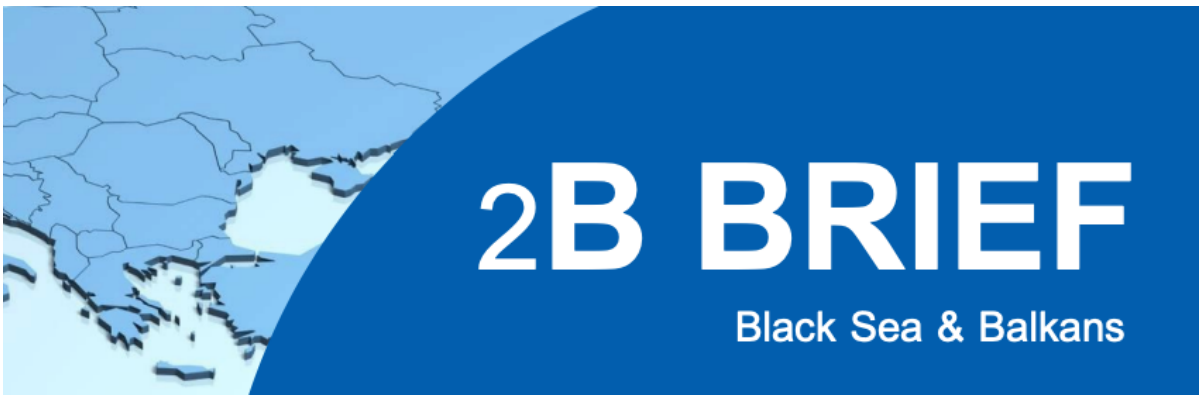

MAIN TAKEAWAY of the month

February was marked by ongoing negotiations involving the U.S., Ukraine, and Russia, revealing significant tensions, especially regarding Ukraine's exclusion from key discussions. Trump's administration engaged with Russian officials in Saudi Arabia and Istanbul, where progress was made on reopening embassies and establishing ceasefire terms, notably without Ukraine's involvement, which drew criticism from Kyiv and its allies. Zelensky asserted that Ukraine would never accept agreements made without its participation. Tensions escalated when Trump suggested that Ukraine hold elections by year-end, claiming this would strengthen democracy. In response, the Verkhovna Rada adopted a resolution, stating elections should occur only after a "comprehensive, just, and lasting peace" is achieved. Moreover, the U.S. proposed a draft UN resolution marking three years since Russia's invasion, which faced criticism for not directly naming Russia as the aggressor. In response, European leaders held emergency summits in Paris, reaffirming their support for Ukraine. Most recently, on February 28, Trump and Zelensky met to discuss a minerals agreement, in order to finalize a joint Reconstruction Investment Fund, however, their meeting in the Oval Office ended in a heated dispute over U.S. aid to Ukraine and the cancellation of the U.S.-Ukraine minerals agreement. Following the meeting, Trump criticized Zelensky on social media, stating he "may come back when he's ready for peace." Following that, Following recent tensions, top Western leaders met in London to discuss support for Ukraine, with Meloni proposing U.K.-Italy mediation between Zelensky and Trump, while all emphasized unity and a coordinated effort for lasting peace.

On the front, Ukraine has intensified deep strikes into Russian territory, targeting critical energy and military infrastructure, while Russia has ramped up its bombardment of Ukraine, particularly focusing on energy facilities. Russia's military has faced significant losses, with 172,000 troops killed and 611,000 wounded since 2022, while its forces in Ukraine continue to fight despite recruitment efforts. The economy struggles with rising inflation, slowing industrial growth, and labor shortages. Recently, U.S.-Russia talks focused on economic cooperation as well as exploring the possibility of cooperation in the Arctic region, including the joint extraction of natural resources and the development of trade routes.

In the Republic of Moldova, in Transnistria, residents face ongoing challenges as gas deliveries have resumed, but many still lack hot water due to insufficient supply. Authorities have secured gas conditions and announced a compensation fund for heating costs, while the state of emergency remains in effect until March 10. Moldova also summoned Russia's ambassador in response to recent drone incursions and closed the Kremlin-backed Russian Center of Science and Culture, reaffirming its demand for the withdrawal of Russian troops from the region.

