

POLICY PAPER

The War in Iran: Strategic Implications for Ukraine

Executive Summary

The joint United States-Israeli military campaign against Iran, launched on 28 February 2026 under Operations Epic Fury and Roaring Lion respectively, has dramatically reshaped the strategic environment across three theatres simultaneously: the Middle East, Eastern Europe, and the Indo-Pacific.¹ For Ukraine, now in its fourth year of full-scale war against Russia, the implications are complex, double-edged, and rapidly evolving.

This paper examines five core dimensions of the Iran conflict's impact on Ukraine: (1) the diversion of international attention from the Russian war against Ukraine; (2) the effect on the fragile Ukraine peace process; (3) the consequences for the availability of the US weapons stockpiles; (4) the knock-on effects for Ukrainian air defence capabilities; and (5) the impact of soaring oil and gas prices, the Strait of Hormuz blockade, and the resulting pivot of China and India toward Russian energy — and the war-financing windfall this delivers to Moscow. The paper finds that while certain dynamics—particularly the degradation of Iran's drone and missile production capacity—work in Ukraine's favour, the net strategic balance tilts sharply toward risk and uncertainty for Kyiv in the short-to-medium term.

Diversion of International Attention

A New Crisis Centre of Gravity

The decision by the United States and Israel to launch coordinated strikes against Iran has profoundly redirected global attention, political capital, and media bandwidth away from the Russian war against Ukraine. For nearly four years, Ukraine occupied the central place in Western strategic

discourse, driving emergency defence spending decisions, transatlantic diplomatic summits, and unprecedented sanctions regimes against Russia. The dramatic events beginning on 28 February 2026 — the assassination of Supreme Leader Ali Khamenei, Iranian missile barrages across the Gulf, and the closure of the Strait of Hormuz — have crowded out Ukraine from front pages, cable news cycles, and the urgent inboxes of Western chancelleries.²

This is not merely a communications problem. Sustained public and political attention is a resource that translates into policy priority, legislative momentum, and financial commitment. Ukrainian officials and European partners have long warned that any significant geopolitical distraction risks Ukraine losing the status of primary front in the West's confrontation with authoritarian revisionism. That warning has now materialised with striking speed.³

Russia as a Secondary Beneficiary

Moscow's immediate response to the Iran strikes — condemning them as violations of international law while privately acknowledging relief — reflects a calculated assessment that a US mired in a Middle East conflict has diminished bandwidth for Ukraine. Russian propagandists have already sought to instrumentalise the Iran strikes, drawing false equivalencies between US strikes on Iranian sovereign territory and Russia's invasion of Ukraine, attempting to reframe Moscow's aggression within a broader anti-Western narrative.⁴

Russian forces have continued their aerial campaign unabated since the Iran strikes began, launching heavy barrages on 23 February (197 drones and 50 missiles) and again on 25 February

1 Trump, D. (2026). Video statement on Truth Social announcing Operations Epic Fury and Roaring Lion, 28 February 2026; Wikipedia (2026). 2026 Israeli–United States strikes on Iran. en.wikipedia.org.

2 Kyiv Post (2026). Opinion: The US-Israeli Strike on Iran: A Game-Changer for Ukraine, or Just Another Distraction? kyivpost.com, 28 February 2026.

3 Atlantic Council (2026). Experts react: How the world is responding to the US-Israeli war with Iran. atlanticcouncil.org, 3 March 2026.

4 Ryan, M. (2026). The New Iran War: Trajectory of the War and its Impact on Ukraine and the Pacific. mickryan.substack.com, 2 March 2026.

(420 drones and 39 missiles targeting energy infrastructure), demonstrating that Moscow perceives no operational reason to pause while Western attention is consumed elsewhere. Ukraine's available electricity generating capacity has already fallen from 33.7 GW before the invasion to approximately 14 GW as of January 2026 — a reduction of nearly 58% — and Russia continues to press this advantage relentlessly.⁵

European Countermeasures

European partners have sought to hold the line on Ukraine attention, with the UK and France affirming plans to establish military hubs on Ukrainian soil as part of contingency ceasefire planning.⁶ However, European diplomatic capacity is itself under strain: managing the humanitarian and energy consequences of a closed Strait of Hormuz, calibrating responses to Iranian missile strikes on allies in the Gulf region, and addressing NATO members' diverging positions on the legality of the strikes all consume senior-level political attention that had previously focused on Ukraine.

