



## MAIN TAKEAWAY of the month

At the beginning of December, U.S.–Russia negotiations in Moscow made minimal progress, with President Vladimir Putin reiterating territorial demands over the Donbas, while Ukraine firmly rejected any concessions. Negotiations intensified at the end of December around a revised 20-point Ukrainian peace plan, which emphasized an immediate ceasefire, robust security guarantees in the event of a renewed Russian attack, and postwar reconstruction. By month’s end, Ukraine and the U.S. described the plan as nearly final, although key issues—especially control of the Donbas—remained unresolved. At the end of the month, in an apparent attempt to disrupt negotiations, Russia claimed that Ukraine had launched a massive drone attack on Putin’s Valdai residence—a claim Ukraine denied and which U.S. intelligence agencies deemed unsubstantiated.

December 2025 marked a sharp mutual escalation, with Ukraine projecting strike power deep into Russia’s military, energy, and logistics backbone, while Russia responded by intensifying frontline pressure and conducting systematic winter attacks on Ukraine’s energy and civilian infrastructure. Western support for Ukraine entered a more institutionalized and long-term phase, combining scaled-up military assistance—centered on air defense, advanced weapons procurement, and joint industrial production—with large, coordinated financial packages to stabilize Ukraine’s economy and energy system.

Russia faced increasing economic pressure from sanctions and declining energy revenues. The Central Bank lifted certain foreign currency transfer limits ahead of schedule and slightly reduced interest rates, while GDP growth slowed to approximately 1% and inflation remained above target.

The Republic of Moldova continued its diplomatic efforts through discussions with NATO and U.S. officials, while strengthening energy resilience by securing electricity imports from Romania and preparing the Vulcănești–Chișinău high-voltage transmission line for commissioning. Domestically, the government took measures to protect economic sovereignty, including blocking Lukoil-Moldova investments, while pro-Kremlin oligarch Ilan Shor announced the withdrawal of his “social projects” in Moldova, signaling a possible shift in Russian influence.

In the Balkans, the EU–Western Balkans Summit reaffirmed the region’s EU accession perspective, emphasizing the need for security and resilience against hybrid threats. Kosovo held extraordinary parliamentary elections, with Prime Minister Albin Kurti’s Vetëvendosje party winning the majority needed to form a stable government. Bulgaria’s government resigned following widespread protests and a parliamentary no-confidence vote over corruption and economic mismanagement. Montenegro continued progress toward EU accession, closing five additional negotiating chapters. In Romania, nationwide protests called for stronger judicial independence and firmer anti-corruption measures, while the government strengthened defense capabilities through strategic industrial investments and support for Ukraine via a €50 million contribution to the U.S.-led Priority Ukraine Requirements List (PURL).

Throughout December 2025, Ukraine conducted one of its most extensive and geographically dispersed strike campaigns, expanding the war's operational depth inside Russia and Russian-occupied territories. Energy infrastructure was a central focus, with strikes on oil refineries and fuel depots in [Tambov](#), [Voronezh](#), [Samara \(Syzran\)](#), [Rostov](#), [Volgograd](#), Krasnodar Krai ([Tuapse](#), [Temryuk](#)), [Tula](#), and [Orenburg](#), as well as [the Afipsky](#) and [Novoshakhtinsky plants](#). Key transit and export nodes, including [the Druzhba](#) oil pipeline, the [port of Temryuk](#), offshore platforms, and port logistics infrastructure, were also hit. Military targets included [the Engels air base](#), [airfields in Crimea](#) and [Lipetsk](#), [Khanskaya air base](#) near Maykop, [radar and air-defense systems](#), and drone infrastructure at [occupied Donetsk Airport](#), while sabotage disrupted [rail logistics near Rostov-on-Don and Bataysk](#) and strikes reached deep-rear targets such as [Moscow's power grid](#), [Ussuriysk](#), and [industrial and gas-processing facilities in Tula](#) and [Orenburg](#).