The political landscape in the Balkans is evolving, with the Democratic Party of Kosovo (PDK) securing 22% in recent elections, while Greece's parliament elected Constantine Tassoulas as president, prompting protests. In Romania, President Klaus Iohannis resigned amid far-right pressure following the annulment of the presidential election due to alleged Russian interference, and far-right populist candidate Călin Georgescu is facinng charges for inciting actions against the constitutional order ahead of the May elections.

Ukrainian forces have intensified their strikes deep into Russian territory, targeting critical energy and military infrastructure. Ukrainian drone attacks targeted multiple Russian oil and gas facilities, causing significant disruptions. Strikes ignited fires at refineries in Volgograd, hit a Gazprom gas plant in Astrakhan, and disabled the Novovelychkovskaya oil pumping station in Krasnodar. Additionally, Ukraine targeted the Krasnodar airfield used for launching attacks against its territory. In Samara, the Syzran refinery suffered fire damage after a drone strike. A large-scale operation in Saratov saw Ukrainian drones hitting an industrial facility and temporarily shutting down multiple airports, while in Belgorod, drones damaged buildings and injured a civilian. Notably, Ukraine has conducted over 3,500 drone attacks in Russia within six months, according to military sources. Likewise, President Zelensky suggested that Ukraine's cross-border operations in Kursk could play a role in future negotiations, signaling a strategic shift in Ukraine's approach to pressuring Russia.

Russia has escalated its bombardment of Ukrainian infrastructure, particularly targeting the energy sector. A major missile strike on February 1 triggered emergency power outages in seven Ukrainian regions, including Kharkiv, Sumy, and Zaporizhzhia, to prevent grid collapse. Another on February 11 hit Naftogaz facilities in Poltava, worsening the energy strain. In Odessa, Russian airstrikes on a DTEK facility left nearly 50,000 without power. The scale of Russian aerial assaults peaked just before the third anniversary of the full-scale invasion, with Russia launching its largest-ever drone attack—267 drones—of which Ukraine managed to intercept 138. Russian forces have also concentrated troops for renewed offensives in Donetsk, particularly around Chasiv Yar, a key battleground in the east. Meanwhile, in the Kursk region, Russian officials claim to have regained 64% of the territory lost to Ukraine's cross-border incursions. Amid these developments, Ukraine faces a significant manpower disadvantage, with reports indicating that Russian troops outnumber Ukrainian forces 5 to 1 on the eastern front, increasing pressure on Kyiv's defense lines.

Ukraine continues to receive strong military, financial, and humanitarian support from its allies, particularly European nations, as they reinforce diplomatic commitments and prepare for potential future scenarios. Military aid remains a priority, with countries such as the Netherlands, France, Norway, Germany, and the UK committing to significant arms deliveries, including fighter jets, air defense systems, drones, tanks, and armored vehicles. The EU is finalizing a military aid package worth at least €6 billion, to bolster Ukraine's defense capabilities. Financial backing remains robust, with the EU allocating over €30 billion for 2025, while Euroclear has pledged a €2 billion transfer from Russia's frozen assets. In terms of energy security, Italy has partnered with the UN to enhance Ukraine's energy resilience, whilst Azerbaijan committed to supporting energy infrastructure. For humanitarian aid, European countries are assisting Ukrainian refugees through protection programs and job reintegration initiatives. Nordic countries have also pledged a joint aid package covering humanitarian relief, energy security, and military training, ensuring sustained international backing for Ukraine across multiple domains.

In February, Ukraine made significant strides in military capabilities and organizational structure. The Defense Ministry approved the Hromylo FPV drone for combat, designed to resist electronic warfare while targeting personnel and equipment. Ukrainian forces also deployed a long-range drone capable of carrying a 250kg bomb and introduced the Vidmak high-speed FPV drone for intercepting Russian armored vehicles. Unmanned ground systems were integrated into frontline brigades, and the DOT-Chain Defense system was launched to streamline drone procurement, enhancing domestic production. The "Drone Line" project aimed to bolster UAV operations in the Ground Forces and Border Guard Service. Additionally, a new testing ground for AI-based demining technologies was announced. President Zelensky approved a military restructuring plan emphasizing a corps-based system and stricter commander selection. Domestic arms production rose to 40% of battlefield equipment, while special military contracts for recruits aged 18-24 attracted over 10,000 applications.