Impact on the Ukraine Peace Process

A Process Already Under Pressure

Before the Iran campaign began, the Russia-Ukraine peace process was fragile but active. The Trump administration had been pursuing a parallel diplomatic track — seeking a nuclear agreement with Iran while simultaneously mediating between Kyiv and Moscow. On 26 February, US negotiators in Geneva literally paused Iran nuclear talks to meet with a Ukrainian delegation — a telling illustration of the administration's juggling act. Russia and Ukraine had expected further US-led talks to proceed in the days following, with venues scrambled due to Gulf airspace closures.⁷

The state of those negotiations prior to the Iran outbreak was already discouraging. Ukrainian officials signalled that while Kyiv was prepared to accept painful territorial compromises in exchange for robust security guarantees, Russia continued to demand caps on Ukraine's military forces, the surrender of unconquered cities forming Ukraine's main eastern defensive lines, and the removal of NATO-

member content from any security architecture. A July 4, 2026 target — coinciding with the 250th anniversary of US independence — had reportedly been floated internally by the Trump administration for a ceasefire, but this was understood as aspirational rather than substantive.⁸

Iran War as a Disruptor of Peace Diplomacy

The Iran war has disrupted the Ukraine peace process in several concrete ways. First, the geographic and logistical disruption caused by Gulf airspace closures has complicated the scheduling of multilateral negotiations, with Abu Dhabi rendered inaccessible as a venue and Istanbul identified as a possible alternative.⁹ Second, senior US diplomatic bandwidth—particularly that of Special Envoy Steve Witkoff—has been consumed by the Iran file, reducing the cadence of engagement with both Russian and Ukrainian counterparts.

Third, and most consequentially, the war appears to have hardened Russia's negotiating posture. Moscow calculates that American distraction in the Middle East reduces the credibility of US threats to increase pressure on Russia if peace talks fail. Senior UK intelligence officials, whose intercepts have reportedly revealed Kremlin figures privately mocking Trump's willingness to take Putin at his word, assessed before the Iran strikes that Putin does not genuinely want to end the war at terms acceptable to Ukraine. The Iran intervention has handed Moscow an additional reason for strategic patience.¹⁰

Potential Upside: Diminished Iran-Russia Axis

The one significant structural gain from the Ukraine peace perspective is the potential long-term weakening of the Iran-Russia strategic axis. Iran has been a critical military-industrial enabler of Russia's invasion, supplying thousands of Shahed-series attack drones that have been systematically deployed against Ukrainian civilian infrastructure. A degraded or destabilised Iranian state will produce fewer drones, less ballistic missile technology, and reduced capacity to sustain the Russia-Iran defence partnership. In the longer arc of the war, this is strategically meaningful. However, it does not resolve

5 Ryan, M. (2026), op. cit. Russia's available electricity generating capacity fell from 33.7 GW pre-invasion to approximately 14 GW as of January 2026.

6 NPR (2026). UK and France plan to establish military hubs in Ukraine as part of peace plan. npr.org, 6 January 2026.

7 NPR (2026). Trump administration tries to resolve three crises with Iran, Ukraine and Gaza. npr.org, 17 February 2026.

8 Bloomberg (2026). Iran and Ukraine Talks: The US Is Multitasking in Geneva. bloomberg.com, 17 February 2026; NPR (2026), op. cit.

9 Bloomberg (2026). Russia, Ukraine Plan for US-Led Peace Talks Despite War in Iran. bloomberg.com, 2 March 2026.

10 The Daily Beast (2026). Donald Trump Begs War-Torn Country for Help on Iran. thedailybeast.com, 5 March 2026. Senior UK intelligence officials' intercepts of Kremlin communications reported by The Spectator, February 2026.

