

## MNI: Political Drivers for Energy Markets Oct. 20-26

By Lawrence Toye (20/10/2025)

### Executive Summary:

- **Trump refrained from providing Ukraine with long-range Tomahawk missiles**, withdrawing to a more neutral stance on the conflict post his call with Putin
- With a summit in Budapest being planned, **Trump is unlikely to take any new measures on Russian energy**

### Trump Backs off Tomahawks

Prior to a meeting at the White House between President Trump and Ukraine's President Volodymyr Zelensky on the provision of Tomahawk missiles, POTUS held a phone call with Russia's President Vladimir Putin.

- After the call, Trump and Putin said they would meet in Budapest for another summit to discuss an end to the war. This could take place in a matter of weeks to.
- Zelensky said he would join the talks if he were invited. However, a meeting directly between Putin and the Ukrainian President remains a remote possibility.
- During the Trump-Putin call, the Russian leader demanded that Kyiv surrender full control of the eastern Donetsk region. Putin also suggested he would withdraw from parts of two other partially occupied regions, Zaporizhzhia and Kherson, but it's unclear how much territory would be returned in these regions.
- Putin also told Trump that he would "destroy" Ukraine unless a peace deal was in place.
- Since the reports of the call were published, Both Zelenskiy and Trump have both said that the war should be frozen along current battle lines— rather than Ukraine ceding further territory in Donetsk.
- Trump posted on Truth Social: "It is time to stop the killing and make a DEAL! Enough blood has been shed, with property lines being defined by War and Guts. They should stop where they are. Let both claim Victory, let History decide!"

### Current Front Lines – Source (BBC)



### Trump-Putin Call Derails Zelensky Meeting

The Trump-Putin call also seemingly derailed any hopes of progress in Zelensky's White House meeting Oct. 17, with the plans for another summit sufficient to deter Trump from taking any significant action against Russia.

- Despite threats to provide long-range missiles to Ukraine, Trump declined to do so, which Kyiv attributed to the POTUS not wanting escalation until he has another meeting with Putin.
- Given the scarcity of Tomahawks available to provide to Ukraine and the need for US assistance in their usage, the prospect of sending Tomahawks may always have been scare tactic on the part of the Trump administration, rather than a credible threat.
- The meeting between Zelensky and Trump was said to have been tense, with Trump adopting many of Putin's talking points verbatim, even when they contradicted his own recent statements about Russia's weaknesses.
- However, Zelensky announced on Oct. 19 that Ukraine made proposals to the U.S. for partnerships on projects in the energy sector, covering oil, gas, and nuclear energy.
- Zelensky also said that The U.S. is prepared to supply Europe with "as much gas and oil as is needed" to end the dependence on Russian energy imports,
- With long-range weapons off the table, Ukraine is preparing a contract for the purchase of 25 Patriot missile systems. As these have defensive rather than offensive capabilities, there may be more success in getting provisions signed off.

**OUTLOOK:** It appears that, despite ramping up criticisms of Russia, Trump has returned to a more neutral stance, both in action and rhetorically against Moscow.

- It is important to note that Trump has not taken any action against Russia and has backed down from all threats to either ramp up sanctions, tariffs, or offensive weapons provisions to Ukraine.
- Consequently, it continues to remain highly unlikely that further measures, such as tariffs or sanctions on Russian oil or LNG, will be taken by the US. This is likely to be bearish in the near-term for both.
- The upcoming summit in Budapest may offer indications of Trump's willingness to pressure Ukraine into heading to Russian demands. However, it could follow the pattern of the Alaska summit, which concluded with no tangible progress.
- Despite the summit, Ukraine is likely to continue its drone attacks on Russian refineries, a strategy proving successful in disrupting Moscow's energy infrastructure.
- Reuters estimates that around 21% of Russia's refining capacity has been impacted, with a gasoline export ban and limited diesel export ban still in place.
- Russia is also trying to take measures to minimise the disruption, cancelling a 5% duty on gasoline imports and looking at postponing planned refinery maintenance to saturate the domestic market with fuel.