



### MAIN TAKEAWAY of the month

In September, peace negotiations around the Ukraine conflict were marked by shifting U.S. rhetoric and cautious Russian responses. Donald Trump criticized Vladimir Putin, urged Europe to lead on security guarantees for Kyiv, called for halting Russian oil revenues, and vowed to defend Poland and the Baltics if Russia escalates. He also expressed confidence that Ukraine could reclaim all its territory with European support. Russian officials, however, emphasized that dialogue with the U.S. occurs through both public and private channels, while Moscow confirmed its willingness to extend the New START Treaty for another year, contingent on mutual U.S. commitment.

Ukraine intensified strikes deep inside Russia, crippling refineries and logistics while liberating ground near Pokrovsk, reducing Moscow's refining capacity by over 1 million barrels per day. Russia escalated in turn, launching its largest aerial attack of the war and deliberately violating Polish airspace with drones from Belarus, triggering NATO consultations. Ukraine responded by creating a dedicated drone air defense branch and launching the Defense City initiative to boost arms production. Western support also grew, with major U.S., UK, and EU aid packages, training missions, and financing, despite Hungary blocking EU accession talks. Meanwhile, Brussels tightened sanctions with its 19th package, banning Russian LNG imports from 2027 and targeting shadow fleet vessels, energy firms, and crypto platforms, underscoring pressure on Moscow's war economy.

Russia, domestically, accelerated weapons integration, while defense spending dominated the draft 2026–2028 budget at nearly 40% of expenditures. Recruitment surged despite soaring costs, and over 870 war veterans won local election seats. Economically, military industry growth contrasted with civilian sector decline, while fuel shortages worsened under Ukrainian strikes. Internationally, Putin's visits to China and the SCO summit cemented energy and strategic deals, including the "Power of Siberia 2" pipeline, alongside new nuclear partnerships with China and Iran. Politically, Moscow tied any Ukraine settlement to NATO rollback and recognition of annexed regions, while warning that foreign troops in Ukraine would be "legitimate targets."

In the Balkans, Albania confirmed Edi Rama for a fourth term while Greece announced a €1.6 billion tax relief package to tackle demographic and cost-of-living challenges, but growth forecasts were revised downward, even as it strengthened naval capabilities through a frigate deal with Italy. In the Western Balkans, Kosovo's political crisis led the U.S. to suspend strategic dialogue, while Serbia staged a major military parade and signed a new gas deal with Russia, underscoring tensions and slow EU-mediated progress. Romania deepened defense cooperation with Ukraine under an EU-funded drone program amid rising security threats, though domestic politics remain unsettled, with fiscal reforms delayed.

In the Republic of Moldova's September 28, 2025 parliamentary elections, the pro-European Party of Action and Solidarity (PAS) won a decisive majority with 55 seats, while four other parties, ranging from pro-Russian to populist and anti-establishment, also entered parliament. The vote was overshadowed by allegations of Russian interference, with authorities detaining suspects trained under Russian intelligence and reports linking Ilan Shor's network to an \$8 billion crypto scheme supporting Kremlin operations.



In September, Ukrainian forces escalated deep-strike operations, targeting both occupied territories and areas within Russia itself. The Defence intelligence of Ukraine (HUR) drones destroyed two Mi-8 helicopters and a tugboat in Crimea, later striking radar stations and Be-12 antisubmarine aircrafts, while special forces eliminated a Buk-M3 system in occupied Zaporizhzhia. The Navy sank a Russian speedboat near Tendra Spit, attacked a Black Sea Fleet communications hub in Sevastopol, and damaged a patrol ship in Novorossiisk. Ukrainian drones repeatedly targeted Russia's energy infrastructure: the Rosneft refinery in Ryazan, the Ilsky refinery in Krasnodar, pumping stations linked to the Druzhba pipeline in Bryansk, the Vtorovo station in Vladimir, the Kirishi refinery in Leningrad, the Gazprom Neftekhim Salavat plant in Bashkortostan (twice), and the Primorsk Baltic oil port. Further raids sparked fires at an electrical substation in Krasnodar. Since August 2025, 16 of Russia's 38 refineries have been targeted by Ukrainian drones, reducing refining capacity by over 1 million barrels per day and driving exports below pre-war levels. In addition, partisans sabotaged railways in Yekaterinburg, while Ukrainian drones disrupted logistics in Rostov. On the ground, Ukrainian troops liberated Novoyekonomichne in Donetsk and seven more villages near Pokrovsk, reclaiming 160 km².