Ukraine's immediate crisis of attention, diplomacy, and material.¹¹

Availability of American Stockpiles for Ukraine

Pre-existing Stockpile Stress

The question of US weapons stockpiles for Ukraine was already acutely contested before the Iran campaign. Defense Secretary Pete Hegseth had paused a weapons shipment to Ukraine last July amid a policy review, acting on a memorandum from Undersecretary Elbridge Colby, who has long advocated preserving US munitions reserves for a potential future conflict with China. Biden administration officials had similarly cited stockpile concerns as a rationale for withholding or delaying certain long-range precision munitions to Ukraine, including ATACMS and air defence interceptors.¹²

Operational Consumption in Iran

The Iran campaign has dramatically accelerated the depletion of key US precision munition inventories. US Central Command reported striking nearly 2,000 Iranian targets with over 2,000 munitions in the opening days of the operation. The campaign deployed Tomahawk cruise missiles from US warships, HIMARS launchers, and a range of undisclosed long-range standoff weapons — categories of munition that directly overlap with systems relevant to Ukraine. Prior to launching the campaign, the Chairman of the Joint Chiefs, General Dan Caine, had reportedly warned President Trump that a protracted Iran operation could stress US weapons stockpiles, particularly those supporting Israel and Ukraine.¹³

The most acute concern centres on THAAD interceptor reserves. US officials described the primary worry as the 'depth of magazine' — the available inventory for sustained combat operations. An extended Iranian retaliatory campaign requiring continuous THAAD intercepts would impose direct pressure on reserves that are simultaneously meant to support Ukraine and to be conserved for any potential conflict in the Pacific. Undersecretary Colby, appearing before Congress during the Iran operations, sought to reassure lawmakers that the admin-

istration was 'ahead of the problem' — a formulation that acknowledged the problem exists.¹⁴

Structural Dilemmas for Ukraine

The practical implications for Ukraine are severe in three specific areas. First, Tomahawk and long-range precision-guided munitions committed to the Iran theatre cannot simultaneously be transferred to Ukraine. Second, US defence industrial capacity, already under emergency orders according to Trump, will prioritise replenishment of categories actively being expended in Iran. Third, political dynamics within the administration — where the Colby-Hegseth axis has already demonstrated willingness to pause Ukraine transfers — create a permissive environment for further de-prioritising Ukrainian resupply during the Iran campaign.¹⁵

Compounding matters, the administration is simultaneously grappling with resource allocation toward the Indo-Pacific. China will be watching the Iran campaign's impact on US stockpiles with acute interest, and Washington's planners know it. Ukraine's requirements — particularly for air defence interceptors, artillery ammunition, and long-range strike capabilities — sit in direct competition with Iran-theatre consumption and Pacific contingency preservation.¹⁶

European Compensatory Efforts

European allies have sought to compensate for US supply uncertainties by accelerating their own production and transfer commitments. The EU SAFE defence financing programme, increased bilateral transfers from Poland, France, Germany, and the United Kingdom, and Czech-led artillery ammunition procurement initiatives all represent European efforts to reduce Ukraine's dependence on US goodwill. However, European production capacity—while growing — cannot fully substitute for US precision munitions in the near term, particularly in Patriot and ATACMS categories.

Impact on Ukrainian Air Defence

The Air Defence Architecture Under Strain

The war between the United States, Israel and Iran is exposing the same structural problem already visible in Ukraine: modern air defence is constrained

11 Kyiv Post (2026), op. cit.; Council on Foreign Relations (2026). Gauging the Impact of Massive U.S.-Israeli Strikes on Iran. [cfr.org](https://www.cfr.org), 28 February 2026.

12 CNN (2026). How many missiles do Iran and the US have? The war's troubling munitions math. CNN Politics, 4 March 2026.

13 Cooper, Adm. B. (2026). US Central Command video statement on Operation Epic Fury, 4 March 2026; CNN (2026), op. cit.

14 CNN (2026), op. cit. The THAAD 'depth of magazine' concern was raised by senior US officials prior to the campaign; Colby, E. cited in CNN (2026), op. cit.

15 CNN (2026), op. cit.; Ryan, M. (2026), op. cit.

16 House of Commons Library (2026). US-Israel strikes on Iran: February/March 2026. Research Briefing CBP-10521. commonslibrary.parliament.uk, 6 March 2026.

not only by operational effectiveness but by interceptor supply. Since 2022, Ukraine has built one of the most combat-tested layered air-defence architectures in the world. Its system integrates Patriot and SAMP/T in the upper layer for ballistic missile defence, NASAMS and IRIS-T for cruise missiles and aircraft, and an increasingly dense lower-tier network of guns, electronic warfare systems, mobile fire teams, and interceptor drones to counter Shahed-type one-way attack UAVs.

