



MAIN TAKEAWAY of the month

In December, Ukraine faced intensified military operations from Russia, with significant territorial gains in Donetsk, including the capture of Illinka and Petrivka. Russia also launched one of its largest aerial offensives on December 13, deploying approximately 290 missiles and drones that targeted power plants in Odesa, Lviv, and Kyiv, leaving thousands without electricity. In response, Ukraine ramped up its missile and drone production, with over 1.5 million FPV drones manufactured in 2024 and new systems like the Palianytsia missile-drone hybrid entering serial production. International support remained strong, with the U.S. providing \$725 million in military aid in December, raising the total U.S. military aid to over \$62 billion. The EU also stepped up, pledging €1.5 billion in monthly budget support starting January 2025 and training 75,000 Ukrainian servicemen by February 2025. On the energy front, Ukraine halted Russian gas transit on January 1, a major break with Moscow, and received its first U.S. LNG shipment on December 27. In the Russian Federation, the military recorded a new record in losses, with 48,670 casualties reported, marking the sixth consecutive month of rising losses. In response to these setbacks, Russia significantly increased its recruitment efforts, with 440,000 people signing military contracts in 2024. On the economic front, the Russian Central Bank maintained interest rates at 21%, despite persistent inflationary pressures, with food price inflation reaching 11.41% in 2024. The energy sector saw a slight rebound, with Gazprom's exports to Europe rising by 14%, though future declines are expected due to the cessation of gas transit through Ukraine. Politically, Vladimir Putin and Alexander Lukashenko signed a security agreement within the Russia-Belarus Union State, committing to mutual defense using "all available forces," including Russian tactical nuclear weapons in Belarus. Putin also approved the potential deployment of the "Oreshnik" missile system in Belarus by mid-2025. Russia is also facing challenges in trade relations with China, as strict export controls were introduced, while it continued to receive military support from North Korea, further complicating the geopolitical landscape. The Republic of Moldova advances its EU integration efforts as Vice Prime Minister Cristina Gherasimov and President Maia Sandu secure support in Brussels for economic growth initiatives, joining the Single Euro Payments Area by 2025, and energy sector cooperation. Amid Gazprom's planned gas supply halt to Transnistria, a 60-day emergency plan addresses potential shortages, supported by EU funding. Moldova also adopted a 10-year defense strategy to raise military spending to 1% of GDP by 2030, strengthening security amid regional tensions, including a recent Russian missile incursion into its airspace. Despite challenges, Moldova remains committed to its European path. In the Balkans, the EU General Affairs Council reaffirmed its commitment to enlargement, recognizing Montenegro's progress towards accession treaty preparations while urging other candidates, including Serbia and North Macedonia, to advance reforms. The EU-Western Balkans summit on December 18, 2024, reinforced this commitment, emphasizing strategic partnership and integration through the EU's Growth Plan, with over EUR 300 million allocated for reforms. Amid these shifts, Romania and Bulgaria officially joined the Schengen Area on January 1, 2025, enhancing regional mobility and cooperation within the EU.

In December, with regards to the Ukraine-Russia war frontline updates, Russia's military operations in Ukraine have intensified, with significant territorial advances in the Donetsk region, including control over [Illinka, Petrivka, Hihant, Uspenivka, and Novopustynka](#). The end of the year marked [Russia's most substantial territorial gains since March 2022](#), with over 725 square kilometers captured, suffering [severe casualties](#) - 48,670 losses in December alone. Key areas [such as Pokrovsk, Vremivka and Kurakhove are under heavy assault](#), with Russian troops advancing closer to [strategic hubs and key resources](#). Additionally, Russia launched one of its largest aerial offensives, [deploying approximately 290 missiles and drones](#) against critical Ukrainian infrastructure on December 13, including power plants in Odesa, Lviv, and Kyiv. This left thousands of civilians without electricity, heat, and access to medical facilities during the winter. Similarly, a massive Russian missile attack [was launched against Kharkiv](#) on Christmas Day, while at least one person was killed and 14 others wounded in [a Russian attack on Kryvyi Rih](#). Chemical weapons use by Russian forces [has also been reported, resulting in over 2,000 Ukrainian soldiers](#) hospitalized, with three fatalities. Despite losses, Russia is bolstering its forces, training [300,000 contract soldiers as reserves for its eastern operations](#).