Russia responded with escalating barrages of drones and missiles across Ukraine. On 3 September, Moscow <u>launched 502 Shahed drones and 24 missiles</u>, of which 430 drones and 21 missiles were intercepted, injuring four railway workers and prompting Poland to scramble aircraft. Just days later on September 7, Russia conducted its largest aerial attack of the war, deploying <u>810 Shahed drones</u> alongside cruise and ballistic missiles, killing five and injuring 44, cutting power, damaging homes, and for the first time striking Ukraine's government building in central Kyiv. Three days later, on September 10, a new incident further escalated tensions in Europe after <u>at least 19 Russian drones violated Polish airspace</u>, triggering the <u>invocation of Article 4</u> of the NATO Treaty, marking this as the first deliberate violation of Polish airspace since the start of Russia's 2022 invasion, with the drones coming directly from Belarus. These repeated bombardments inflicted heavy civilian losses and infrastructure damage, underscoring Moscow's effort to exhaust Ukraine's defenses. As a result, Ukrainian President Volodymyr Zelenskyy <u>warned that</u> abandoning Donbas would put key cities such as Kharkiv and Dnipro at risk, framing the conflict as a defense of Ukraine's identity and sovereignty against Russian imperialism, and cautioned that full Russian occupation could enable attacks on Europe.

In terms of military developments, the Ukrainian Air Force has established a <u>dedicated branch of unmanned air defense systems</u> tasked with protecting cities and critical infrastructure, complementing tactical aviation and missile forces. A command structure has been created, and units equipped with interceptor drones are being deployed to counter strike drones, including the Shahed type. Plus, in early September, President Zelenskyy <u>signed legislation</u> launching the Defense City initiative to support local weapons manufacturers, offering exemptions from income, environmental, and land taxes, as well as a simplified regime for the international transfer of defense products.

September saw a wave of new military commitments for Ukraine. The U.S. approved potential sales of Starlink services, Patriot maintenance, while also greenlighting two \$500 million arms packages under the new PURL mechanism, financed by European NATO members. In addition on September 29, The United States is considering Ukraine's request to obtain long-range Tomahawk missiles for its continued defensive efforts to push back against Russia, Vice President JD Vance said. The EU has already delivered 80% of its promised 2 million artillery shells and is weighing a €6.6 billion allocation from the European Peace Facility to buy U.S. weapons for Ukraine. On the training side, Norway launched its largest overseas mission, preparing Ukrainian instructors in Poland on NATO systems and unmanned combat vehicles. The UK deepened its role with a 100-year security partnership committing £3.6 billion annually in military aid until 2030/31, including training pilots and

supplying aviation. Latvia <u>delivered another batch</u> of Patria 6x6 armored vehicles, while Ireland <u>provided 34 military</u> vehicles and three demining robots. Ukraine also secured crucial financial assistance. The EU <u>transferred a fresh €1 billion</u> macro-financial loan through the ERA program, and Commission President Ursula von der Leyen <u>floated using frozen Russian asset revenues</u> as collateral for further loans, such as the recently proposed €140 billion, to fund reconstruction. The <u>UK pledged £142 million</u> in humanitarian and energy resilience support for winter, including £100 million for frontline civilian needs and £42 million to strengthen power and gas grids.

On the political front, support for Ukraine's European path remained contested but visible. Hungary reiterated its veto on accession talks, citing agricultural and energy concerns, while 39 states gathered in Paris for the "Coalition of Willing" summit with President Zelensky, chaired by Emmanuel Macron and Keir Starmer. Macron announced that 26 countries pledged to underwrite Ukraine's security after a future ceasefire, while U.S. President Trump insisted Europe must lead in providing guarantees. Parallel EU debates underscored both obstacles and momentum: while enlargement remains blocked by Budapest, Brussels continues to design financial tools and security commitments tying Ukraine closer to the Union.

