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Impact of Ukrainian Strikes on Russia's Oil Infrastructure

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Disclaimer: This assessment is based on preliminary numbers for vessel movements, which are often subject to subsequent data revisions by the source. The data used for this report was accessed on April 7, 2026.

- **Ukraine has stepped up drone strikes on Russia's oil infrastructure, with new attacks on the Baltic ports of Ust-Luga and Primorsk in late March and the Black Sea port of Novorossiysk in early April.**
- **This is happening at a time when Russia's economic and fiscal challenges are being significantly alleviated by soaring energy prices as a result of the Iran war and disruptions to energy supplies.**
- **While oil exports from Primorsk initially declined noticeably and subsequently recovered, activities at Ust-Luga have almost come to a standstill due to serious damage to physical infrastructure.**
- **We assess that Russian oil export earnings were reduced by $1.76 billion over two weeks, while there was no impact on global prices as the size of the Iran war shock overshadows everything.**

Context: Iran War and Ukrainian Drone Strikes on Russian Oil Infrastructure

Soaring energy prices due to the Iran war provide urgently needed reprieve for Russia. In the months leading up to the recent escalation in the Middle East, Russia had come under increasing pressure due to low global energy prices, stepped-up sanctions, and reduced imports by India. Oil export earnings gradually declined to below $10 billion (in February), with export and production volumes dropping markedly for the first time since the full-scale invasion. As a result, oil and gas budget revenues continued to weaken in early 2026 (down 47% y-o-y in January–February) and the deficit rose to $45 billion (1.5% of GDP) over this period.

The Iran war has dramatically altered the situation, however. Soaring oil and natural gas prices are providing Russia with urgently-needed breathing space, with the full impact ultimately depending on the length of the active war and time needed for restoration of flows from the Persian Gulf. Even in a scenario of a relatively short war and quick post-war market normalization—which has become more likely after the recent ceasefire agreement—Russia stands to benefit significantly, with economic and fiscal pressures markedly reduced this year. Russia is likely to avoid the deep budget cuts it had begun considering in late February, but may still struggle to meet its current 2026 budget targets. Should, however, hostilities begin anew and the war last for several months, with substantial damage to infrastructure in the region requiring a longer restoration period, these gains would rise considerably—providing significant fiscal space for elevated war spending and rebuilding currently-depleted critical macro buffers, which would provide policy space for quite some time.

Ukrainian drone strikes on Russian oil infrastructure have the potential to limit the gains. Ukraine escalated its long-standing campaign in late March when it repeatedly targeted Russia's oil export terminals in the Baltic Sea—Primorsk starting on March 22–23 and Ust-Luga starting on March 24–25—and, later, the Black Sea, with renewed strikes on Novorossiysk starting on April 6. The scope of the campaign has grown, as Ukraine's long-range, domestically-produced drone arsenal has allowed for more precise and longer-distance strikes on Russia's oil industry. Early signs point to significant disruptions in Russia's oil exports due to recent attacks but a full assessment of the potential impact requires a detailed account of activity at key ports.

Tracking of Activity in Key Russian Oil Ports

The ports targeted by Ukrainian drone strikes are of exceptional importance for Russia's oil exports. In 2025, 1.26 million barrels per day (mb/d) were accounted for by Primorsk (22% of total seaborne exports) and 1.15 mb/d (20%) by Ust-Luga. Novorossiysk, which was also recently targeted, was responsible for 0.97 mb/d (17%), while the respective numbers for Nakhodka in the Far East were 1.00 mb/d (18%) and Murmansk in the Arctic 0.30 mb/d (5%). These statistics are a reflection of Russia's oil export infrastructure traditionally being geared towards the European market—a fact that is not easy to change despite the fundamental restructuring of the country's energy trade relationships following the full-scale invasion and imposition of sanctions.

Primorsk has seen a reduction in activity, while Ust-Luga has essentially come to a standstill.[1] For this analysis, we use *two metrics*: *first*, the number of loaded tankers leaving a certain port (see Figures 1 & 2), and *second*, the volume of crude oil and oil product transported by the respective ships (see Figures 3 & 4).

