


Ukrainian Affairs Brief

# Trading Away Leverage: How Washington Is Weakening Ukraine’s Hand

Desmond Sala

**Executive Summary**

On October 9th, 2026, the Trump Administration, through the U.S. Treasury, temporarily eased sanctions on Russian diesel. This was a stark reversal of US foreign policy, as Trump had just signed a sweeping Russian sanctions law, the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, on September 18th. This brief will argue that the sanction-easing license, the October 17 waiver of the Graham Act's sanctions on Russia, US pressure on Ukraine to stop attacks on Russian diesel refineries, and Trump's recent call for a change in Ukrainian leadership weaken Ukraine's leverage in a critical stage of the conflict. Ukraine assures that it will keep striking refineries, defying the United States and potentially causing the rift between allies to grow. This has led the United States to threaten to suspend intelligence sharing. On October 14, Ukraine's access to Starshield, the military version of Starlink, was also disrupted, though who ordered it remains disputed. Both can cripple Ukraine's ability to fight. The danger is that Moscow, already demanding sanctions relief in energy-truce talks, will read the situation as a sign that pressure will ease and become emboldened. Washington should reverse the waiver, enforce the Graham Act, and stop using its intelligence and military communications support as pressure on Kyiv.

**Background: The Diesel Crisis and the Sanctions Waiver**

Donald Trump has recently eased sanctions on Russian diesel to alleviate a growing energy crisis in the United States. Because the war with Iran has severely restricted the Strait of Hormuz, and because of complications in the Bab al-Mandab strait and attacks on Saudi Arabia's East-West oil pipeline, diesel prices have skyrocketed. Trump announced the Russian diesel deal while his envoys Steve Witkoff and Jared Kushner were meeting Ukrainian officials in Miami about a proposal to end the war. This announcement attempted to shift blame for the diesel crisis onto the Ukrainian war, stressing lower prices for Americans, particularly farmers, ranchers, and truckers, without mentioning sanctions or the war.

The Trump administration is considering blocking diesel sales to Europe to ease economic pressures caused by Trump's war in the Middle East. This would be a drastic economic decision in itself, and the recent announcement will not fix the root issue while carrying its own consequences. The license authorizes transactions otherwise barred under two Russia sanctions programs. It has been described as the first to ease diesel sanctions for longer than the standard 30-day window since the war began. The law Trump signed in September directs the administration to target the top importers of Russian oil and gas. Still, on October 17, the day before its new sanctions and tariffs were due to take effect, Trump signed an order waiving them, the second such waiver in

two weeks. The idea that just tens of millions of barrels of Russian diesel will make a difference in a severe oil crisis caused by a separate conflict is a poor bet; it won't alleviate the current situation and will only hurt the United States' international position.

**Economic Leverage- Undercutting the Sanctions Strategy**

The easing of these sanctions puts Ukraine on the back foot, as sanctions were one of the main economic tools available to its Western allies for squeezing the Russian economy. At the onset of the war in Ukraine, NATO countries in Europe and North America imposed heavy sanctions on Russia, hoping to pressure it economically into ending the war. Europe bore much of the cost, having relied heavily on Russian natural gas. Even so, the EU has doubled down: its 27 member states formally adopted a regulation phasing out Russian pipeline gas and liquefied natural gas (LNG), with a complete LNG ban from the beginning of 2027 and a pipeline gas ban from the fall of 2027. The EU Council called the regulation "a key step in implementing the REPowerEU goal of ending the EU's dependence on Russian energy sources." This decision has come at a great cost, especially to Europe, which relied on Russian natural gas that moved west through Hungary or the Nord Stream Pipeline.

Years of work to pressure the Kremlin are now undercut by the Trump administration's diesel license, which not only hurts Ukraine but also the European allies who took real economic risks to enforce these sanctions. Most recently, Trump executive order on October 17th goes even further. It waives the Act's tariffs of up to 500% on Russian goods, its penalties on foreign banks doing business with Russian state banks, and its bans on buying Russian sovereign debt and investing in Russia. This move has been widely condemned, with Sen. Thom Tillis calling the move 'beyond irresponsible' and Zelenskyy saying, 'This certainly does not stop the war.' Trump and the White House's decision is a gift to Moscow, insulting to his allies who took real risks to enforce these sanctions, and strategically incomprehensible.