The European Union approved its 16th round of sanctions, targeting Russia's "ghost fleet," banks, aluminum imports, and financial institutions using Russia's SPFS system. The new measures also extend to Belarus and aim to prevent the integration of occupied Ukrainian territories. In a major step, the EU is working on confiscating Russia's frozen central bank assets to fund Ukraine's recovery,

potentially using them as collateral for an International Claims Commission. The United Kingdom followed with its largest-ever sanctions package, hitting Russia's shadow oil trade and foreign suppliers of military parts.

Three years after Russia's large-scale invasion, Ukraine's reconstruction and recovery costs are estimated at $524 billion over the next decade—2.8 times the country's GDP in 2024. According to the RDNA4 report, direct damage has reached $176 billion, with housing, transportation, energy, trade, and education being the most affected sectors. Around 13% of the housing stock is damaged, impacting 2.5 million households, while damage to energy infrastructure has surged by 70%. Frontline regions, including Donetsk, Kharkiv, Luhansk, Zaporizhzhia, Kherson, and Kyiv, account for 72% of the destruction. The highest reconstruction costs are needed for housing ($84 billion), transportation ($78 billion), energy ($68 billion), trade ($64 billion), and agriculture ($55 billion), with an additional $13 billion required for rubble removal alone.

PEACE NEGOTIATIONS

Recent developments in US, Ukraine, and Russia peace negotiations reveal significant tensions, particularly over Ukraine's exclusion from key talks. President Donald Trump has pushed for direct negotiations with Russia, sidelining Kyiv, which has drawn criticism from Ukrainian President Volodymyr Zelensky and allies. Trump's administration held discussions with Russian officials in Saudi Arabia, where Secretary of State Marco Rubio and Russian Foreign Minister Sergey Lavrov made progress on reopening embassies and ceasefire terms, but without Ukraine's involvement. Zelensky asserted that Ukraine would never accept agreements made without its participation.

During US Special Envoy Keith Kellogg's visit to Ukraine from February 19 to 20, he met with Zelensky and key officials, emphasizing the need for accurate information about front-line events. Zelensky expressed his readiness for a comprehensive investment and security agreement with the US, warning against rapid peace deals lacking security guarantees. Kellogg dismissed the notion of Ukraine regaining its nuclear status, and skepticism was voiced regarding Zelensky's suggestion of NATO membership as a security guarantee.

Tensions escalated when Trump labeled Zelensky a "dictator," provoking backlash from Ukrainian officials who argue such statements undermine Ukraine's sovereignty. Trump also urged Ukraine to hold elections by year's end, contingent on a ceasefire, claiming reinstating elections would bolster democracy despite the war and citing Zelensky's approval rating as "4%" without evidence. In response, the Verkhovna Rada adopted a resolution on February 25, calling for elections only after a "comprehensive, just, and lasting peace" is secured, emphasizing continuity of leadership under martial law. In addition, US Defense Secretary Pete Hegseth clarified that the administration will not send troops to Ukraine and called for increased European defense spending. He stated it is "not realistic" for Ukraine to return to its pre-2014 borders or join NATO following a peace deal. Most recently, The US recently proposed a draft UN resolution marking three years since Russia's invasion, competing with statements from Ukraine and European states, which the US and several others voted against. The US resolution, which did not directly name Russia as the aggressor, was defended by Secretary of State Rubio as necessary for negotiations.

European leaders held two emergency summits in Paris to address growing concerns about Russia and the US's approach to Ukraine. President Macron emphasized that only President Zelensky can negotiate peace and stressed the need for strong security guarantees to prevent future failures like the Minsk agreements. Prime Minister Starmer reaffirmed the UK's commitment to NATO membership for Ukraine and expressed readiness to send troops for a European-led peacekeeping force. Meanwhile, Polish Foreign Minister Sikorski rejected the idea of a unified European army, underscoring the need for individual nations to bolster their defenses while Macron warned that a ceasefire without solid security measures could prove ineffective, whilst also reaffirming France will not be sending troops to Ukraine but may consider fighter jets armed with nuclear weapons to be deployed to Germany amid U.S. threats to withdraw its forces from Europe.

Most recently, on February 28, Trump and Zelensky met to discuss a minerals agreement, in order to finalize a joint Reconstruction Investment Fund where Ukraine would contribute 50% of natural resource revenues, with security guarantees to be addressed in future talks. However, their meeting

in the Oval Office ended in a heated dispute over U.S. aid to Ukraine and the cancellation of the U.S.-Ukraine minerals agreement. Following the meeting, Trump criticized Zelensky on social media, stating he "may come back when he's ready for peace," while U.S. Secretary of State Marco Rubio suggested Zelensky should apologize for his antagonistic approach, which he believed complicated negotiations.