- **Vessel activity in Primorsk:** Only 11 tankers left the port loaded in the week of March 23–29, compared to 17 in the week before, 23–24 in early March, and an average of 20 in the recent past. However, departures rose to 17 in the week of March 30–April 5 as those of products rebounded.
- **Oil volumes from Primorsk:** Oil product volumes dropped from 446kb/d in the week of March 16–22 to 181 kb/d in the week of March 23–29, before recovering to 381 kb/d in the week of March 30–April 5. Crude oil volumes, on the other hand, remained stable at 780 kb/d and then rose to 848 kb/d.
- **Vessel activity in Ust-Luga:** The number of departures of loaded tankers dropped sharply after the attacks—from 16–17 in recent weeks to 6 in the week of March 23–29 and only 2 in the week of March 30–April 5. Unlike in the Primorsk case, loadings at Ust-Luga effectively came to a standstill.
- **Oil volumes from Ust-Luga:** Crude oil volumes dropped from 725 kb/d in the week of March 16–22 to 101 and 155 kb/d in the two following weeks, respectively, while those of oil products fell from 611 kb/d to 335 kb/d before almost entirely disappearing (at 25 kb/d) in the week of March 30–April 5.

Figure. 1: Weekly number of loaded tankers leaving Primorsk

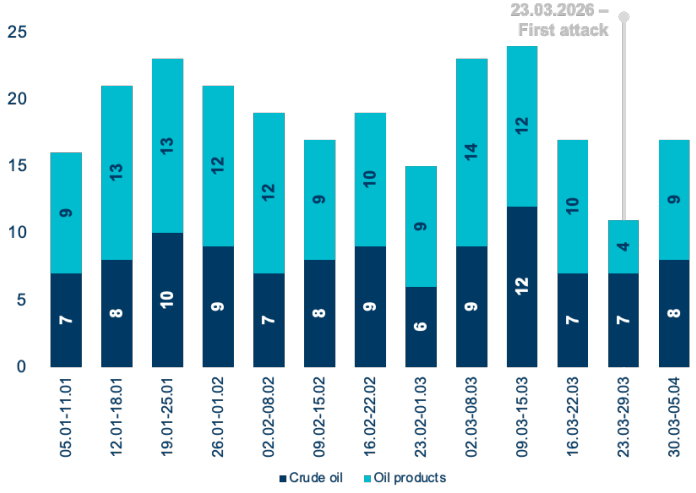
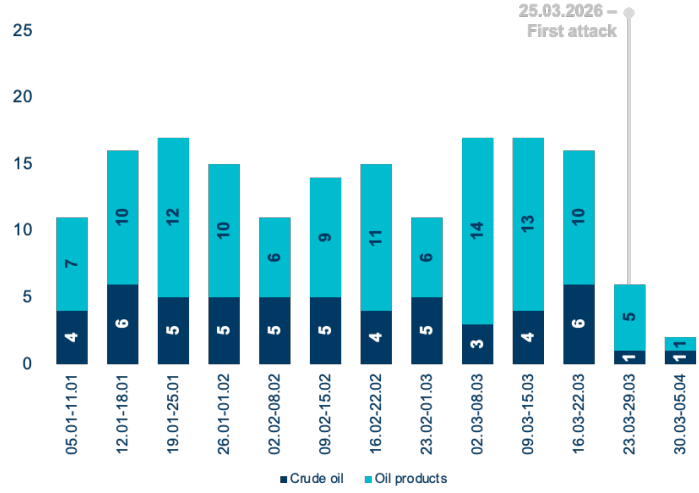


Figure 2: Weekly number of loaded tankers leaving Ust-Luga



Source: Kpler, KSE Institute
Oil products include fuel oils, gasoil/diesel, gasoline/naphtha, and kero/jet

[1] The impact on Novorrosiysk would not be visible in the time period chosen for this analysis and will be assessed in the future.

Figure 3: Average weekly volumes loaded in Primorsk, kb/d

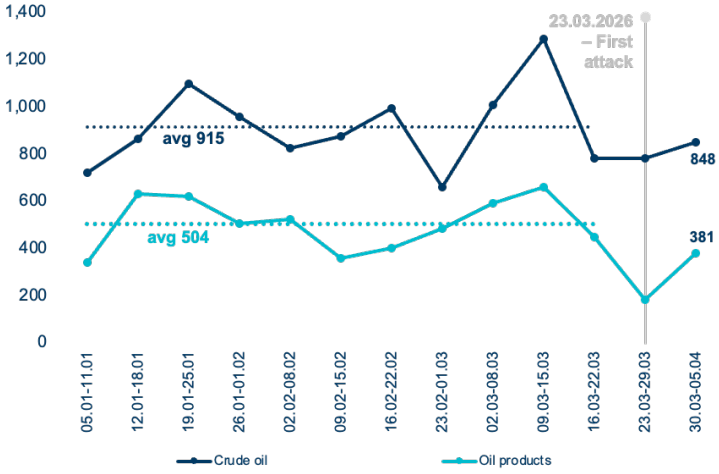
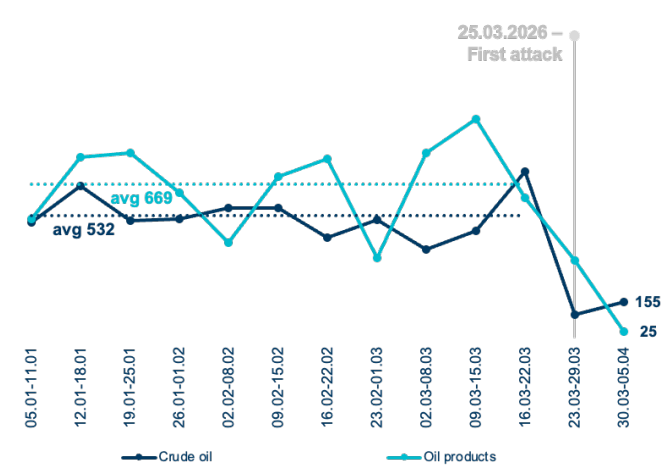