On September 19, the European Commission unveiled <u>a new package of sanctions</u> against Russia, targeting banks and energy revenues, in the context of Moscow's full-scale war against Ukraine. Measures include a complete ban on imports of Russian liquefied natural gas starting January 2027, a block on transactions with energy companies Rosneft and Gazpromneft, and sanctions against 118 "shadow fleet" vessels and third-country refineries, including those in China, that purchase Russian oil in violation of sanctions. For the first time, the EU is also sanctioning cryptocurrency platforms and banks in Russia and other countries that facilitate sanctions evasion, as well as 45 Russian and third-country companies involved in importing dual-use goods.

### PEACE NEGOTIATIONS

This month, Donald Trump's discourse on the war in Ukraine shifted markedly, reflecting both frustration with Vladimir Putin and a recalibrated U.S. role in negotiations. After Treasury Secretary Scott Bessent warned that Putin had intensified bombardments "in a truly vile way" following peace contacts, Trump declared that the Russian president had "truly let him down," insisting that the key to ending the war was cutting Moscow's oil revenues by halting allied energy imports. At a joint press conference with UK Prime Minister Keir Starmer, he emphasized that falling oil prices would force Putin to abandon the war, while also urging the EU to impose tariffs of up to 100% on India and China to increase pressure.

At the same time, Trump maintained that Europe must lead in providing Ukraine with security guarantees, framing America's role as supportive but secondary, and making clear that U.S. sanctions on China over Russian oil would only follow if Europe acted first. His rhetoric hardened further when he vowed to <u>defend Poland and the Baltic states</u> if Russia escalated, a pledge made after Russian drones briefly violated Polish airspace during strikes on Ukraine. Finally, in a strikingly confident note after meeting President Zelensky at the UN General Assembly, <u>Trump stated that</u> Ukraine, with European support, could "recapture all of its original territory," signaling both sharper criticism of Moscow and an embrace of Kyiv's long-term prospects.

Despite recent critical statements about Russia and President Vladimir Putin made by U.S. President Donald Trump, Russian officials have avoided taking a hostile stance. Presidential adviser Yuri Ushakov <a href="mailto:emphasized that">emphasized that</a> Russian-American dialogue is far more complex, encompassing both public statements and contacts through closed channels, and that Moscow considers signals conveyed via both avenues. Kremlin spokesperson Dmitry Peskov, for his part, explained that Trump's remark regarding a possible Ukrainian victory in the conflict with Russia was <a href="mailto:directly-influenced-by-Ukrainian President">directly influenced by-Ukrainian President</a> Volodymyr Zelenskyy, following their meeting in New York on the sidelines of the UN General Assembly. Following Russian-American negotiations held on September 24 in New York, led by Foreign Minister Sergey Lavrov and U.S. Secretary of State Marco Rubio, U.S. Vice President J.D. Vance stated that in recent weeks Russia has <a href="mailto:refused-any-contact">refused any-contact</a> regarding

the resolution of the conflict in Ukraine, both bilaterally with Kyiv authorities and trilaterally with Washington's participation.

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During September, the Russian Federation's defense industry continued to innovate in the field of military technology, unveiling at the beginning of the month, the first model of a <u>fiber-optically controlled naval drone</u>. Unlike traditional systems that rely on radio channels, the fiber-optic cable connection ensures sustained control of the vehicle even under conditions of intense electronic jamming. It can function as a kamikaze drone, an interceptor of enemy vessels, or as a launch platform for FPV drones. The announcement comes amid escalating conflict in the Danube region, underscored by the August 28, 2025 attack, during which Russia <u>used a naval drone</u> for the first time against a Ukrainian vessel on the Chilia branch of the Danube, close to the Romanian border. In addition, First Deputy Prime Minister Denis Manturov <u>announced</u> the development of laser systems to counter enemy drones, while Kalashnikov has <u>completed</u> the first experimental batch of the AM-17 compact assault rifle. These innovations support the Ministry of Defense's goal of cutting the integration period for new weapons to <u>2–6 months by 2030</u>, accelerating the military's adaptation to modern warfare.

In terms of mobilization, economist Janis Kluge estimates the cost of recruiting a Russian contract soldier <a href="https://nac.pdf.ncb.nlm.n

In the Russian Federation, the process of integrating veterans of the war in Ukraine into local and regional public administration continues as part of a strategy to recognize and leverage their participation on the front lines. In the regional and local elections held from September 12–14, 2025, approximately <u>870 veterans won seats</u>, an increase of 2.6 times compared to the 2024 elections. Of these, 830 were elected from the ruling party *United Russia*, followed by the Liberal Democratic Party (LDPR) with 17 seats, and the Communist Party with 15. According to the Chair of the Central Election Commission, Ella Pamfilova, <u>a total of 1,616 veterans</u> participated in the elections, most of them running for local council positions.