In the aftermath, top Western leaders, including Zelensky, Macron, Meloni, and Tusk, met in London for a summit hosted by U.K. Prime Minister Keir Starmer to discuss support for Ukraine and a path to lasting peace. Meloni proposed that Italy and the U.K. mediate between Zelensky and Trump to prevent divisions that could weaken allied unity. The leaders emphasized their shared commitment to a collective effort, ensuring a united and coordinated approach in support of Ukraine.

RUSSIA - internal and external dynamics

On the war front, The International Institute for Strategic Studies (IISS) estimates that Russia's Armed Forces have lost about 50% of their original strength since the February 2022 invasion, with around 172,000 troops killed and 611,000 wounded. Currently, about 617,000 troops are deployed in Ukraine, but numbers are declining despite efforts to recruit 1,000 new troops daily. However, losses have averaged 1,500 troops per day recently. Russia has also lost approximately 1,400 tanks and over 3,700 armored vehicles, although it managed to repair and produce around 1,500 tanks and 2,800 armored vehicles in 2024. Military expert Yury Fedorov notes that personnel and equipment shortages hinder the Russian military's ability to sustain its previous offensive pace. As a response, a draft law in the State Duma proposes allowing citizens to substitute compulsory military service with work in military-industrial complex enterprises to address personnel shortages for defense orders, increase arms production, and expedite deliveries in the context of the war against Ukraine.

Economically, recent data from Rosstat indicates that Russia's inflation rate rose by 0.23% from February 18-24, slightly higher than the previous week's 0.17%. Since the start of February, prices have increased by 0.70%, and by 1.94% since the beginning of the year, surpassing the 1.55% recorded in the first two months of 2024. Basic food staples, essential for low-income consumers, have experienced a significant price surge, with an estimated 16% increase expected by December 2024, compared to an overall annual inflation rate of around 10%. Consumer confidence improved slightly, as reflected in a Central Bank survey showing inflation expectations dropped to 13.7% in February 2025, down from 14.0% in January.

In January 2025, the production cost index for industrial goods increased by 0.5%, while the annual producer price index rose by 9.7%. However, industrial production growth slowed significantly to 2.2%, compared to 8.2% in December 2024. Notably, the military-industrial complex saw substantial growth, with finished metal products increasing by 33.1% year-on-year. Meanwhile, Russia's tax revenue in 2024 reached 56.3 trillion rubles, a 20% increase from the previous year, exceeding initial forecasts. In response to a looming labor shortage as over 10 million workers are expected to retire by 2030, and to meet this challenge, around 800,000 people will need to be additionally integrated into the Russian economy over the next five years. RSPP President Alexander Shokhin announced that the Russian government approved doubling the annual overtime limit from 120 to 240 hours, effectively adding the labor equivalent of 200,000 workers. In the meantime, two major coal companies, Mechel and Raspadskaya, reported combined net losses of around $560 million in 2024, attributed to rising operational costs and reduced cash flow, underscoring ongoing economic challenges in the sector.

On the political front, Russian President Vladimir Putin expressed satisfaction with the recent talks between Russian and U.S. delegations in Riyadh on February 18, indicating his openness to a meeting with U.S. President Donald Trump. He emphasized that any such meeting must be thoroughly prepared to address not only the Ukrainian crisis but also broader economic and energy issues. The meeting in Saudi Arabia was valorized by the press and political elites in Moscow in particular as a sign of re-establishing dialogue with the US, reducing international isolation and a possible easing of economic sanctions, rather than as a step towards peacemaking in Ukraine. Putin noted that while

the Ukraine conflict was discussed, it was not the central theme of the dialogue; rather, the primary goal was to strengthen trust between Moscow and Washington. The Russian delegation notably excluded defense or security representatives, where alongside Foreign Minister Sergey Lavrov and Adviser Yuri Ushakov, Moscow included Kirill Dmitriev, head of the Russian Direct Investment Fund, who discussed resuming US-Russia economic cooperation.