Operationally, this architecture has mostly proven effective. Ukraine reports high interception rates against mixed Russian strike packages. Yet the strategic challenge facing Kyiv is increasingly one of sustainment rather than capability. Air defence is inherently resource-intensive: interceptors require advanced guidance, high speed, and complex sensors, making them among the most technologically demanding weapons in modern arsenals.¹⁷

This challenge has become visible not only in Ukraine but now also in the Middle East. Iran's missile and drone barrages against Israel and Gulf targets are forcing the United States and its partners to expend large numbers of interceptors, reinforcing a broader pattern: air and missile defence is becoming one of the most supply-constrained capabilities in contemporary warfare.¹⁸

For Ukraine, the pressure is particularly acute in the upper layer of its defence architecture. Russian strike campaigns combine ballistic missiles, cruise missiles, and large numbers of drones, forcing Ukrainian commanders to make difficult firing decisions about when scarce interceptors must be used. Reporting indicates Ukraine may require roughly 60 Patriot PAC-3 interceptors per month simply to keep pace with Russian ballistic missile attacks, while U.S. annual production of PAC-3 interceptors has been roughly 600 missiles per year.¹⁹ Recent developments in the Middle East illustrate the scale of this problem. Ukrainian officials noted that more than 800 Patriot interceptor missiles were reportedly fired during the first days of the confrontation, i.e. more than Ukraine has used in four years defending against Russian missile attacks²⁰.

The result is a structural asymmetry: Russia and Iran can rely on relatively cheap offensive systems produced at scale, while defenders must expend far more complex and scarce interceptors to stop them. Moreover, Iran's evolving operational approach appears designed to exploit this imbalance. Rather than relying solely on large missile salvos, Tehran has shifted toward a steadier tempo of attacks, using drones and older ballistic missiles to sustain pressure on air-defence systems and gradually deplete interceptor inventories over time²¹.

The Double-Edged Sword of Expertise

The Iran conflict has unexpectedly turned Ukraine from a recipient of air-defence assistance into a potential exporter of operational expertise. After four years of war, Ukraine has accumulated unparalleled experience in countering Shahed-type drones and mixed strike packages. Ukrainian officials confirmed in early March 2026 that partners, including the United States, had asked for Ukrainian advice and technologies related to counter-drone defence.

This interest reflects a broader lesson now visible both in Ukraine and in the Middle East: the central challenge in modern air defence is not only intercepting threats but doing so sustainably. Cheap drones can quickly impose high costs if defenders rely exclusively on expensive interceptors. Analysts have long described this phenomenon through the cost-exchange problem, in which defensive missiles are often significantly more expensive than the threats they intercept.²² Ukraine's response to this problem has been operational innovation. Rather than relying exclusively on high-end missile systems, Ukrainian forces developed a multi-layered counter-UAS ecosystem, including mobile gun teams, electronic warfare jamming, distributed sensors, and increasingly more prevalent interceptor drones designed specifically to neutralize one-way attack UAVs at far lower cost.

Recent reporting indicates that U.S. and Gulf officials are now examining how elements of Ukraine's counter-drone architecture, including nationwide acoustic detection networks and low-cost interceptor drones, could be replicated to counter Iranian

17 Wes Rumbaugh, Cost and Value in Air and Missile Defense Intercepts, Center for Strategic and International Studies (CSIS), February 2024. <https://www.csis.org/analysis/cost-and-value-air-and-missile-defense-intercepts>

18 Wes Rumbaugh, The Depleting Missile Defense Interceptor Inventory, CSIS Missile Defense Project, December 5, 2025. <https://www.csis.org/analysis/depleting-missile-defense-interceptor-inventory>

19 Bojan Pancevski and Drew Hinshaw, Russia Is Big Winner as Iran War Drains Supplies That Ukraine Needs, Wall Street Journal, March 4, 2026.

20 Christopher Miller and Fabrice Deprez, US and Gulf States Hold Talks with Ukraine Over Drone Detection, Financial Times, March 6, 2026.

21 Military briefing: Iran's new retaliation strategy, Financial Times, March 2026. <https://www.ft.com/content/f2eae858-a5a4-4c49-9526-e1757a2d55e2>

22 Wes Rumbaugh, Cost and Value in Air and Missile Defense Intercepts, CSIS Missile Defense Project, 2024. <https://www.csis.org/analysis/cost-and-value-air-and-missile-defense-intercepts>

UAV attacks in the Middle East²³. This experience is now relevant to Gulf states facing Iranian drone barrages. However, Ukraine's comparative advantage lies primarily in the lower tiers of air defence, not in replacing the high-end ballistic missile defence architecture used by the United States and its regional partners.