As a response, Ukraine has intensified its counteroffensive efforts with a combination of [military strikes](#) and [sabotage operations](#). Naval drones targeted Russian [surveillance systems on gas platforms in Crimea](#), while drone attacks [hit the Novoshakhtinsk oil refinery](#) in Rostov and an oil facility in [the Oryol region](#), disrupting energy supplies critical to Russian operations. Likewise, one of its naval drones [destroyed a Russian helicopter and damaged another](#) in the Black Sea. Ukrainian partisans [sabotaged key railway lines between Moscow and Kursk](#), further hindering Russia's logistics. In the Kursk region, Ukrainian special forces engaged in intense battles, reportedly [killing 50 North Korean soldiers fighting alongside Russian forces](#), with casualties rising [as high as 3,000 until the present day](#). On the frontlines, Ukrainian troops [recaptured Novyi Komar](#) in Donetsk and pushed back Russian forces from key positions [near Novomylnsk in the Kharkiv](#) region.

In terms of military production, President Volodymyr Zelensky has overseen efforts to accelerate Ukraine's missile and drone production, with several new systems, including the [Palianytsia missile-drone](#) hybrid and the [Peklo missile-drones](#), entering serial production and the [Ruta missile](#) being tested. These advancements are crucial as Ukraine continues to develop its domestic defense industry, with [plans to produce over 30,000 long-range missiles in 2025](#). The country is also ramping up drone production, with [over 1.5 million](#) first-person-view (FPV) drones made in 2024, representing 96% of all unmanned aerial vehicles (UAVs) used by Ukrainian forces.

The international community continues to bolster Ukraine's military capabilities through substantial aid packages. Germany, the second-largest military supporter, has [pledged €650 million in additional aid](#), raising its total commitment to €28 billion. Other European countries, including Denmark, the UK, and the Netherlands, have significantly stepped up their support where [Denmark allocated over \\$292 million](#) for air defense and F-16 operations, while [the UK provided a \\$286 million package](#) focused on naval drones and electronic warfare. [The Netherlands announced €22 million](#) for air defense and cyber resilience. France and Bulgaria also continued their consistent support, with Bulgaria sending [its seventh military aid package](#), and France [discussing peacekeeping options in case of a ceasefire](#). Norway [committed \\$242 million to strengthen Ukraine's navy](#) against threats in the Black Sea. Furthermore, the EU fulfilled its promise to [deliver one million artillery shells](#), underscoring its sustained support.

Ukraine has also secured substantial financial aid to maintain economic stability and rebuild critical infrastructure. The European Union [approved a €4.2 billion tranche](#), part of a larger [€35 billion macro-financial assistance agreement](#) with Ukraine. Additionally, the World Bank [approved \\$2.05 billion in grants](#), complemented by a [US-backed \\$20 billion loan package](#) to support economic reforms and stability. The European Bank for Reconstruction and Development (EBRD) [committed €1.3 billion for investments in Ukraine](#), the International Monetary Fund (IMF) provided Ukraine with [1.1 billion USD to be used for essential](#) budget spending, while [Australia pledged €50 million to support reconstruction](#) loans and \$6.39 million for energy sector repairs. Denmark, too, [allocated €6 million for energy](#) infrastructure restoration, and [the Netherlands provided €22 million for cyber resilience](#) projects.

Together, these efforts reflect an unprecedented global commitment to support Ukraine's resilience and recovery amid ongoing conflict.

The United States continued its significant support for Ukraine amidst ongoing concerns about the trajectory of aid with Trump's arrival to the White House. The most significant military aid packages this month included a [\\$988 million package](#), including critical supplies like drones, anti-personnel mines, and munitions and \$825 million to bolster Ukraine's energy resilience, a move made official [through a memorandum](#). The total U.S. military aid to Ukraine now exceeds \$62 billion. U.S. political dynamics are shifting, with Speaker of the House Mike Johnson [blocking further aid requests](#), citing the need for President-elect Trump to decide on Ukraine's support. Trump has expressed skepticism about continued military aid, raising concerns over less favorable terms for Ukraine, especially regarding NATO membership. Despite this, U.S. officials, including [Defense Secretary Lloyd Austin](#), continue to emphasize the importance of supporting Ukraine's defense against Russia.

