Diesel Diplomacy: Trump's Fuel Deal with Putin and the Strain on Western Support for Ukraine

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Mariia Kutuzova and Julius Mueller



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Introduction

On 9 October 2026, Trump announced that following a phone call with Putin, Russia would supply more than 300,000 tonnes of diesel straight away, followed by 500,000 tonnes in November, one million tonnes after that and a further three million tonnes shortly afterwards (Associated Press, 2026). Within hours the US Treasury's Office of Foreign Assets Control (OFAC) issued General License 135 (GL135), which authorises the sale, delivery and import of Russian-origin diesel until 7 April 2027 (Cottle et al., 2026). A week later, Trump went further and waived almost every Russia provision of the Graham Act, a sanctions law he had signed only a month earlier, two days before it was due to take effect (Kerr, 2026).

The timing is no accident. US diesel stood at $6.28 a gallon on the day of the announcement, just below the record of $6.52 set on 22 September, and the midterm elections are on 3 November (Associated Press, 2026).

This brief asks what the United States actually gains from the diesel deal, and what it costs Ukraine and the credibility of Western sanctions. The short answer is that Washington gains very little and gives away a great deal: the volumes are too small and too late to move prices, the deal strains US law, and Moscow has given nothing in return. Section 2 asks why Washington wants Russian diesel now, Section 3 compares the deal with the law, Sections 4 and 5 turn to Ukraine and the allies, and Section 6 concludes.

Cheap Diesel Before the Midterms: Why Now, and Does It Work?

Diesel is Washington's pain point. Prices have risen about 70% since the US and Israel went to war with Iran on 28 February, and diesel feeds straight into freight, farming and heating costs (Erickson et al., 2026). Trump blames Ukraine's refinery strikes, but most experts see the Iran war as the main driver (Banco et al., 2026). Washington is asking Kyiv to fix a problem largely of America's own making.

The political logic is plain. Republicans will defend a thin majority in Congress on 3 November, and high diesel prices are a clear risk for them (Erickson et al., 2026). Trump framed it around farmers, ranchers and truckers, not the war (Associated Press, 2026).

The second argument is diplomatic. In Miami, Witkoff and Kushner told Ukrainian officials that the deal could restart trilateral talks by showing Moscow that Trump was open to business, so that Russia would hear "now it's your turn to do something". Yet a source close to the Kremlin said Putin would only return to the table once he held the remaining 11% of Donbas (Banco et al., 2026).

On its own terms, the deal does not work. Diesel futures fell almost 5% on the day of the announcement (Erickson et al., 2026), but rose 5% again on 14 October, when the national average was still $2.51 a gallon above a year earlier (Hume, 2026). The volumes explain why. The first tranche of about 2.25 million barrels (Reuters, 2026) covers less than one day of US transport demand (Banco et al., 2026) and is smaller than what the US itself exports in two days, about 1.5 million barrels a day (Erickson et al., 2026). Timing weakens it further: the first cargo, 40,000 tonnes on the tanker Agioi Fanendes, will only reach New York on 7 November, after the election (Reuters, 2026). The deal is too small and too late, and buys no Russian concession.

The Deal Versus the Law: What Washington Has Waived

The deal exists mainly on social media. Trump's post set out roughly 4.8 million tonnes, but neither government has published an agreement, and

Russia has not confirmed the volumes. The one official document is GL135, which covers all diesel transactions for six months but still blocks payments to the Russian Central Bank, the National Wealth Fund and the Ministry of Finance (Cottle et al., 2026).

GL135 sits uneasily with US law. The Ending Importation of Russian Oil Act of 2022 bans imports of Russian oil products and lets the President lift the ban only after consulting Congress and certifying conditions on regional security and Ukrainian sovereignty. None of that has happened, so several lawmakers argue that the licence breaks the law (Cottle et al., 2026). A bipartisan Senate group including Republicans McConnell, Tillis, Collins and Cornyn has urged Trump to rescind the deal (Kerr, 2026).

The Graham Act was meant to close exactly this gap. It passed the Senate 86 to 11, and Trump signed it on 18 September (Kerr, 2026; Radcliffe, 2026). It provided for tariffs of up to 500% on Russian goods, up to 100% on the five biggest buyers of Russian crude and gas and the five biggest sanctions-evasion facilitators, sanctions on foreign banks dealing with Russian state banks, and bans on US investment in Russia and its sovereign debt. These are secondary sanctions: they hit third countries that keep Russia's energy trade alive. From 18 October, they would also have caught Russian diesel and its tankers (Kerr, 2026).

