Ukraine: Ready for Peace Plan with US and EU for Ceasefire and Free Trade Zone. Moscow Faces Economic Cracks

Published on 23/08/2026

Ukraine, the United States and European partners have developed the guidelines for a new plan to end the conflict. The news comes from Ukrainian President **Volodymyr Zelensky**, outlining a strategy that combines **ceasefire**, troop withdrawal, creation of a **free economic zone** and international security guarantees.

A ceasefire offer that arrives at an extremely delicate moment for the Kremlin: Russia's economic foundations, squeezed between sanctions, runaway military spending and the impact of Ukrainian drones on energy infrastructure, show increasingly deep cracks, suggesting that Moscow might find it convenient to seize the opportunity for negotiations.

The three pillars of the new peace plan

The negotiating package emerges from discussions between Kyiv, Washington and European representatives, with the involvement of US emissaries such as Jared Kushner and Steve Witkoff. The goal is to put concrete options in writing to stop the war, structured on three key points:

- **The ceasefire:** The first immediate priority to halt hostilities on the ground.
- **The free economic zone:** A buffer strip created by a symmetric withdrawal of Ukrainian and Russian troops. The area would be managed under the administration of a neutral third party.
- **Security guarantees:** Joint and shared commitments between Ukraine, the United States, the European Union and NATO.

According to Zelensky, the proposals would have received initial positive reception in trilateral talks held in Geneva, pending a new visit by Donald Trump's emissaries to Kyiv for further developments.

Negotiations open on energy and agricultural sector

Alongside the general plan, Ukraine is open to the possibility of **sectoral agreements** with Moscow to stop the devastating reciprocal attacks on critical infrastructure, particularly in the energy and agrifood sectors.

> *"If it's a ceasefire on energy, let's talk about it. We will not attack your gasoline and diesel, but you cannot attack our electricity," declared **Zelensky**.*

The Kyiv leader emphasized how Russia has tried various routes to block Ukrainian defense—from attacks on the grain corridor to political pressure—without succeeding in breaking the country's resistance. Now Ukraine says it is ready to negotiate on equal footing, offering its own halt to retaliation against Russian oil facilities and the fleet in exchange for an end to bombardments on the national electricity grid and agricultural trade routes.

Russia between war economy and growing structural difficulties

Ukraine's willingness to discuss an energy and territorial ceasefire intersects with the growing economic difficulties Russia is facing nearly five years after the conflict began. Recent analyses show how Moscow's growth rate is heading toward "near zero" and that the capacity of the public budget to support domestic development has been largely exhausted.

Despite the Kremlin formally maintaining a strong military thrust—with approximately 40% of the state budget absorbed by military and security spending—the economic system shows signs of severe wear:

- **Internal energy crisis:** Ukrainian drones have struck refineries and oil ports hard, reducing export volumes and creating serious disruptions to fuel distributors.
- **Financial squeeze:** The high interest rates imposed by the Central Bank and the need to raise funds through "voluntary contributions" and extraordinary levies on businesses put severe pressure on the private sector and small and medium enterprises.
- **Depletion of reserves:** To cope with the growing deficit, the Russian government has had to draw heavily on the gold and foreign currency assets of the National Wealth Fund.

In this scenario of progressive structural erosion, the offer of a ceasefire plan and free trade zone could represent for Moscow not only a political test, but also an opportunity to ease the grip of an economic and financial crisis that risks making the indefinite continuation of the war of attrition unsustainable.

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