Kremlin spokesman Dmitry Peskov indicated that a meeting between Putin and Trump could occur by the end of February or later. Peskov stated that Moscow would not oppose Ukraine's potential EU membership, affirming Kyiv's sovereignty in this decision, while Lavrov reiterated that NATO troop deployment in Ukraine is unacceptable for Russia. *The Wall Street Journal* highlighted that as long as Russian forces continue their advance in Ukraine, the Kremlin has little incentive to negotiate a cessation of hostilities. Furthermore, by engaging in direct talks with Trump, Putin aims to reduce Russia's international isolation.

Japan's NHK reports that Russia is aiding North Korea in developing combat drones, with mass production set for later this year, possibly in exchange for North Korean troop support in Ukraine. Moscow's ambassador to Pyongyang confirmed that wounded Russian soldiers are recovering in North Korean medical facilities. Meanwhile, Ukrainian sources say North Korean ballistic missiles used by Russia in December have significantly improved accuracy, reducing deviation from 1–3 km to 50–100 meters.

Syria's transitional Defense Minister, Murhaf Abu Qasr, signaled readiness to let Russia retain its Mediterranean bases, provided agreements align with Syria's interests, noting improved ties since Bashar al-Assad's ousting in December 2024. In recent talks, Syria asked Russia to acknowledge past mistakes, pay reparations, and aid reconstruction. Meanwhile, from February 23-25, Russian Foreign Minister Sergey Lavrov visited Turkey, focusing on trade, energy, and nuclear cooperation, while Turkey raised security guarantees related to Ukraine. On February 27, U.S. and Russian diplomats met in Istanbul to discuss embassy operations. Lavrov then traveled to Iran for talks on Syria, as Russia neared a deal to maintain its military presence there.

In January 2025, India's oil imports from Russia rose to 1.58 million barrels per day, marking a 4.3% increase from December and solidifying Russia's position as India's primary oil supplier. However, imports may decline as Indian refiners aim to buy oil only from tankers not subject to sanctions. Additionally, a report revealed that Russia has received over $50 million in aircraft parts through a re-export mechanism involving Indian firms, with a significant portion originally sourced from the U.S. and Europe. Meanwhile, the U.S. and Russia are exploring potential cooperation in the Arctic region for natural resource extraction and trade route development, particularly in the energy sector, although discussions are still in their early, confidential stages.

Evolutions in the **Republic of MOLDOVA**

This month, leaders of three opposition parties in Moldova have announced the formation of the political bloc "Alternativa" for the upcoming parliamentary elections in the fall. Despite their previous pro-Russian positions, they have now declared themselves pro-European. The bloc includes the parties MAN, PDCM, the Civic Congress, and Stoianoglo's team, with personalities Ion Ceban, the current mayor of Chisinau, Ion Chicu, economist and former Prime Minister of Moldova, Mark Tcaciuc, and Alexandr Stoianoglo, the candidate who opposed Maia Sandu in the second round of the presidential elections in Moldova.

The Republic of Moldova has received significant international support, with Italy allocating €10 million through the United Nations Development Programme (UNDP) to enhance energy efficiency and Sweden pledging €8.7 million to help Moldova mitigate energy vulnerabilities, particularly during the winter season. Following a meeting between Moldova's Deputy Prime Minister Mihai Popșoi and Sweden's Minister for International Development Cooperation and Foreign Trade, Benjamin Dousa, discussions also covered Moldova's European integration, trade enhancement, and investment cooperation.

Ukrainian President Volodymyr Zelensky appointed Păun Rohovei as Ukraine's Ambassador to Moldova on February 7. Meanwhile, Moldova summoned Russia's ambassador following reports of Russian drones crashing on its territory. In response, the Moldovan government announced the closure of the Kremlin-funded Russian Center of Science and Culture. Furthermore, Moldova's Ministry of Foreign Affairs reiterated its long-standing demand for the complete and unconditional withdrawal of Russian troops from the Transnistrian region.

At the Munich Security Conference on February 14, Vice Prime Minister Mihai Popșoi met with NATO Deputy Secretary General Radmila Šekerinska to discuss Moldova's cooperation priorities with NATO. Following the recent Russian drone incursions, both officials emphasized the need for continued dialogue and the implementation of practical programs to strengthen Moldova's security partnership with the Alliance.

Moldova is making significant strides toward European integration, as evidenced by its recent agreements with Ukraine. On February 18, Ukraine signed a Memorandum of Cooperation in Warsaw with Moldova to advance their European integration efforts. In addition, Moldova is receiving €1.9 billion in financial aid from the European Union to support economic development, market integration, and structural reforms. An additional €520 million is expected by May 2024 to further Moldova's development agenda.