At the same time, this emerging role creates a strategic dilemma for Kyiv. Sharing expertise must translate into material reciprocity, particularly in the form of sustained interceptor supply and air-defence support. Without such reciprocity, Ukraine risks becoming an exporter of counter-drone know-how while still facing structural shortages in the upper layers of its own defence system.

Iran's Degraded Production Capacity: A Long-Term Gain

The At first glance, U.S. and Israeli strikes against Iranian missile and drone infrastructure appear to offer a clear long-term benefit to Ukraine. Iranian Shahed drones have played a central role in Russia's long-range strike campaign against Ukrainian infrastructure. However, for Ukraine, **the strategic impact of degrading Iran's production capacity is likely to be more limited than it initially appears.**

Russia initially relied on Iranian supply of Shahed-136 drones but has since localized large-scale production of Geran variants, including through industrial facilities inside Russia. Recent reporting indicates that Russian domestic production has expanded dramatically, with some estimates suggesting output in the thousands of units per month.²⁴ This means that **Russia's drone campaign is no longer fully dependent on Iranian production lines. Even significant damage to Iranian factories would therefore not automatically translate into a rapid reduction of the drone threat facing Ukraine.**

Nevertheless, the Iran campaign could still have indirect benefits. Strikes on **Iranian defence infrastructure may disrupt technology transfer, component supply chains, and broader military cooperation between Moscow and Tehran.** Over time,

this could potentially slow the evolution of Russian drone capabilities. But the core reality remains unchanged: the main driver of the drone threat to Ukraine is now Russia's own ability to produce and launch these systems in large numbers.

Near-Term Risk: Interceptor Competition

The **most immediate impact of the Iran war on Ukraine's air defence will likely come not from Iranian production losses but from competition for interceptors across multiple theatres.** Iran's missile and drone barrages against Israel and Gulf states have already forced the United States and its partners to expend hundreds of air-defence interceptors in a matter of days, drawing attention to the limited scale of Western missile-defence inventories.²⁵ This demand comes on top of existing pressures created by the war in Ukraine and the broader rearmament of European air defence. The result is the emergence of what analysts increasingly describe as a global interceptor economy, where **several regional conflicts and NATO's own defence planning priorities** for a 400 percent increase in IAMD capabilities²⁶ **are drawing simultaneously on a limited industrial base.** For Ukraine, the key systems affected by this dynamic are Patriot and SAMP/T, which form the backbone of its upper-tier air defence. Additional SAMP/T deployments to Ukraine have been under discussion within Europe, while Gulf states facing Iranian attacks have reportedly requested similar systems from European suppliers²⁷. At the same time, European countries themselves are expanding procurement of air-defence systems as part of their rearmament programs and national deterrence enhancement priorities.

The result is a **three-way competition** for resource generation:

- ▶ wartime consumption in Ukraine
- ▶ emergency demand in the Middle East
- ▶ long-term European and U.S. rearmament

These pressures are exacerbated by the structure of interceptor production itself. Modern interceptors require complex sensors, propulsion systems, and precision guidance components that can take months to manufacture and depend on specialized

23 Christopher Miller and Fabrice Deprez, US and Gulf States Hold Talks with Ukraine Over Drone Detection, Financial Times, March 6, 2026. <https://www.ft.com/content/947fc231-7100-4236-8d04-7acca12039fe>

24 Russian TV Shows "World's Biggest Drone Factory" Producing Shahed-Type Drones, Reuters, July 21, 2025. <https://www.reuters.com/business/media-telecom/russian-tv-shows-teenagers-worlds-biggest-drone-factory-making-arms-hit-ukraine-2025-07-21/>

25 Drew Hinshaw and Bojan Pancevski, Russia Is Big Winner as Iran War Drains Supplies That Ukraine Needs, Wall Street Journal, March 4, 2026.

26 Tomas A. Nagy, NATO Quadruples Its Missile Defenses to Counter Russia, The National Interest, July 1, 2025. <https://nationalinterest.org/feature/nato-quadruples-its-missile-defenses-to-counter-russia>

27 Angelo Amante, Italy Says Gulf Countries Have Requested Air Defence Systems, Reuters, March 2, 2026. <https://www.reuters.com/business/aerospace-defense/italy-says-gulf-countries-have-requested-air-defence-systems-2026-03-02/>

supply chains.²⁸ For Ukraine, this means that its air-defence challenge is increasingly shaped not only by Russian military pressure but also by global demand for the same defensive systems on which its survival depends.

