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Can Russia Weather a Fuel Crisis Caused by Ukrainian Drone Attacks?

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A man holds a pump at a filling station. **Alexander Reka / TASS**

Once again, Russia is in the grips of a gasoline crisis. Prices at the pump are rising, and some gas stations have run dry. This is not the first time Russia has experienced such shortages, but this time around they could be more serious because of the ongoing war in Ukraine.

There were gasoline crises in Russia both before the full-scale invasion (in 2011,2018, and 2021), and afterward (in 2023). Despite a 2024 Ukrainian drone campaign targeting Russian refineries, the fuel market remained relatively calm. Back then, each refinery was only hit by a single drone, reducing plant capacity but leaving it operational. The damage was dealt with in a matter of weeks. Consecutive attacks were rare and often deflected and neighboring plants continued to operate without interruption. Ultimately, the 2024 drone attacks caused inconvenience and expense for the Russian oil industry, but did not present a major problem.

The drone attacks that began on August 2, 2025, have been different. Ukraine clearly has more

drones now, and can send out attack swarms numerous enough to overwhelm Russia's air defenses. Drones also have better navigational capabilities. Ukraine's tactic this year has been to launch massive attacks on refineries and inflict maximum damage — up to and including shutdowns. Ukraine has also carried out rolling attacks, with some damaged refineries hit again, hindering repair work.

By the middle of August, Kyiv had succeeded in damaging Russia's Ukhta, Ryazan, Saratov, and Volgograd refineries, as well as the three refineries in the Samara group (Syzran, Samara and Novokuibyshev). Refineries in the Rostov and Krasnodar regions have also been regularly attacked.

The Ukhta refinery is not that important for the domestic market as it is small and outdated, and supplies a region (the Komi republic) with low demand that can in any case be met by the Perm and Yaroslavl refineries. The Rostov and Krasnodar region refineries are mainly export-oriented. However, the attacks on the refineries located in an arc from Ryazan to Volgograd could have a serious impact on the domestic market. Tens of millions of Russians live to the west of this arc, where there are also large areas of agricultural land and many popular vacation destinations.

Another fundamental difference from the 2024 drone attacks is that back then, the campaign peaked in May. This year it began in August: a time when the oil market's systemic problems traditionally come to the fore. This is when demand rises for gasoline: it is harvest season, boosting demand in the agricultural sector, and people are using their cars for vacations. At the same time, supply is reduced because of annual maintenance work at refineries.

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The first sign of an imbalance between supply and demand is rising prices. Usually, this is the mechanism whereby balance is restored to the market. But the Russian authorities long ago established formal and informal price controls for the retail fuel market in an attempt to limit gasoline price rises and even out seasonal spikes. This policy reduces the effectiveness of market signals and discourages producers from increasing supplies or stockpiling. Of course, under normal circumstances, the sector's excess capacity should mean that refineries can ensure the market remains well-supplied. But there are limits.

Since 2019, the government's primary tool for regulating the domestic fuel market has been so-called dampener payments that compensate oil companies for selling fuel on the domestic market when it is less lucrative than the export market. In the 2023 gasoline crisis, the government tried to drastically reduce these payments, which led to local shortages — and it was forced to backtrack.

This year, the issue has not been dampener payments. Instead, drone attacks have caused delays and cancelations to air travel and disrupted train schedules, prompting an increase in the use of cars for long-distance journeys and pushing up demand for gasoline. This has been particularly noticeable in the areas between Moscow and the Black Sea coast that are popular with vacationers.

In addition, the indirect impact of high interest rates on the gasoline market has been to

reduce stockpiling for the summer. Wholesale gasoline prices in Russia rise almost every year at the end of summer, which creates an incentive to buy gasoline at lower prices in the spring, put it in storage, and sell at a profit later. However, high interest rates on commercial loans now mean that this can be loss-making, while regulation has made it risky to assume the price of gasoline traded on the mercantile exchange will rise. As an apparent result, there is less gasoline being released from storage this summer than usual.

Despite the controls, wholesale gasoline prices began to climb in the spring, and in June, they surpassed last year's record. Since the start of August, prices have risen rapidly, exceeding the record of the gasoline crisis year of 2023.

Retail prices have consistently increased every week this year by between 15 kopecks ($0.0019) and 25 kopecks (%0.003) a liter. The gradual nature of this increase is the result of the government's coercive efforts toward oil companies and an informal ban on sharp rises. In the week beginning August 18, the wholesale price — 53.5 rubles ($0.66) for a liter of A-92 gasoline — approached the retail price of 59.5 rubles ($0.74) per liter. For comparison, in mid-July, the wholesale price was 47.72 rubles ($0.59) per liter, and the retail price was 58.5 rubles ($0.73) per liter.

Related article: Far East Russia's Kuril Islands Run Out of Gasoline

Right now, the situation looks challenging but manageable. Most of the refineries that have been hit by Ukrainian drones continue to produce gasoline, albeit in reduced quantities. It has also been possible to redirect gasoline from unaffected regions, and some of the deficit has been eased by tapping state reserves.

It is important to remember that a lot of Russian vehicles and military equipment run on diesel, not gasoline and that Russia has a diesel surplus. Accordingly, the sort of full-scale fuel crisis that could end up impairing the functioning of the economy — or the army — is still a long way off.

On top of this, annual gasoline production in Russia exceeds domestic demand by up to 20 percent, while diesel production is more than double what is needed. Even if the damaged refineries (which account for about 20 percent of primary refining capacity) stopped functioning entirely, the resulting deficit would be small — and could be offset by imports (from Belarus, for example). Ukrainian attacks on the Unecha and Nikolskoye pumping stations on the Druzhba oil pipeline, which supplies Belarus, among other countries, could theoretically lead to the stoppage of Belarusian refineries. But following an Aug. 18 attack on the pipeline, repairs were swift and Druzhba was fully functional again within two days.

That said, larger shortages could push the government to more extreme steps. The simplest option would be for officials to abolish all price controls, allowing the market to balance supply and demand — including by redirecting fuel to deficit-stricken regions. While effective, this would cause short-term suffering for ordinary Russians, particularly farmers, and it goes against the government's increasingly dirigiste instincts. But in an emergency, it is possible an exception could be made (just as the central bank is allowed to pursue a tight monetary policy). Other options for officials would be to temporarily relax standards on motor fuel and allow the country's mini-refineries to sell their off-grade products as motor

fuel. If the worst comes to the worst, a crisis measure would be gasoline rationing.

For now, however, none of this appears imminent. There is still a long way to go before the transport, agriculture, and industrial sectors — or, most importantly, the army — experience any significant fuel shortages.

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