On September 17, the <u>State Duma denounced</u> the European Convention for the Prevention of Torture and Inhuman or Degrading Treatment, citing the Council of Europe's blocking of Russia's representative to the relevant committee. Legal experts note the impact may be limited, as international inspector access has been effectively suspended since the start of the war in Ukraine.

Economically, the Russian government submitted the draft federal budget for 2026–2028, prioritizing defense spending. In 2026, over 12.9 trillion rubles (\$155 billion) are earmarked for national defense, rising to 16.84 trillion (\$202.5 billion) when including the army, police, and special services—38% of the federal budget. Spending remains high in 2027–2028, with planned defense outlays of 13–13.5 trillion rubles. The 2025 budget was 13.49 trillion rubles (\$162 billion). The budget projects a deficit of 1.6% of GDP in 2026, falling to 1.2% in 2027 before rising to 1.3% in 2028, financed in part by raising VAT from 20% to 22% in 2026, expected to generate 4.42 trillion rubles (\$52.8 billion) over three years. Lowering the small-business tax ceiling and adjusting the oil and gas "budget threshold" from \$60 to \$55 per barrel by 2030 will provide additional revenue. Macroeconomic forecasts have been revised down due to high interest rates. GDP growth is projected at 1% in 2025, 1.3% in 2026, 2.8% in 2027, and 2.5% in 2028. Urals oil prices are forecast at \$58–65/barrel, with inflation at 7.6% in 2025, 6.84% in 2026, and 4% in 2027–2028.

In addition, <u>industrial production rose 0.7%</u> in August, driven by the military-industrial complex: manufacturing grew 2.4% year-on-year, transport equipment output surged 62.2%, finished metal products rose 21.2%, and computers/electronics increased 12%. Civilian sectors, however, saw declines, including motor vehicles (–28.8%), furniture (–12.7%), construction materials (–10.4%), and chemicals (–4.1%). Net corporate profits fell 8.2% for January–July. Fuel shortages, exacerbated by Ukrainian drone attacks, <u>led some stations</u> in Central Russia and the Far East to restrict gasoline purchases to 10–20 liters per customer. Separately, ExxonMobil and Rosneft signed an agreement potentially allowing Exxon <u>to recover</u> \$4.6 billion in losses from 2022. The deal could mark a first step toward renewed U.S.-Russian commercial ties, though progress depends on conflict resolution and easing of Western sanctions. Kremlin spokesperson Dmitry Peskov <u>noted other Western companies</u> are also considering returning to Russia.

On the international front, between August 31 and September 1, President Vladimir Putin visited China for the Shanghai Cooperation Organization summit, highlighting growing ties between Russia, China, and India. Just days earlier, Foreign Minister Sergey Lavrov expressed Moscow's interest in reviving the Russia–India–China trilateral format, initiated in the late 1990s to coordinate diplomacy and strategy. During the visit, Russia and China signed 22 bilateral agreements across sectors including space, nuclear energy, agriculture, healthcare, education, media, and technology. Key deals included a strategic partnership between Gazprom and CNPC, and a memorandum between Rosatom and China's Atomic Energy Authority on peaceful nuclear cooperation. Following trilateral talks with China and Mongolia on September 2, Gazprom Chairman Alexei Miller announced a memorandum with CNPC to build the "Power of Siberia 2" and "Soyuz–Vostok" pipelines through Mongolia. The project will transport 50 billion cubic meters of gas annually to China over 30 years, while shipments via "Power of Siberia 1" will rise from 38 to 44 billion cubic meters, and Sakhalin deliveries from 10 to 12 billion starting in 2027. Miller estimated that "Power of Siberia 2" could become operational in roughly five years.

