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Russia's AI Ambitions Take a Hit With Ukrainian Data Center Strikes

By Moscow Times Reporter

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The Digital Solutions – 2026 IT forum at the Russia National Center. **Sergei Vedyashkin / Moskva News Agency**

Ukrainian drone strikes on data centers operated by Sber and Yandex in October have added to the challenges facing Russia's AI industry, which was already struggling to secure the chips and electricity it needs to expand.

The Kremlin is betting that AI can boost productivity and offset a labor shortage driven by demographic decline and worsened by the Ukraine war and exodus of skilled workers. President Vladimir Putin has placed AI at the heart of his push to revive investment and spur long-term growth, calling for Russia to develop its own "sovereign" infrastructure and standards.

The facilities hit in October accounted for roughly 11% of Russia's data center capacity. While most services have been restored, the Kommersant newspaper reported that fully repairing

the damage could take up to six months.

Yandex said Tuesday that it had restored access to about 97% of the cloud customer data affected by the strikes and that the remaining 3% was permanently lost.

An online teacher told The Moscow Times that Progressme, a platform she uses to teach and that runs on Yandex services, was still experiencing disruptions as of this month. She, like others interviewed for this story, spoke on condition of anonymity for safety reasons.

At a first glance, Russia appears well-poised to launch an AI boom. The country has vast territory, abundant energy resources and a deep pool of tech talent.

But even before the strikes, limited grid capacity in its biggest cities, high construction costs and shortages of advanced chips had slowed the expansion of the data centers needed to train and run AI models.

Moscow and St. Petersburg together host about 80% of Russia's data centers, and their power grids are approaching capacity. Some developers are choosing to build their own power plants to secure electricity, adding to upfront costs.

Tech giant Yandex, which develops the YandexGPT model, said last year that it was struggling to secure enough electricity to expand its AI infrastructure.

"The capacity simply isn't there. You won't be allocated as much power as you need," said Alexander Kraynov, the company's head of AI development.

Related article: Nearly 3% of Cloud Customer Data Permanently Lost After Drone Strikes, Yandex Says

Herman Gref, CEO of Sber, which developed the GigaChat AI model, said at an AI conference in September that infrastructure constraints are putting Russia at a disadvantage against China.

"We are not on an equal footing with Chinese companies, which today face virtually no constraints on capacity," he said.

Russia faces an estimated annual shortfall of up to 300 megawatts in new data center capacity. The Moscow region is expected to add just 66 megawatts in 2026, down from the 199 megawatts originally planned, while St. Petersburg is expected to add about 15 megawatts.

Sanctions, meanwhile, have complicated imports of foreign equipment, while a weaker ruble has driven up costs.

Russia lacks the large-scale domestic production of the advanced processors needed for AI servers, including graphics processing units.

Russian-made equipment accounts for just 15% to 20% of the engineering equipment used to build data centers, according to CNews.

David Martirosov, CEO of Rostelecom's data center subsidiary RTK-TSOD, said Russia's

output of server racks fell to 5,000 in 2025 from 14,000 the previous year.

"This is very serious. If this trend continues, we will see a systemic shortage emerge," he said.

Data center developers are already being squeezed by high borrowing costs and may now have to spend more to protect their facilities from Ukrainian attacks.

One solution under discussion is building data centers underground — something that would cost 40% more than conventional construction, Kommersant reported.

Building farther inland in places like Siberia or the Urals could theoretically ease pressure on the two cities' grids and reduce exposure to Ukrainian strikes.

But sites in those regions can have weaker network connections, sit farther from major internet hubs and have fewer specialists available to service the equipment.

Russia has an estimated 1.8 gigawatts of data center capacity, according to figures reported by Kommersant. DC Market Insights puts capacity at 50.4 gigawatts in the U.S., 30.9 gigawatts in China and 3 gigawatts in Germany, Europe's largest market by that measure.

Kremlin spokesman Dmitry Peskov acknowledged in July that Russia "cannot compete with the leading American language models," though he maintained that it was "among the five countries in the race."

"And I hope that, through superhuman efforts, we will narrow the gap," he said.

Global assessments suggest the reality may be worse. Russia falls outside the top 10 in both Stanford's AI Vibrancy ranking, which measures the strength of national AI sectors, and a UN assessment of countries' capacity to use AI. Both put Russia behind the United States, China and India. Russian models are also absent from the Artificial Analysis leaderboard.

"While ChatGPT and DeepSeek are transforming the global economic landscape, Russian AI projects like GigaChat are niche products developed for the domestic market, particularly the state sector," analyst Alexei Kiselev wrote for Carnegie Politika.

Some in the Russian IT industry warn this lag could snowball into a structural disadvantage with no clear plan in place to turn things around.

An IT specialist at a major Russian bank told The Moscow Times that Russia has the expertise to develop its own AI systems, but that the war makes it difficult for companies to plan major investments.

"These are multibillion-dollar projects that require a clear understanding of what [components] can be produced domestically, how much we will rely on foreign vendors, which ones, and how much it will all cost," he said.

He noted that planning such a strategy may be difficult "given the current international environment."

Companies also have to weigh how much to spend protecting facilities while keeping

construction and operational costs under control, he added.

“No one knows how long the armed conflict will last and how intense it will be,” he said.

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