**Russia Under Strain**

The Kremlin has adapted to years of sanctions, and the Russian economy has grown more resilient as a result. Still, adaptation has limits, as Russia now faces serious, tangible strain, with fuel shortages at home, a suffering economy, and a widening budget deficit. The economic pressure from the West is working. Russian figures point the same way. The Jamestown Foundation reports that senior Russian finance ministry and central bank officials warned Putin in early June that war spending is straining the economy, that the January–April budget deficit of $79.3 billion already exceeded the whole of 2025's, and that the Economic Development Ministry cut its 2026 growth estimate to 0.4 percent, compared with 1 percent growth in 2025. Ukrainian refinery

strikes are contributing to fuel shortages and ruble weakness, even as the government keeps presenting an upbeat assessment. CSIS adds that the strikes have brought flight delays, airport closures and worsening fuel shortages to Russians whom the Kremlin had tried to insulate from the war.

As strong as Russia likes to present itself, continued pressure could force them to the table, especially if war morale continues to fall due to the economic crisis and Ukrainian attacks on Russia proper. Economic relief right now, through the easing of sanctions, would do nothing except relieve pressure that may prolong the war for no reason.

**Military Leverage- Pressure on Ukraine's Strikes**

The United States government has also pressured Ukraine to stop attacking Russian oil facilities and infrastructure. These strikes have been among Ukraine's most successful recent operations, giving it an edge and helping cut off Russia's industrial and military network in Crimea and southern Russia, where Ukrainian drones hit convoys and infrastructure that support the Russian military industry in the area. Ukraine's drone campaign against key refineries helped cause countrywide fuel shortages in Russia this summer. The Institute for the Study of War describes a systematic Ukrainian campaign to isolate Crimea, with strikes on bridges, major highways and rail lines between Kherson Oblast and the peninsula, on Kerch Strait crossings and ferries, and on fuel tankers in the Sea of Azov. ISW assesses that, if sustained, these strikes can disrupt Russia's ability to supply Crimea, degrade Russian offensive operations and impede advances in southern Ukraine. It notes that gasoline shortages are also affecting Russian agriculture and aid deliveries to forces in the war zone. Preventing the Ukrainian army from hitting these targets clips its ability to fight back in this war.

The pressure on Kyiv has been explicit. Trump called on Ukraine to halt strikes on Russian diesel facilities, saying they are causing a shortage. The United States, through special envoy Steve Witkoff, has threatened to suspend intelligence sharing if Ukraine does not stop attacks on refineries. Ukraine recognizes this and has pushed back against the pressure, saying it will not stop targeting refineries and infrastructure. After the license was issued, Ukrainian officials told the Financial Times that Kyiv does not plan to stop its long-range drone attacks on Russian energy infrastructure, calling the U.S. decision a "weak decision" that will help finance Russia's war and make Putin bolder.

This week, pressure on Ukraine has gone further. On October 14, Ukrainian forces reported disruptions to Starshield, the military version of Starlink, and service reportedly resumed the next day. Reuters's sources said the order came from the White House,

though one senior official said it did not come from the president, and Trump has denied that the White House ordered the restrictions. This is a dangerous escalation; Washington is not merely suggesting that the Ukrainians stop their strikes, but hijacking the tools Ukraine's strikes depend on. If the president did not order the Starshield disruption, as he and one senior official say, then someone in his administration did, raising concerns about outside influence entering White House decision-making. The Ukrainian position in the current stage of this war rests on its ability to strike refineries and other Russian infrastructure. Restricting the tools that make those strikes possible would remove the leverage Ukraine has left.

**Why Does This Matter?**

Between the diesel license and Trump's call for new leadership in Ukraine, where he stated he wants Zelensky replaced, his administration is undermining years of NATO and U.S. strategy and policy that have kept Ukraine strong enough to prevent a Russian victory. From billions of dollars in material support to shared intelligence, the West has poured substantial resources into Ukraine that could be wasted because of decisions like these.