After discussions with China and India, President Putin linked <u>a lasting resolution to the Ukraine crisis</u> with addressing NATO's eastward expansion. Foreign Minister Sergey Lavrov elaborated that <u>sustainable peace requires</u> international recognition of Crimea and the four Ukrainian regions (Donetsk, Luhansk, Zaporizhzhia, Kherson), a new system of security guarantees, valid for both Russia and Ukraine, designed to eliminate threats associated with NATO enlargement and attempts to integrate Ukraine into the alliance. Additional conditions outlined include the restoration of human rights in territories controlled by Kyiv — which, according to Lavrov, are eliminating Russian cultural elements — and guarantees for Ukraine's neutral, non-aligned, and non-nuclear status. In addition, During the Eastern Economic Forum plenary on September 5, President Vladimir Putin responded to French President Macron's statement about 26 countries ready to send troops to Ukraine, warning that any foreign forces on Ukrainian soil would become "legitimate targets" for Russia. He reiterated Moscow's willingness to dialogue with Ukraine, suggesting Russia as the venue, but dismissed a meeting with Zelenskyy as pointless due to constitutional constraints on territorial referendums under martial law. Putin also noted Russia has never opposed Ukraine joining the EU.

On September 25, at the Global Forum on Atomic Energy in Moscow, Putin announced a nuclear innovation expected to solve uranium supply issues, with the world's first nuclear plant using a fully closed fuel cycle planned in Tomsk by 2030. Russia will also begin serial production of floating nuclear power plants. Belarusian President Lukashenko proposed building a plant in eastern Belarus to supply energy to Russian-controlled Ukrainian regions. On the sidelines, Moscow and Tehran signed a \$25 billion agreement to construct a four-reactor, 5,000 MW nuclear plant in Hormozgan province, southern Iran. In parallel, TASS reported that Russia will complete delivery of five S-400 "Triumf" air defense missile systems to India in 2026. According to the same source, Moscow has also proposed to New Delhi the delivery and localization of production in India of Su-57 fifthgeneration fighter jets.

# Evolutions in the Republic of MOLDOVA

During the September 28, 2025 parliamentary elections in the Republic of Moldova, the pro-European Party of Action and Solidarity (PAS), supported by President Maia Sandu, <u>achieved a decisive victory</u>. PAS received 50.2% of the vote and, following the redistribution of votes from parties that did not surpass the electoral threshold, is set to secure 55 of the 101 seats in the next Parliament.

Alongside PAS, four other political formations will enter the legislature. The Patriotic Bloc, advocating a strongly pro-Russian agenda, came in second with 24.17% of the vote. Third was the opposition alliance "Alternative" (7.96%), led by Chişinău's mayor, Ion Ceban, which maintained an ambivalent stance aimed at attracting voters dissatisfied with PAS governance but reluctant to support traditional pro-Russian parties. In fourth place, Our Party, led by populist businessman and former Bălți mayor Renato Usatîi, garnered 6.20% of the vote. The fifth and final party to cross the electoral threshold for the first time is the Democracy at Home Party (5.62%), headed by populist and antiestablishment politician Vasile Costiuc, who has cultivated a strong online presence, particularly through social media platforms such as TikTok.

The elections were marred by allegations of Russian interference, with Sandu warning of Moscow's financial involvement, while opposition leaders called for protests. Authorities detained 74 individuals suspected of planning mass unrest during the elections. Investigators revealed training in Serbia under Russian intelligence coordination, with searches uncovering weapons, cash, and materials for destabilization. The probe covers 111 suspects linked to political and criminal networks. Furthermore, the Central Electoral Commission disqualified the Republican Party "Inima Moldovei," led by Irina Vlah, after the Court of Appeal suspended its activities for 12 months. The decision removed the party from the Patriotic Bloc just two days before elections, prompting the group to denounce the move as politically motivated.

Meanwhile, blockchain analytics firm Elliptic reported that Ilan Shor's network funneled \$8 billion in cryptocurrencies to help Russia evade sanctions and meddle in Moldova's elections. The transactions, traced to companies linked with Shor, highlight the scale of Kremlin-backed interference combined with social media disinformation campaigns.

Fugitive Moldovan oligarch Vladimir Plahotniuc, long implicated in the \$1 billion "heist of the century," has been extradited from Greece to Chişinău. He faces charges including fraud and undermining Moldova's territorial integrity, with EU sanctions against him in effect since 2023. Arrested in Athens carrying 16 passports while allegedly en route to Dubai, his extradition highlights Chişinău's resolve, despite Russian attempts to intervene.

