical situation at an early stage in order to make the necessary policy

preparations. Overall, the new situation could also trigger a reassessment of the trade-off between the advantages of international cooperation and the advantages of national sovereignty for Switzerland.

It therefore seems central that Swiss policymakers and businesses develop a longer-term, holistic strategy to respond to such new demands and geopolitical developments. These considerations should also be embedded in a broader strategic context that extends beyond security policy.



**Prof. Dr. Stefanie Walter**

Full professor for international relations and political economy at the Department of Political Science (IPZ) University of Zurich

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## About Prof. Dr. Stefanie Walter:

Stefanie Walter is full professor for international relations and political economy at the Department of Political Science (IPZ) at the University of Zurich. She received her PhD in political science from ETH Zurich on the political economy of currency crises and subsequently worked at the universities of Harvard and Heidelberg. Her research examines distributional conflicts, political preferences and policy choices in the context of globalization, European integration and financial crises. Current projects focus on international disintegration processes such as Brexit, the political economy of the euro crisis and the backlash against globalization.

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