Oil and Gas Prices, the Hormuz Blockade, and Russian War Financing

The Strait of Hormuz: The World's Energy Jugular

The closure of the Strait of Hormuz, declared by the Islamic Revolutionary Guard Corps on 2 March 2026, has triggered one of the most acute energy shocks the global economy has experienced since the 1979 Iranian Revolution. The strait carries approximately 20 million barrels of oil per day — roughly 20% of global petroleum consumption — along with approximately 20% of the world's liquefied natural gas supply, predominantly from Qatar. By 5 March, commercial tanker traffic through the chokepoint had effectively collapsed: protection and indemnity insurance cover was withdrawn, major shipping firms including Maersk and Hapag-Lloyd suspended transits, and over 150 tankers lay anchored outside the strait. Kpler vessel tracking recorded near-zero traffic from commercial operators, with only Iranian and Chinese-flagged vessels continuing to transit.²⁹

The scale of the disruption is without modern precedent. In 2024, 84% of crude oil and condensate transiting Hormuz was destined for Asian markets. China, India, Japan, and South Korea collectively accounted for 69% of all Hormuz crude flows. For Japan, roughly three-quarters of oil imports transit Hormuz; for South Korea, approximately 68%; for India, around 50% of crude and 85% of LPG; and for China, roughly 40% of oil imports and 30% of LNG.³⁰

The Oil Price Surge and Its Geopolitical Consequences

The immediate market response was dramatic. Brent crude surged 10-13% in opening trading following the strikes, rising from \$72.87 on 28

February to above \$82 per barrel, with analysts forecasting a trajectory toward \$100 or beyond if the disruption persists. A prolonged closure scenario, in which Iranian strikes damage Gulf refineries and pipeline infrastructure, carries projections of \$108 per barrel or higher — figures that would rival the historic 2007-2008 oil shock. European gas futures have also skyrocketed, with Qatar's Ras Laffan LNG terminal struck by Iranian drones and production halted, removing a critical non-Russian LNG source from European supply calculations.³¹

The EU's plan to end imports of Russian LNG by April 2027 — already politically contested, with Belgium, France, the Netherlands, and Spain collectively importing approximately 2 billion cubic metres of Russian LNG per month, and Hungary importing another 2 billion cubic metres through the Turkstream pipeline — is now under severe pressure. Energy-hungry member states, led by Hungary and Slovakia, are already using the Hormuz crisis to argue for a suspension or reversal of the Russian LNG phase-out.³²

China and India: The Pivot to Russian Supply

The most direct and strategically consequential consequence for Ukraine of the Hormuz crisis is the near-certain deepening of Chinese and Indian dependence on Russian energy — and the revenues that will flow to Moscow as a result.

India faces the most acute near-term exposure among major Asian importers. Prior to the crisis, approximately 2.6 million barrels per day of Indian crude imports originated from Gulf countries transiting Hormuz. India had made significant diplomatic efforts in recent months to reduce Russian crude purchases in order to accommodate US pressure during bilateral trade negotiations and to comply with sanctions on Rosneft and Lukoil. That restraint has now become economically untenable. Ship-tracking data from Bloomberg and Kpler confirmed by 5 March that Russian Urals crude tankers previously destined for East Asia were rerouting to Indian ports, with Indian oil ministry officials actively seeking US sanctions waivers to accelerate the pivot. India's strategic petroleum reserves cover only approximately two weeks of consumption, leaving

28 Wes Rumbaugh, The Depleting Missile Defense Interceptor Inventory, CSIS Missile Defense Project, December 5, 2025. <https://www.csis.org/analysis/depleting-missile-defense-interceptor-inventory>

29 Al Jazeera (2026). Shutdown of Hormuz Strait raises fears of soaring oil prices. [aljazeera.com](https://www.aljazeera.com), 3 March 2026.

30 US Energy Information Administration (2026). Amid regional conflict, the Strait of Hormuz remains critical oil chokepoint. [eia.gov](https://www.eia.gov); Seatrade Maritime (2026). Strait of Hormuz crisis — devastating impact on Asia-Gulf trade. [seatrade-maritime.com](https://www.seatrade-maritime.com), 5 March 2026.

