Ukraine war and the consequences:

"The glory years of globalisation are over"

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Economist Felbermayr: "It has been clear since the financial market crisis that hyper-globalisation is over" Photo: Carsten Rehder / dpa

Global economic expert Gabriel Felbermayr sees the war in Ukraine as the end of the era of globalisation. "The 30 glorious years of globalisation are over. We have to bury the idea of a worldwide market," the head of the Vienna-based economic research institute Wifo told the "Augsburger Allgemeine". He said that the world economy was now once again falling apart into individual blocs of the West, a sphere of influence dominated by China, the increasingly emancipating India and an isolating Russia.

"It has been clear since the financial market crisis of 2008 and 2009 that hyper-globalisation is over," said the former director of the Kiel Institute for the World Economy (IfW). "At the latest since Donald Trump's economic war and the invasion of the Russians, it is clear that a new Iron Curtain is probably being lowered between the West and the Russian sphere of influence."

Felbermayr criticised German policy in recent years: "Here, a few people from the energy industry and politics in Germany made the wrong decision to make themselves so dependent on Russia," the economist told the newspaper. This high degree of dependence contradicts all basic economic doctrines, he said. "The citizens are now paying the bill for this policy."

Many people in Germany, Austria and Russia had enriched themselves on the business model before the war in Ukraine, Felbermayr continued. The German population has the right to know who in the German government promoted which decisions.

As a result of the invasion of Ukraine, the Russian economy will probably shrink by ten percent this year, according to estimates by the European Bank for Reconstruction and Development (EBRD). For Ukraine, the bank predicts a 20 per cent drop in gross domestic product (GDP) in its forecast published on Thursday. The Russian invasion of the neighbouring country, which began five weeks ago, has triggered the "biggest supply shock in 50 years", the EBRD said.