In recent months, NATO and the European Union (EU) have taken significant steps to support Ukraine in its defense and integration efforts while countering the threats posed by Russia. NATO plans to increase defense spending across its member states, with proposals to [raise the defense spending target from 2% to 3% of GDP](#), as part of broader measures to counter Russia's aggression. Meanwhile, the EU will [train 75,000 Ukrainian servicemen](#) by February 2025 and is set to [allocate €1.5 billion](#) in monthly budget support starting January 2025. On December 16, the EU adopted its [15th sanctions package](#) against Russia, adding 52 vessels from Moscow's shadow fleet to a list of 79, and imposing tougher measures on Chinese entities involved in circumventing Western restrictions. As part of its commitment to Ukraine's EU accession, the EU has announced that Ukraine aims to open [two negotiation clusters in the first half of 2025](#), with President Zelensky suggesting the country could [join by 2029](#), contingent on completing necessary reforms.

Regarding the energy sector, [Ukraine halted Russian gas transit](#) on December 31, marking a significant break with Moscow, President Zelensky calling it [a major defeat for Russia](#). Due to this shift, Slovak Prime Minister Robert Fico warned that [Slovakia could impose repercussions on Ukraine](#) in response to Ukraine's decision, which could cost Slovakia €500 million annually in lost revenue. Ukraine also took steps to diversify its energy sources, receiving [its first U.S. LNG shipment](#) on December 27. In response, [Ukraine raised domestic gas transit tariffs](#), reflecting its shift towards greater energy independence.

RUSSIA - internal and external dynamics

In December, the Russian military recorded [a new record for human losses](#), with the Ukrainian Armed Forces General Staff reporting 48,670 dead and wounded soldiers. The average daily loss rate in December was 1,570 soldiers, with a peak on December 19 when 2,200 losses were reported in a single day. In 2024, the Russian army recorded 429,660 losses (dead and wounded), nearly double the 252,940 losses reported in 2023 by the Ukrainian General Staff. In addition, in terms of military equipment, according to data provided by the website *Oryx*, Russia has [so far lost nearly 11,100 armored vehicles](#), including 3,600 tanks.

On December 16, [Vladimir Putin announced that around 440,000 people had signed contracts for military service](#) with the Ministry of Defense in 2024, a significant number that allows Russia to offset the substantial losses on the front. To maintain high recruitment rates, Russian regions continue to increase financial incentives. A notable example is the [Samara region](#), where local authorities announced that in January, recruits signing enlistment contracts would receive a one-time payment of 3.6 million rubles, plus a federal bonus of 400,000 rubles, totaling 4 million rubles (approximately \$40,000 USD) for each new recruit.

In 2024, Russia significantly increased drone production, particularly at the factory in the Alabuga special economic zone in Tatarstan. According to CNN, this factory [produced 5,760 Shahed-136 drones](#), also known as Geran-2, in the first nine months of the year, double the 2,738 produced in 2023. In addition to the Shahed-136, the Alabuga factory began mass production of "Gerbera" decoy drones. These are designed to be produced at low cost and serve to deplete Ukrainian air defense

systems by mimicking the radar signal of Shahed drones. To complement these efforts, Russia [plans to establish a drone research and production center](#) in Kazan in 2025, emphasizing the priority given to developing technological capabilities in this field.

On the economic front, in December 2024, the Russian Central Bank's [decision to maintain the key interest rate at 21%](#) surprised most analysts, who had anticipated a rise to 23%. The Central Bank [justified this decision](#) by pointing to the visible effects of tightening monetary policy, reflected in a significant slowdown in lending activity. Mortgage lending fell by 40%, while corporate lending growth was only 0.8% in November, compared to over 2% in previous months. Despite this decision, recent inflation data indicates persistent inflationary pressures in Russia. From December 17 to 23, [inflation rose by 0.33%, following a 0.35%](#) increase in the previous week. According to [Andrei Gangan](#), the director of the monetary policy department of the Bank of Russia, annual inflation could peak in April 2025, followed by a rapid decline. However, the Central Bank's inflation [target of 4.0% is now expected to be reached only in 2026](#). Inflation [expectations among the Russian population](#) for the following year increased to 13.9% in December, up from 13.4% in November. Additionally, [food price inflation in 2024 reached 11.41%](#), one of the highest levels in recent years, surpassed only by the values recorded in October 2022.