At the same time, Russia intensified frontline pressure and long-range strikes against Ukraine, combining incremental territorial gains with sustained attacks on civilian and energy infrastructure. Russian forces advanced in Donetsk, Zaporizhzhia, Sumy, Kharkiv, and Dnipropetrovsk oblasts, capturing or occupying settlements around [Pokrovsk](#), [Mirnohrad](#), [Siversk](#), [Yampil](#), [Huliaipole](#), [Vovchansk](#), [Dronivka](#), [Zvanivka](#), [Hrabovske](#), [Novomykolaivka](#), [Zarichne](#), and [Andriivka](#), forcing Ukrainian withdrawals in key sectors. Cross-border raids in Sumy Oblast [led to temporary occupations](#), the capture of Ukrainian soldiers, and the deportation of 52 civilians. Russia's aerial campaign escalated with large-scale missile and drone strikes [targeting Ukraine's energy system](#), damaging power plants, substations, rail infrastructure, and transmission lines, including those supplying the Zaporizhzhia Nuclear Power Plant. Repeated strikes hit [major cities across the country](#), damaging residential and civilian infrastructure and causing casualties (including [a Ukrainian bridge near the border](#) with the Republic of Moldova), while attacks on railway nodes such as [the Kovel station further disrupted](#) transport and logistics, reflecting a strategy of winter attrition and systemic pressure on Ukraine's resilience. Yet, [the situation in Kyiv remains critical](#), as intensified Russian attacks on Ukraine's energy sector this winter have caused unprecedented power outages, forcing residents to endure up to 16 hours a day without electricity while businesses rely largely on generators.

Western military support for Ukraine intensified in December 2025, with a strong emphasis on air defense, advanced weapons procurement, and joint production initiatives. A central pillar remained [NATO's Priority Ukraine Requirements List \(PURL\)](#), through which 21 countries—including non-NATO partners Australia and New Zealand—have now contributed over USD 4 billion for the purchase of U.S.-made weapons. In early December, [the Netherlands pledged EUR 250 million](#) under PURL and [finalized a joint drone production agreement](#) with Ukraine, while Germany, Norway, Poland, Canada, Slovenia, Australia, New Zealand, and Portugal [announced additional contributions](#), collectively enabling multi-billion-dollar acquisitions of air-defense systems, munitions, radars, and engineering equipment. The [UK committed GBP 600 million](#) to strengthen Ukraine's air defenses, while [Australia completed the delivery](#) of 49 M1A1 Abrams tanks. The [United States' 2026 defense budget earmarked USD 800 million](#) for Ukraine under the security assistance initiative. Several countries also deepened industrial cooperation, including drone production partnerships with the Netherlands and [Portugal](#), and long-term procurement of Ukrainian defense products under [Portugal's SAFE initiative](#).

Alongside military aid, Western partners advanced major financial support mechanisms to stabilize Ukraine's economy and energy system amid continued Russian strikes. The European Union [approved a landmark joint loan of EUR 90 billion](#) for Ukraine after abandoning plans for a reparations-based mechanism linked to frozen Russian assets, amid strong objections from Belgium over legal and financial risks tied to Euroclear. The [European Commission also outlined options](#) for covering Ukraine's 2026–2027 financing needs, while [Germany allocated an additional EUR 100 million](#) via KfW for energy infrastructure repairs and [later added EUR 70 million](#) for decentralized heating and electricity systems. The Netherlands [redirected EUR 700 million](#) in unused budget funds to support Ukraine in 2026 and provided [EUR 35 million in winter material](#) assistance. Portugal [contributed with](#)

[EUR 600.000](#) to the Ukraine Energy Support Fund, while Canada [announced USD 2.5 billion in economic aid](#) to help unlock IMF financing. The United Kingdom [signaled readiness to mobilize up to GBP 8 billion](#) from frozen Russian assets and pursue a broader multilateral support package.

## PEACE NEGOTIATIONS

On 2 December, U.S. envoys [Jared Kushner and Steve Witkoff held](#) nearly five hours of talks in Moscow with Russian President Vladimir Putin, but U.S. and media assessments noted no shift in Russia's position. Follow-up reporting on 3–4 December indicated that [Putin reiterated](#) maximalist demands, including [Russia's intent](#) to take full control of the Donbas by force, despite describing the talks as “useful.” At the same time, Ukraine drew firm red lines: on 8 December, President Volodymyr Zelensky stated that Kyiv [would not cede territory under pressure](#) from either Washington or Moscow, a position echoed by Ukraine's armed forces chief, General Oleksandr Syrskyi. These positions underscored the core impasse that continued to block a settlement.