31 Atlas Institute for International Affairs (2026). The Strait that Moves the Market. atlasinstitute.org, 4 March 2026; CNBC (2026). The Strait of Hormuz is facing a blockade. These countries will be most impacted. [cnbc.com](https://www.cnbc.com), 3 March 2026.

32 Associated Press (2026). Rising Energy Prices From the Iran War Could Help Russia Pay for Fighting in Ukraine. AP/US News & World Report, 4 March 2026; Washington Times (2026). Is Iran war bad news for Ukraine? Russia cashes in as Hormuz crisis upends global energy. [washingtontimes.com](https://www.washingtontimes.com), 4 March 2026.

New Delhi with no viable alternative to rapid re-engagement with Russian supply.³³

China's position is structurally analogous but with greater buffering capacity. China is the world's largest crude importer, sourcing roughly 40% of its oil through Hormuz and purchasing more than 80% of Iranian crude exports — supply that is itself now disrupted. Kpler analysts confirmed that Beijing, having recently moderated its intake of Russian crude under US pressure, will likely abandon that restraint entirely if the Hormuz disruption extends beyond several weeks. Russian rail and pipeline capacity to China — including the Eastern Siberia–Pacific Ocean (ESPO) pipeline and Power of Siberia — could absorb an additional 300,000 barrels per day within months.³⁴

Russia's Deputy Prime Minister Alexander Novak stated on 5 March that Russian oil was 'in demand' and that Moscow was prepared to increase supplies to both China and India. Russian energy equities responded immediately: Rosneft surged 8.7% and Lukoil 5.7% in the days following the strikes.³⁵

Russia's War-Financing Windfall

The fiscal implications for Russia's war effort against Ukraine are severe and direct. Oil and gas revenues account for up to 30% of the Russian federal budget. The Russian Finance Ministry's 2026 budget plan was calibrated on a Urals crude benchmark of \$59 per barrel. By 5 March, Urals prices had risen to approximately \$62 per barrel, already exceeding the budget baseline, with every \$5 increase in the Urals price generating an estimated additional \$6 billion in annual revenue for the Russian state.³⁶

Three scenarios, mapped by Carnegie Russia Eurasia Center, illustrate the range of outcomes. A short-lived disruption resolving within weeks would return Brent to approximately \$65 per barrel and leave Russia's budget picture little changed. A medium scenario — Hormuz partially open, oil stabilis-

ing around \$80 per barrel — would deliver meaningful fiscal relief to Moscow. And the worst-case scenario for Ukraine — a prolonged closure with Iranian strikes damaging Gulf refinery and pipeline infrastructure, pushing oil toward \$108 per barrel — represents the largest possible windfall for Russia, potentially injecting tens of billions of additional dollars into the Kremlin's war chest.³⁷

The geopolitical logic is stark. A Moscow buoyed by elevated energy revenues has less incentive to negotiate a ceasefire with Ukraine on terms acceptable to Kyiv. As one analyst observed, 'Putin's got to be thrilled — anything that raises the price of oil is good for him.' The Kremlin has already publicly signalled its awareness of this dynamic, cynically offering to fill Asian supply gaps while simultaneously condemning the US-Israeli strikes as violations of international law.³⁸

European Energy Vulnerability and Sanctions Erosion

A secondary but significant risk to Ukraine's strategic position emerges through the European energy channel. The Hormuz crisis creates political cover for European member states already resistant to Ukraine support to argue for a relaxation of Russian energy sanctions. If Qatar's Ras Laffan terminal remains offline and European LNG markets tighten significantly, the political coalition supporting Russian energy restrictions will fracture further. Hungary's Prime Minister Orbán was already threatening to block major EU financial instruments for Ukraine over a pipeline dispute — a dynamic the energy crisis will intensify.³⁹

The net effect is a structural risk of sanctions erosion at precisely the moment when Ukraine needs Western economic pressure on Russia to remain at maximum intensity. If Russian oil revenues surge, Russian LNG finds renewed European buyers, and the political will to enforce the oil price cap weakens under energy market pressure, the West's pri-

33 Bloomberg (2026). Russian Oil Cargoes Swing Back to India as Iran War Hits Supply. bloomberg.com, 5 March 2026; OilPrice.com (2026). India Mulls Return to Russian Oil as Iran War Halts Middle East Flows. oilprice.com, 2 March 2026.