In 2024, Gazprom exported 32.1 billion cubic meters of natural gas to European countries through pipelines, across all available routes. This figure represents [a 14% increase](#) compared to 2023, when exports were at 28.15 billion cubic meters—the lowest level since the 1970s. Russian Deputy Prime Minister Alexander Novak stated that total Russian gas exports to Europe in 2024 were 18-20% higher than in 2023. He noted that, in the first 11 months of the year, the total volume of gas deliveries, including both pipeline gas and liquefied natural gas (LNG), [exceeded 50 billion cubic meters](#). However, Russian gas exports to Europe are expected to decline from January 1, following the cessation of transit through Ukraine. Reuters estimated that in 2024, Russia [earned about \\$5 billion from gas exports transiting Ukraine](#).

Politically, on December 6, Vladimir Putin and Alexander Lukashenko [signed an agreement on security guarantees](#) within the Russia-Belarus Union State. The Russian president emphasized that the agreement establishes mutual obligations between the two states, aimed at defending and protecting sovereignty, independence, and constitutional order through the use of "all available forces and means," including Russian tactical nuclear weapons deployed in Belarus. Additionally, Putin responded positively to his counterpart's request for the deployment of the "Oreshnik" missile system in Belarus. The Russian leader [stated that deployment could begin in the second half of 2025](#), in line with Russia's plans to commence serial production of the system by that time.

Meanwhile, as of December 1, [China introduced strict controls on the export of dual-use products](#), resulting in the suspension of deliveries of a wide range of goods to Russia, according to *The Moscow Times*. The restrictions primarily target electronic products, as well as goods used in the processing of metals, gases, and minerals. These regulations reflect a shift in China's export policy, with potential consequences for trade relations between China and Russia in the context of the war in Ukraine. In addition, the Shandong Port Group, the leading operator of ports on China's east coast, [banned U.S.-sanctioned oil tankers from accessing its ports](#). This decision impacts Russia's oil shipments via its "shadow fleet," as independent refineries in Shandong province serve as a major hub for oil imports from sanctioned countries like Iran, Russia, and Venezuela. According to Kpler data, in the previous year, Shandong's oil imports from these three countries totaled around 1.74 million barrels per day, representing 17% of China's total oil imports.

On December 22, Slovak Prime Minister Robert Fico met with Russian President Vladimir Putin at the Kremlin, becoming the third European Union leader to visit Russia since the large-scale invasion of Ukraine. The [discussions focused on ensuring the continuation of natural gas supplies to Slovakia](#) from Gazprom, as the contract for Russian gas transit through Ukraine was set to expire. Putin assured Slovakia that Russia would fulfill its supply obligations and [expressed Moscow's willingness to initiate peace talks with Ukraine](#), with Slovakia potentially serving as a venue for such talks.

While Putin has increasingly promoted the idea of peace talks, [South Korean intelligence services reported a rise in Russia's arms imports from North Korea](#). According to authorities in Seoul, North Korea has been supplying Russia with 240 mm rocket launchers and 170 mm self-propelled artillery, as well as advanced kamikaze drones. Additionally, there are signs that North Korea is preparing to rotate or reinforce its troops already present in Russia. This increase in [arms shipments from North Korea to Russia was also highlighted by](#) the Wall Street Journal on December 22, citing sources from Seoul, Washington, and Kyiv, as well as satellite imagery analyses. The report noted that approximately 200 ammunition factories in North Korea are now operating at full capacity.

Evolutions in the Republic of MOLDOVA

During her visit to Brussels on December 3rd, Vice Prime Minister Cristina Gherasimov discussed Moldova's significant progress on its [European integration process](#) with EU Enlargement Commissioner, Marta Kos. Meanwhile, [President Maia Sandu met with António Costa](#), President of the European Council, who reaffirmed the EU's strong support for Moldova's European path. Moldova's energy sector progress was also recognized, with the EU continuing its support to overcome potential energy crises, [including a €240 million assistance](#) over the past three winters. Within the same field of EU accession, [Moldova signed a Memorandum of Cooperation with North Macedonia](#) to leverage its experience in the integration process. Additionally, the Council has agreed on its position for the [Reform and Growth Facility](#), a €1.8 billion financial initiative supporting Moldova's growth and EU accession from 2025 to 2027. In terms of legislative cooperation, the [EU-Moldova Parliamentary Association Committee](#) has called for the establishment of a permanent European Parliament office and a stronger EU delegation presence in Chisinau. Furthermore, MEP Siegfried Mureşan proposed increasing the pre-financing of the [EU's €1.8 billion Facility for Moldova from 7% to 20%](#).