On 16 October, two days before that deadline, Trump waived virtually all of the Act's Russia provisions by executive order, citing the US national interest (Kerr, 2026). The order does not mention diesel (Radcliffe, 2026), and the White House argued that enforcing sanctions would disrupt peace talks. It keeps earlier executive-order sanctions but waives the clause requiring them to stay, and the clause tying any lifting of sanctions to a peace agreement accepted by Ukraine (Kerr, 2026). GL135 strains the law, and the waiver empties it: a statute designed to bind the President now rests on his discretion.

Ukraine: Losing Its Economic Bargaining Chip

Ukraine's strikes on Russian refineries are its most potent economic weapon against Moscow. They target refined products such as diesel, which earn export revenue and fuel the Russian military. Kyiv claims to have knocked out about half of Russia's refining capacity (Psaropoulos, 2026), and Russian diesel output fell by nearly 30%, which forced Moscow to ban diesel exports on 8 July 2026 (Martin & Vatman, 2026). The campaign converts military reach into fiscal pressure on the Kremlin.

The diesel deal takes much of this pressure off. Zelenskyy responded that "gifts to Putin will not lead to peace" and called sanctions relief without de-escalation "an obvious sign of weakness" (Psaropoulos, 2026). He offered to stop refinery strikes if Russia stopped attacking Ukraine's energy infrastructure (Radio Free Europe/Radio Liberty, 2026). Trump instead blamed Kyiv for diesel prices and declared that "it's time for Ukraine to get a new

president" (Psaropoulos, 2026). Washington places the onus of de-escalation on the victim, not the aggressor.

The "energy ceasefire" that Trump declared on 11 October collapsed within days. Lavrov said Zelenskyy had not "earned a respite", and Russian strikes on the grid killed twelve people in Dnipro (Psaropoulos, 2026). Ukraine paused refinery attacks for three days before striking the Ryazan refinery on 15 October (Talmazan et al., 2026). Ukrainian restraint met no Russian equivalent.

The leverage argument runs one way. Washington courted Moscow "without demanding a single concession in return" (Liboreiro, 2026b), while Novak claimed that Russia could export 3.5 million tonnes of diesel per month by the end of 2026 (Psaropoulos, 2026). Kyiv is asked to give up its most effective economic lever, while Moscow gains revenue and concedes nothing.

Allies and the Credibility of Western Sanctions

European governments rejected the deal and reasserted their sanctions. Merz said Europe wants "to leave no doubt about our position towards Ukraine", and Meloni called the deal a "very risky choice" that lends Moscow legitimacy (Liboreiro, 2026b). Kristersson said it went "in the wrong direction", and Kallas asked what Putin had "given in return" (Liboreiro, 2026a). On 16 October, the European Council regretted the US decision and welcomed the 21st sanctions package and further listings (European Council, 2026). Europe answered US relief with more pressure.

Bulgaria is the exception. Prime Minister Radev welcomed "any step in reducing fuel prices" and opposed refinery strikes because "this hits us back" (Liboreiro, 2026a). Some 30 European refineries have closed in 15 years, so Europe is no longer self-sufficient in refined products (Psaropoulos, 2026). Because EU sanctions require unanimity, one dissenting government can delay or dilute future packages. European unity is firm in declarations but vulnerable where fuel prices bite.

Canada combines criticism with a practical alternative. On 11 October, Carney told Zelenskyy that the deal is "in direct opposition to the efforts of Ukraine, Canada, and our allies" and pledged to maintain and tighten Canada's more than 3,500 sanctions. He told Trump that Canada would maximise its oil and diesel exports to the US, which yield well over a million barrels of diesel a day (Prime Minister of Canada, 2026b). The first Russian tranche (Reuters, 2026) thus equals roughly two days of Canadian supply. Allied suppliers could replace Russian volumes at no strategic cost.

Sanctions credibility is the expectation that sanctions stay until the target changes its behaviour. Washington has issued waivers on Russian oil since March 2026 and has now suspended the Graham Act's secondary sanctions. China and India learn that US pressure is negotiable. The deal turns US

sanctions into a bargaining chip and shifts the burden of pressure onto Europe and Canada.

Conclusion

What the US gets out of the diesel deal is very little. The volumes won't bring down the price before the midterms. GL135 strains US law, the Graham Act waiver nullifies Congress's most powerful sanctioning tool, and Kyiv is under pressure to abandon its most effective economic weapon.

Europe and Canada have ramped up the pressure but are now doing so without Washington. Firstly, the EU should stick to its sanctions and issue its next package before GL135 expires in April 2027. Secondly, Canada should step in as the alternative to Russian diesel. Thirdly, Europe should support Ukraine's long-range capabilities.

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