34 Bakr, A. / Kpler (2026), op. cit. Russian rail and pipeline capacity to China via ESPO and Power of Siberia could absorb an additional 300,000 bpd within months; CMA Knowledge (2026). Israel-Iran War 2026: USA, Russia, China, India. cmaknowledge.in, 3 March 2026.

35 Novak, A. (2026). Statement on Russian oil exports to India and China. TASS News Agency, 5 March 2026; CMA Knowledge (2026), op. cit. Rosneft +8.7%, Lukoil +5.7% in days following the strikes.

36 Associated Press (2026), op. cit. Oil and gas tax revenues account for up to 30% of the Russian federal budget; Russian Finance Ministry's 2026 budget baseline was \$59/bbl Urals. Every \$5 increase in Urals price adds approximately \$6 billion in annual state revenue.

37 Prokopenko, A. (2026). Scenarios for Russian energy revenues under Hormuz disruption. Carnegie Russia Eurasia Center, Berlin. Cited in Associated Press (2026), op. cit.

38 CNBC (2026). Why Iran should not count on allies Russia and China to come to its aid. cnbc.com, 2 March 2026. Ellen Wald, president of Transversal Consulting, quoted.

39 Washington Times (2026), op. cit. The Times reported that Hungarian PM Orbán threatened to block a major EU loan to Ukraine over a pipeline dispute.

mary non-military leverage over Moscow will diminish substantially.⁴⁰

Conclusions and Policy Recommendations

The US-Israeli war against Iran represents a strategic inflection point for Ukraine with consequences that are both immediate and structural. The net short-term assessment is concerning: Ukraine faces increased competition for US material support, a distracted diplomatic environment, a complicated peace process, near-term pressure on its air defence interceptor supply chain — and critically, a Russian adversary whose war chest is being replenished by surging oil revenues and a deepening Chinese and Indian appetite for Russian crude.

The energy dimension may prove the most consequential of all. Every additional barrel of Russian oil sold to India or China at post-Hormuz prices, every week that European LNG markets tighten and Russian supply fills the gap, and every percentage point of sanctions erosion in European capitals strengthens Moscow's capacity to sustain its war. The Hormuz crisis has, paradoxically, transformed a US strategic action against a Russian ally into a mechanism for Russian war financing.

Against this, the long-term degradation of the Iran-Russia military-industrial axis—if the campaign succeeds in substantially reducing Iranian drone and missile production—represents a genuine strategic gain. Ukraine's unique expertise in counter-drone warfare also creates a diplomatic asset that Kyiv should leverage deliberately to secure tangible reciprocal commitments from the United States.

The following policy recommendations are offered for consideration:

1. European allies must maintain and intensify their own supply commitments to Ukraine regardless of US distraction, preventing any gap created by American reallocation to the Iran theatre.
2. Ukraine should leverage its counter-drone expertise offer to Gulf allies as explicit diplomatic currency, conditioning technical assistance on secured Patriot interceptor resupply commitments.
3. The Trump administration should be urged—including through European intermediaries—to maintain the July 2026 ceasefire timeline as a political commitment, preventing Iran

diplomacy from indefinitely displacing Ukraine peace diplomacy.

4. NATO members should urgently accelerate domestic interceptor production, particularly for Patriot PAC-3, to reduce the zero-sum competition for US stocks between Ukraine and Middle East theatres.
5. Western policymakers and media must resist the tendency to treat the Iran war as displacing rather than complementing the Ukraine agenda—the two theatres are linked, and the outcome of one will shape the other.
6. The G7 oil price cap on Russian crude must be urgently reviewed and tightened to prevent the Hormuz windfall from reaching the Kremlin budget. Western capitals must hold the sanctions coalition together and resist pressure — particularly from Hungary, Slovakia, and energy-vulnerable member states — to relax Russian LNG import restrictions in response to tightening global markets.
7. The EU and Washington should engage New Delhi and Beijing diplomatically to make clear that a return to large-scale Russian energy dependence — enabled by the Hormuz crisis — will have consequences for broader economic and diplomatic relations, even as both powers face genuine short-term supply pressures.

40 Tagliapietra, S. (2026). Bruegel think tank, Brussels. Cited in Associated Press (2026), op. cit.; Weafer, C. (2026). Macro-Advisory Ltd. Cited in Associated Press (2026), op. cit.