During the second week of December, negotiations shifted toward shaping a revised peace framework and rallying allied support. Ukrainian officials, led by Rustem Umerov, [continued talks with U.S. counterparts](#) following earlier discussions in Florida, while [Zelensky met European leaders](#) in London on 8 December to review a draft peace plan prepared jointly by Ukrainian and U.S. officials. European leaders emphasized the need for long-term security guarantees and rejected territorial concessions, even as the U.S. pressed for faster progress. On 15 December, [talks in Berlin between U.S. and Ukrainian delegations](#) again failed to bridge differences over the Donbas, despite Kyiv signaling openness to discussions on non-NATO status and postwar elections. That same period saw [European leaders unveil a six-point plan](#) focused on sustained military support, “Article 5–like” security guarantees, economic recovery, and Ukraine's EU accession, reflecting Europe's effort to shape the postwar security architecture.

Negotiations accelerated in the second half of the month, with near-continuous U.S.–Ukraine–Russia contacts. From 19 to 21 December, Ukrainian, American, and Russian delegations held successive rounds of talks in Washington and Miami, focusing on a revised 20-point peace framework, security guarantees, and postwar reconstruction. Russian officials publicly maintained that [no territorial concessions were possible](#), while Ukrainian representatives stressed that any agreement must ensure reliable, long-term security guarantees. On 28 December, [Zelensky met U.S. President Donald Trump](#) at Mar-a-Lago for nearly two hours, describing the talks as productive but acknowledging that sensitive issues remained unresolved. Limited confidence-building measures emerged late in the month, including an [IAEA-brokered local ceasefire on 28 December](#) to allow repairs to power lines at the Russian-occupied Zaporizhzhia Nuclear Power Plant.

At the end of December, [Zelensky formally presented a revised 20-point peace plan](#), published on 23–24 December, marking the most detailed proposal of the month. The plan, reworked from an earlier 28-point draft, called for an immediate ceasefire upon signature, international monitoring of the front line, legally binding “Article 5–like” security guarantees from the U.S. and Europe, and a comprehensive economic recovery package. It affirmed Ukraine's sovereignty, envisioned EU membership on a defined timeline, and included provisions for humanitarian measures and postwar elections. However, two of the most contentious issues—control of the Donbas and the Zaporizhzhia Nuclear Power Plant—remained unresolved, with the plan recognizing current front lines as de facto boundaries while leaving room for demilitarized or special economic zones. By month's end, the plan had not been accepted by Russia, but Ukrainian and U.S. officials described it as a near-final framework, signaling that December had narrowed negotiations to a concrete, though still fragile, path toward a potential settlement.

In December 2025, Russia's monetary and financial policy reflected growing strain under sanctions and slowing growth. On 5 December, the Central Bank of Russia announced that [it would lift limits on foreign currency transfers](#) for Russian citizens and residents of so-called "friendly" countries starting 8 December, more than four months earlier than planned. The move reversed emergency capital controls imposed at the start of the invasion to curb ruble depreciation and capital flight, while restrictions for individuals and entities from "unfriendly" countries were extended until at least 7 June 2026. At the same time, the Central Bank continued a cautious easing cycle as economic momentum cooled: at its final meeting of the year in mid-December, it [cut the key rate only marginally to 16%](#), with inflation standing at 5.8%—still well above the bank's 4% target—while household inflation expectations rebounded to 13.7%. The bank now forecasts GDP growth of just 0.5–1% in 2025 and 0.5–1.5% in 2026, highlighting persistent structural constraints, including labor shortages that analysts say continue to weigh on the civilian economy.

Fiscal pressures intensified toward the end of the month as energy revenues and budget balances deteriorated. According to *Reuters*, [Russia's oil and gas revenues in December fell](#) to around 410 billion rubles (approx USD 5.21 billion), nearly half of the level a year earlier and the lowest since 2020, driven by lower global oil prices and a stronger ruble. For 2025 as a whole, oil and gas income is projected to decline by nearly 25%, deepening a federal budget deficit expected to reach a record 5.7 trillion rubles (2.6% of GDP). Against this backdrop, the Central Bank on 12 December [filed a lawsuit](#) demanding 18.2 trillion rubles from Euroclear over frozen Russian assets, challenging EU plans to use the funds. With the liquid portion of the National Wealth Fund standing at just 4.1 trillion rubles as of 1 December, the government sharply expanded domestic borrowing, relying heavily on state-owned banks. Analysts [warned that](#) this debt-financed war economy—combined with planned tax hikes, including a VAT increase to 22% from January 2026—risks fueling inflation and crowding out civilian investment, as military spending and debt servicing absorb an ever-larger share of federal resources.