Moldova's energy sector achievements were further highlighted at the [22nd Ministerial Council of the Energy Community Treaty](#) in Vienna, with Moldova advancing its [renewable energy and market integration goals](#). Lastly, Moldova will receive [122.2 million Special Drawing Rights](#) (approximately 162.6 million USD) from the IMF to support its budget, bringing total disbursements to over \$810 million. At the defense level, Moldova has recently approved a comprehensive [10-year defense strategy](#) aimed at increasing military spending to [1% of GDP by 2030](#). This strategy comes amid heightened security concerns due to the ongoing conflict in Ukraine, especially near Moldova's borders.

Government officials outlined measures for a [60-day emergency period](#) starting December 16, in response to [Gazprom's suspension of natural gas supplies](#) to Transnistria from January 1, 2025. In addition to the energy crisis, tensions between Moldova and Russia escalated further on December 25, when a [Russian missile entered Moldovan airspace](#) during a massive attack on Ukraine. The missile, part of a broader Russian assault, involved over [70 missiles and 100 drones](#).

The Balkans

[Several Balkan countries](#), including Greece and Croatia, have suspended the processing of asylum applications from Syrian refugees following the collapse of [Bashar al-Assad's regime](#), while [Türkiye has opened its borders](#), allowing Syrians to return home. This shift in policy follows similar actions by major [EU countries](#) such as Germany, the UK, and France, and more nations are expected to follow suit. Dutch Asylum Minister Marjolein Faber [confirmed the suspension](#), attributing it to the rapid developments in Syria, while Croatia's Interior Minister stated that [applications will remain suspended](#) until a conclusive decision is reached at the EU level.

Meanwhile, North Macedonia's Constitutional Court has delayed its decision on a contested [2018 language law](#) that extends Albanian's official status. Ethnic Albanian opposition leaders [have protested](#), warning that any change to the law could reignite ethnic tensions, while the ruling party claims the law undermines national interests.

The EU General Affairs Council, in its latest [conclusions on enlargement](#), reaffirmed the EU's commitment to the [membership perspectives](#) of the Montenegro, Serbia, Albania, North Macedonia, Bosnia and Herzegovina, Kosovo, Türkiye, Ukraine, the Republic of Moldova and Georgia. The Council highlighted Montenegro's progress, stating that the country is ready to begin preparations for its accession treaty, while urging Serbia to demonstrate stronger political will and make further progress on reforms. Albania was encouraged to address political polarization and improve media freedom, while North Macedonia was urged to implement constitutional changes before convening the next intergovernmental conference. The Council also raised concerns over stalled reforms in Bosnia and Herzegovina and called for Kosovo to de-escalate tensions in the north.

These discussions were central to the [EU-Western Balkans summit held on December 18](#), 2024, in Brussels, which emphasized the deepening strategic partnership between the EU and the Western Balkans. The summit, chaired by President António Costa of the European Council, focused on advancing EU integration, particularly through the EU's Growth Plan for the Western Balkans, which includes over EUR 300 million in pre-financing for reforms. [The Brussels Declaration](#) adopted during the summit reiterated the importance of democratic values, the rule of law, and the normalization of relations between Pristina and Belgrade, which remains a key obstacle to progress.

In the meantime...

➤ The European Commission will start preparing new sanctions against Russia on January 14, with plans to approve the [16th package](#) after consultations with EU countries, according to European diplomats.

➤ Russian President Vladimir Putin and Iranian President Masoud Pezeshkian will [sign a strategic partnership agreement](#) during Pezeshkian's visit to Russia on January 17. The leaders are expected to discuss expanding cooperation in trade, investment, transport, logistics, and humanitarian areas, as well as regional and international issues.

➤ Donald Trump's [inauguration as U.S. President on January 20](#) is expected to play a pivotal role in shaping the future trajectory of the Ukraine-Russia war through determining the direction of peace talks and the level of U.S. aid provided to Ukraine. Kyiv stated that following the inauguration, a meeting between President Zelensky and Donald Trump is expected.

➤ The Kremlin has expressed support for U.S. President-elect Donald Trump's willingness [to meet with Russian President Vladimir Putin](#), however no timeline was provided. Trump emphasized that the discussions would focus on efforts to end the ongoing war between Russia and Ukraine.