Figure 4: Average weekly volumes loaded in Ust-Luga, kb/d



Source: Kpler, KSE Institute
Oil products include fuel oils, gasoil/diesel, gasoline/naphtha, and kero/jet

Impact Assessment: Russian Oil Export Earnings

Methodology. Because weekly loadings of Russian oil from Baltic ports are highly volatile (see Figures 3 & 4), we benchmark our counterfactual according to the average weekly volume in 2026 until the first strikes—i.e., from the week beginning on January 5 to the week beginning on March 16. We take these averages separately for crude oil and various oil products (diesel, gasoil, VGO, fuel oil, and naphtha), and subtract them from the volumes recorded during the weeks commencing on March 23 and March 30 to assess lost volumes. To calculate Russian oil exports losses stemming from Ukrainian drone attacks, we then multiply the lost volumes by the prices for Urals and oil products from Argus Media. Estimates of weekly export losses—which exclude the losses of LPG or condensate exports from the Novatek terminal in Ust-Luga, for which we do not have data, and do not account for the restoration costs of damaged infrastructure—are summarized in Table 1.

Table 1: Estimated Russian weekly oil export losses, $ million

Time period	Crude oil	Oil products	Total
March 23–29, 2026	357	566	923
March 30–April 5, 2026	371	468	839
Total	**728**	**1,034**	**1,762**

Source: KSE Institute estimates based on Kpler and Argus media

Russian oil exports losses stemming from Ukrainian strikes amounted to approximately $1.76 billion from March 23–April 5. While the decline of total volumes in the week beginning on March 30 exceeded that of the previous week, owing to the complete shutdown of Ust Luga, monetary losses were $84 million larger during the first week of disruptions due to the composition of oil products exports. A partial restoration of crude and gasoil/diesel (whose prices were elevated) loadings in Primorsk resulted in losses declining from $470 million to $266 million. On the other hand, foregone export earnings from Ust Luga—specializing in exporting crude and discounted products (naphtha, fuel oil, and VGO)—increased from $454 million to $574 million.

A broader consideration of the economic impact of Ukrainian strikes is the balance between *volume effects* and *price effects*. For Ukrainian strikes to reduce Russian oil revenues, volume effects (how much revenue Russia *loses* when it can no longer sell affected oil) must outweigh price effects (how much revenue

Russia *gains* on its remaining oil due to higher prices). The volume effect outweighs the price effect to an increasing degree as global prices rise—the barrels Russia cannot sell become more valuable, while the windfall on the remaining barrels is capped by Russian exports' limited share of global supply—making Ukrainian strikes *more* painful in the current environment. Global prices would need to tumble considerably (to ~$60/bbl or less, depending on the discount) for the Ukrainian campaign to risk economically backfiring.

Another factor in Russia's economic calculus is the potential for longer-term volume disruptions that Ukrainian strikes on export infrastructure could induce. Because Russia lacks significant storage capacity, a disruption to export channels of anything more than a few days could necessitate shutting down production upstream. This would be highly damaging to Russia's old reservoirs, which have a high water cut and rely on complex pressure maintenance systems—shutting them down risks losing reserves forever if the wells water out. Regardless, the restart will be slow and complex, further denting oil revenues.

Importantly, the scale and volatility of the Strait of Hormuz shock has overshadowed other oil supply disruptions, leaving no discernible impact of Ukrainian strikes on global prices. Disruptions to traffic through the strait removed around 15 mb/d from global circulation as a limited number of ships continued to transit and certain volumes were rerouted through pipelines. In comparison, the loss of even 2 mb/d of Russian supply is trivial, and not a driver of market reactions. Moreover, the volatility of the oil market, which has swung in reaction to escalations in the Iran war and, now, news of a two-week ceasefire, conceals the effects of diminished Russian supply. Thus, no meaningful price effect has materialized to offset the impact on volumes.