Domestically, at his annual [end-of-year press conference on 19 December 2025](#), President Vladimir Putin reaffirmed Russia's maximalist stance on the war in Ukraine, rejecting any territorial compromise and repeating discredited claims about the invasion. He said Moscow is willing to pursue peace only on the terms outlined in June 2024, emphasizing that Ukraine has not demonstrated readiness to negotiate territorial issues, particularly regarding the Donbas and other contested regions. Putin claimed that 700,000 Russian troops are deployed along the front line and asserted unverified advances. While presenting Russia as prepared to ensure security during potential Ukrainian elections, he insisted that Ukrainians residing in Russia be allowed to vote, a condition Kyiv is unlikely to accept. He denied responsibility for the war, falsely asserting that Russia did not start the conflict, and warned that threats such as blockades of Kaliningrad could trigger "large-scale armed conflict" with Europe.

Putin also addressed domestic and international issues. On the economy, he described the slowdown in growth as a deliberate measure to curb inflation, noting GDP growth of 1% for 2025, unemployment at a record low of 2.2%, and inflation expected to end the year at 5.7–5.8%. He highlighted rising international reserves (\$741.5 billion) and pledged to support household incomes. On foreign relations, he criticized EU plans to seize frozen Russian assets as "robbery" and stressed that the West is waging war "by proxy through Ukraine." He reaffirmed Russia's strong and steadily growing relationship with China, noting that bilateral trade has reached \$240–250 billion and cooperation spans high-tech manufacturing, science, education, culture, and space exploration, framing this partnership as key for global stability. On military matters, Putin highlighted recruitment of over 400,000 personnel in 2025, advances in unmanned aerial vehicles, and opposition to weapons deployment in space. He positioned Russia as militarily strong yet open to negotiations, placing the responsibility for progress on Ukraine and its Western partners.



In late December 2025, the Kremlin accused Ukraine of launching a massive drone attack involving 91 long-range drones [targeting President Vladimir Putin's Valdai residence](#) in the Novgorod region. Russian Foreign Minister Sergei Lavrov and the Ministry of Defense claimed the strike took place overnight between December 28 and 29, describing it as a "terrorist act" intended to assassinate the Russian leader. However, Ukraine [immediately dismissed](#) the allegations as a "complete fabrication" and "another round of lies." President Volodymyr Zelenskyy and other Ukrainian officials argued that the story was a Russian "false flag" or a strategic fabrication designed to derail ongoing U.S.-brokered peace talks and justify Russia's subsequent use of the Oreshnik hypersonic missile against Ukrainian cities in early January 2026. [Findings from the CIA and U.S. intelligence](#) strongly contradicted the Russian narrative. Following a briefing from CIA Director John Ratcliffe, U.S. officials concluded that there was no evidence of a strike against the Valdai residence.

Against the backdrop of mounting Western sanctions and pressure on European energy policy, Russian President Vladimir Putin signaled at a [summit in New Delhi](#) with Indian Prime Minister Narendra Modi that Moscow is committed to ensuring continuous, uninterrupted deliveries of oil, gas, and coal to India. Putin emphasized Russia's reliability as an energy supplier and sought to strengthen bilateral cooperation in trade, energy, and defence, including expanding economic exchange beyond hydrocarbons. The summit discussions also covered tariffs, sanctions and Ukraine, underscoring Moscow's strategy of cultivating alternative markets in Asia as Western energy ties with Russia weaken.

In early December 2025, the [Russian and Chinese armed forces conducted their third round of joint anti-missile drills](#) on Russian territory, part of an ongoing programme of military cooperation between the two countries. According to China's Defence Ministry, the exercises were routine, not aimed at any third party, and unrelated to current international tensions, though they followed August joint artillery and anti-submarine drills in the Sea of Japan and recent strategic discussions on missile defence.

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## Evolutions in the Republic of MOLDOVA

The Republic of Moldova continued to strengthen its external security dialogue, notably through the visit of [NATO Assistant Secretary General for Political Affairs and Security Policy](#), Boris Ruge, to Chişinău. Discussions with Moldovan authorities focused on [practical cooperation with NATO](#), particularly in areas such as resilience, strategic communication, and defence capacity-building. At the same time, Parliament Speaker Igor Grosu has begun an [official visit to the United States](#), holding meetings with members of the US Congress to discuss Moldova's reform agenda and its path toward EU accession. On December 26, the Ambassador of the Republic of Moldova to the United States, Vladislav Kulminski, met with US Secretary of State Marco Rubio and his wife, Jeanette Rubio. The discussions focused on the [bilateral relationship](#) between the Republic of Moldova and the United States.