Furthermore, the shift in policy risks the lives of Ukrainians living in a continued siege of missiles and drones, in a war given new life by an emboldened Kremlin. The waiver does appear to be within the president's authority under the Act, but it runs against Congress's evident intent. As the situation unfolds, key things to watch in the coming months include whether this license is extended past April 2027, whether Congress moves to challenge or reverse the waiver, whether Ukraine's access to Starlink stays stable, and whether the energy-truce talks go ahead. Overall, this pivot in policy will undercut both Ukraine's ability to fight this war and America's ability to force concessions from Russia that is currently on the economic brink.

Washington should reverse course. The administration should rescind the October 17 waiver, allow the Sanctioning Russia and Iran Act to take effect as Congress intended, and let the diesel license lapse in April rather than extend it. The White House should state publicly who ordered the Starshield disruption, and it should stop using military intelligence as a lever to press Kyiv into short-sighted concessions. Ukraine's strikes on Russian refineries and infrastructure are among the few pressure points that are working. Washington should protect that leverage, not trade it away for a temporary diesel discount.

**Sources**

1. Associated Press. “Trump Strikes Deal with Putin for Russian Diesel in Sharp Reversal of U.S. Policy Ahead of Midterms.” *PBS NewsHour*, October 2026. https://www.pbs.org/newshour/world/trump-strikes-deal-with-putin-for-russian-diesel-in-sharp-reversal-of-u-s-policy-ahead-of-midterms.
2. Center for Strategic and International Studies. “Russian Attitudes Are Shifting as the War’s Effects Come Home.” https://www.csis.org/analysis/russian-attitudes-are-shifting-wars-effects-come-home.
3. *Financial Times*. “Ukraine to Maintain Drone Strikes on Russian Oil Refineries despite Trump-Putin Deal.” Reported by *Ukrainska Pravda*, October 10, 2026. https://www.pravda.com.ua/eng/news/2026/10/10/8057301/.
4. Institute for the Study of War and Critical Threats Project. “Russian Offensive Campaign Assessment, July 13, 2026.” July 13, 2026. https://www.criticalthreats.org/analysis/russian-offensive-campaign-assessment-july-13-2026.
5. Jamestown Foundation. “Central Bank and Finance Ministry Warn Putin of War’s Impact on Economy.” July 29, 2026. https://jamestown.org/central-bank-and-finance-ministry-warn-putin-of-wars-impact-on-economy/.
6. *Kyiv Independent*. “Putin Puts a Price on Trump’s Ukraine Energy Truce.” October 9, 2026. https://kyivindependent.com/putin-puts-a-price-on-trumps-ukraine-energy-truce/.
7. *NBC News*. “Ukraine Rattled as Trump Eases Russia Oil Sanctions, Says Zelenskyy Should Be Replaced.” October 2026. https://www.nbcnews.com/world/ukraine/gifts-putin-ukraine-rattled-trump-eases-sanctions-russian-oil-rcna602639.
8. *Newsweek*. https://www.newsweek.com/trump-putin-diesel-export-ban-fuel-prices-12497496.
9. Ukrinform. “EU Approves Phased Ban on Russian Gas Imports by 2027.” https://www.ukrinform.net/amp/rubric-economy/4084369-eu-approves-phased-ban-on-russian-gas-imports-by-2027.html.
10. *ABC News*. “Trump Signs Order Waiving Graham Act Sanctions on Russia, Drawing Backlash from Some Lawmakers and Zelenskyy.” October 17, 2026. https://abcnews.com/Politics/trump-signs-order-waiving-graham-act-sanctions-russia/story?id=137341529.
11. Meduza. “Order to Restrict Starlink’s Operations in Ukraine Came from White House, Reuters Reports.” October 16, 2026. https://meduza.io/en/news/2026/10/16/order-to-restrict-starlink-s-operations-in-ukraine-came-from-white-house-reuters-reports.
12. CNBC. “Trump Says White House Didn’t Order Starlink Restrictions in Ukraine.” October 16, 2026. https://www.cnbc.com/2026/10/16/trump-denies-musk-claim-he-ordered-starlink-restrictions-in-ukraine.html.