Authorities shut down around 100 Telegram channels and 120 chatbots during the previous electoral campaign, Interior Minister Daniella Misail-Nichitin announced on RLIVE TV. Based on past election experience, the police continue to focus on active monitoring of communities, online spaces, and information channels.

Moldovan recipients of U.S. aid have not been notified about the suspension of funding, despite the Trump administration halting all foreign assistance for 90 days starting January 20 for review. This decision is impacting Moldova's energy security and affects a planned $85 million USAID project to purchase batteries for energy storage, essential for balancing Moldova's national power grid.

In Transnistria, nearly three weeks after gas deliveries resumed in the region, residents still lack hot water due to insufficient supply, according to separatist leader Vadim Krasnoselski. In January, the region faced a gas crisis after Gazprom halted deliveries, leading to power outages and heating cuts. The EU initially provided €30 million in aid, but the separatists later secured a $50 million Russian loan to buy gas via a Hungarian supplier, paid through a Dubai-registered firm. Authorities plan to import 3 million cubic meters of gas daily by March. In this context, Moldova will not extend its state of emergency in the energy sector as gas supply conditions to Transnistria have been secured. Prime Minister Dorin Recean announced a 1.2 billion lei compensation fund to support citizens with heating costs. However, Transnistria's state of emergency remains in effect until March 10.

The Balkans

This month in the Balkans, Vice-President of the Council and Minister of Foreign Affairs, Antonio Tajani emphasized the importance of resolving tensions between Kosovo and Serbia and protecting minority rights. In Serbia, lawyers have initiated a 30-day strike in solidarity with student protests following the collapse of the Novi Sad railway station canopy, which resulted in 15 fatalities. In the meantime, Kosovo's political landscape remains uncertain as The Democratic Party of Kosovo (PDK) secured 22%, while other parties received smaller shares.

Greece's parliament elected Constantine Tassoulas as the new president, sparking protests. In Croatia, Zoran Milanović was inaugurated for a second term as the country's president, stating that the country should tackle inequality and corruption while advocating for peace internationally.

Romania experienced increasing pressure from far-right parties after the annulment of the presidential election due to alleged Russian interference. President Klaus Iohannis resigned on February 12, amid protests d emanding his departure before the May rerun elections. Following Iohannis' resignation, Interim President Ilie Bolojan participated in a security consultation on Ukraine at the Élysée Palace,

where French President Macron and Luxembourg's Prime Minister, along with leaders from other European countries and the Baltic states, reaffirmed their unified stance on the importance of Ukraine's stability for European security.

Furthermore, Romanian prosecutors have launched criminal proceedings against ultranationalist politician and 2024 presidential candidate Călin Georgescu. Georgescu, who unexpectedly led the first round of Romania's December presidential elections, which were annulled after declassified intelligence reports exposed evidence of social media manipulation, illegal campaign financing on TikTok, cyber-attacks by external forces, and suspected Russian involvement in influencing voters. The Prosecutor General's Office has indicted him for several anticonstitutional acts including, incitement to actions against the constitutional order, misreporting finances, dissemination of false information, establishment, support or promotion of a fascist, racist, xenophobic, or anti-Semitic organization, and public glorification of individuals convicted of genocide or war crimes. His questioning came as police conducted 47 searches in five counties across Romania, reportedly linked to some of Georgescu's associates. Additionally, Georgescu's associate, Horațiu Potra, a former mercenary who fought in Congo, was among them and the provisional balance sheet following the searches shows that 3 million dollars cash, 27 kilograms of gold, dozens of grenades, machine guns and hundreds of rounds of ammunition were found.

In the meantime…

- Preparations for a face-to-face meeting between Donald Trump and Vladimir Putin are under way, Russia's deputy foreign minister has said. Speaking to Russian state media, Sergei Ryabkov said a possible Putin-Trump summit could involve broad talks on global issues, not just Ukraine.

- On March 6, European Union leaders will convene an extraordinary summit to discuss enhanced support for Ukraine, European security guarantees, and defense funding strategies. This meeting aligns with concurrent U.S.-Russia discussions regarding the conflict in Ukraine.

- German election winner Friedrich Merz aims to form a new coalition government within eight weeks and has begun informal preliminary talks, local media reported. This decision is crucial for determining Germany's support for Ukraine, particularly regarding the potential delivery of Taurus long-range missiles.