Meanwhile, the Transnistrian conflict remained [a central security concern](#). Policy discussions in December underlined the need for a peaceful settlement, withdrawal of foreign forces, and international support for Moldova's reintegration efforts, particularly in the context of heightened regional tensions linked to Russia's war against Ukraine.

Domestically, political competition and tensions around economic asset control drew attention when the Council for the Consideration of Investments relevant to State Security [refused approval](#) for Lukoil-Moldova's investment activities, effectively pushing for transfer of assets to state ownership — a move framed by local authorities as a matter of national security and economic sovereignty. Separately, fugitive pro-Kremlin Ilan Shor, a convicted polarising figure, announced that he would withdraw "[social projects](#)" he had initiated. In his statement, Shor argued that the decision was imposed by the authorities in power, directly accusing President Maia Sandu of responsibility. According to analysts, this move could indicate an adjustment in the Kremlin's approach to maintaining leverage over Moldova.

On December 6, the Republic of Moldova requested “[emergency assistance](#)” from Romania following previous Russian attacks on Ukraine’s energy system. The country has strengthened its energy independence by securing electricity supplies for national consumption, extending [Energocom’s mandate](#) for centralised procurement until 2026, and relying on imports from Romania to ensure grid stability. The country [secured 458,150 MWh](#) of electricity to cover national demand, with 65% sourced from imports—including 35.8% via bilateral contracts with Romania and 29.6% through regional trading platforms—while domestic producers supplied 34.5%. The [Vulcănești–Chișinău](#) power transmission line is close to being commissioned, with testing phases scheduled for the period ahead, Energy Minister Dorin Junghietu stated during a press conference.

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## The Balkans

On 17 December 2025, the [EU–Western Balkans Summit in Brussels](#) reaffirmed the EU’s firm commitment to the region’s EU membership perspective, framing enlargement as a strategic investment in peace, security, stability and prosperity. The summit placed [strong emphasis](#) on security and defence cooperation, notably on strengthening resilience against hybrid threats, including enhanced cooperation on cybersecurity, strategic communication and counter-disinformation.

In Kosovo, extraordinary [parliamentary elections](#) were held on 28 December 2025 following months of political deadlock in the Assembly. The snap vote was necessary after the [legislature failed](#) to form a government earlier in the year; the ruling *Vetëvendosje* party, led by Prime Minister Albin Kurti, secured a clear victory, winning the largest share of seats and positioning itself to form a stable government. In Bulgaria, widespread political dissatisfaction culminated in significant [social mobilisation](#) in early December. Opposition parties in the National Assembly filed a motion of no confidence against Prime Minister Rosen Zhelyazkov’s government, primarily over allegations of corruption and economic mismanagement. This parliamentary action coincided with protests in several urban centres, including Vidin and Vratsa, and contributed to mounting pressure that led to the [government’s resignation](#). Montenegro continued its EU integration trajectory with notable progress in enlargement negotiations. The country closed an additional [five negotiating chapters](#) in the EU accession process in mid-December, reflecting incremental compliance with EU acquis and reform benchmarks.

Romania experienced [nationwide protests](#) focused on [judicial independence and anti-corruption](#) demands. Demonstrators called for high-level resignations — including at the National Anticorruption Directorate and Ministry of Internal Affairs — and urged legislative reforms to prevent delays and loopholes in major corruption trials. In the defence domain, the government adopted [Emergency Ordinance No. 73/2025](#) (5 December 2025) to improve investments in the national defence industry, strengthening Romania’s capacity for strategic procurement and industrial development consistent with NATO and EU standards. Furthermore, on December 30, the [Romanian Government](#) approved a [€50 million](#) contribution to the U.S.-led Priority Ukraine Requirements List (PURL) mechanism, aligning with NATO commitments and the Strategic Partnership with the United States.

### *In the meantime...*



Ukrainian President Volodymyr Zelenskyy [has indicated that](#) a series of high-level meetings with the United States and European partners scheduled for January 2026 could pave the way for negotiations between Ukraine and Russia, potentially leading to some form of engagement with Russian representatives.



The European Parliament’s Security & Defence Committee [will address](#) EU defense partnerships — including relations with the U.S., NATO, and Ukraine — mid-January.



The British government [announced](#) it will develop a new deep-strike ballistic missile for Ukraine under a project called Nightfall, aimed at strengthening Ukraine’s ability to strike targets deep inside Russian-held territory. The initiative involves a competition to rapidly develop a ground-launched missile capable of carrying a 200-kg warhead over a range exceeding 500 kilometers.