On September 20, Moldova introduced a <u>digital nomad visa</u>, enabling foreign nationals to live and work remotely in the country for up to two years, with the option to extend. The program is designed to attract remote workers and digital professionals from around the world. In terms of security and military affairs, the Nordic-Baltic Eight countries—Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden—launched a <u>joint project on September 22</u> to enhance the institutional resilience of Moldova's Ministry of Foreign Affairs. The project focuses on strengthening cybersecurity capabilities and modernizing crisis management infrastructure.



Albania's parliament confirmed <u>Prime Minister Edi Rama</u> for a fourth consecutive term on September 18, securing 82 out of 140 votes after his Socialist Party's victory in the May elections. Rama pledged to make EU accession by 2030 the central priority of his mandate, calling it the "guiding compass" for all reforms. In a move that drew international attention, Albania also appointed Diella, an <u>Algenerated holographic minister</u>, to oversee public procurement, aiming to curb corruption and improve transparency in government contracts. While this initiative has been hailed abroad as a pioneering step, it has also stirred debate regarding its constitutional legitimacy and practical

implications. Economically, Albania posted a 3.4% growth rate in the <u>first half of 2025</u>, largely supported by services and construction, while the EBRD projects annual <u>GDP growth at 3.5%</u>.

In Greece, Prime Minister Kyriakos Mitsotakis unveiled a €1.6 billion tax relief package designed to counter the cost-of-living crisis and address demographic decline. The reforms, effective in 2026, include income tax reductions, benefits for large low-income families, and incentives for relocation to rural areas. However, the economic outlook has slightly weakened: the Bank of Greece has revised its 2025 GDP growth forecast downward to 2.2%, citing global uncertainties and weakening exports. At the defense level, Greece has reached an agreement with Italy to purchase four used Bergaminiclass FREMM frigates, as part of its wider naval modernization program. The deal was signed alongside memorandums of cooperation between Greek and Italian defense officials, strengthening bilateral ties.

Kosovo's political crisis persists, prompting the Trump administration on September 12 to suspend the <u>U.S.-Kosovo strategic dialogue</u>, citing unspecified actions by caretaker Prime Minister Albin Kurti. At the same time, Serbia, held its largest <u>military parade on September 20</u>, showcasing advanced weaponry in what critics described as political theater to reinforce President Aleksandar Vučić's populist image amid domestic opposition. Economic relations between the two countries remain strained, with EU-mediated dialogue progressing slowly and the issue of mutual recognition unresolved. In this period, Serbia also moved <u>to sign a three-year gas import deal with Russia</u> (2.5 billion cubic meters annually), maintaining energy ties with Moscow even as many EU states pressure alignment with sanctions against Russia.

At the defense level, Romania is <u>intensifying defense cooperation with Ukraine</u> under an EU-funded program to co-produce drones, aligning with broader European rearmament initiatives. At the same time, <u>drone incursions into Romanian airspace</u> underscore the country's vulnerability as part of NATO's eastern flank, prompting investments in advanced defense systems. Domestically, the Constitutional Court has postponed rulings on several politically sensitive bills introduced by the government <u>to reduce the budget deficit</u>, extending uncertainty around fiscal reforms. Public sentiment reflects deep disillusionment with established political parties: more than half of <u>Romanians surveyed</u> expressed readiness to support a new political party, while 55% stated that the current parties should be entirely replaced.

### In the meantime...



Starting from October 1, President Vladimir Putin has <u>ordered the conscription</u> of 135,000 men during the autumn 2025 draft, marking the largest fall recruitment in nine years. This move is part of broader efforts to expand Russia's military to 1.5 million active personnel by 2026.



On October 1, EU leaders will gather in Copenhagen for an informal summit where European Council President Antonio Costa <u>is expected</u> to address Hungary's continued veto of Ukraine's accession bid, which also blocks Moldova's path to the EU — including reforms that would allow the opening of negotiation clusters to be decided by a qualified majority.



Ukrainian President Volodymyr Zelenskyy has proposed <u>a joint aerial defense shield</u> with European allies, to counter Russian drone and missile attacks. The initiative includes the deployment of a "drone wall" system and training for allied forces, in which countries are expected to sign a <u>joint agreement</u> in October, Minister of Defense of Ukraine Denys Shmyhal added.









