

WILL BOOST COMBAT READINESS OF FORCES

Defence acquisition proposals worth Rs 52,000 crore cleared

Amrita Nayak Dutta

New Delhi, July 3

THE DEFENCE Acquisition Council (DAC) on Friday cleared a range of acquisition proposals worth about Rs 52,000 crore for the Armed Forces.

The proposals include Anti-Unmanned Aerial Vehicles (Anti-UAV) Electronic Warfare System named 'Akash Tarang', Medium Range Surface-to-Air Missile (MRSAM) Weapon System, Very Short Range Air Defence System (VSHORADS), Jet-Based Kamikaze Drone System for the Army, Naval Shipborne Unmanned Aerial System (NSUAS) for the Navy and Fixed-Wing Based High Altitude Pseudo Satellite (FW-HAPS) for the Indian Air Force, among others.

The DAC is the key defence body that grants Acceptance of Necessity (AoN) on all big-ticket capital procurements. The AoN is the first step in the defence procurement process. However, obtaining an AoN does not always lead to a final



Defence Minister Rajnath Singh with the new Chief of Army Staff, General Dhiraj Seth, in New Delhi on Thursday. PTI

order.

The DAC meeting on Friday, under the chairmanship of Defence Minister Rajnath Singh, took place after three months.

The last DAC meeting was held in March this year, when a proposal to procure five additional S-400 Long Range Surface-to-Air Missile Systems from Russia was cleared.

The Ministry of Defence said the proposals to procure

Man Portable Anti-Tank Guided Missile (MPATGM) Systems and Active Protection Systems for Tanks have also been cleared for the Army. The

MPATGM will help counter the adversary's mechanised threats; the MRSAM system will provide medium-range air defence against a variety of stand-off aerial threats; and the V-SHORADS with multi-spectral sensing will enhance



Multi-domain operations

THE LATEST DAC nod to a series of acquisitions reflects the military's need to procure modern and new technology systems to boost its combat capabilities, in line with the way India plans its future multi-domain operations. However, the journey from the DAC nod to an actual induction is a long process.

counter-measure resilience and effectiveness of the Army, the statement noted.

'Akash Tarang', it said, will provide effective anti-UAV protection to the Army Formations.

Additionally, the Active Protection System would improve the defence mechanism of tanks and enhance their survivability, and the Jet-Based

Kamikaze Drones would provide better electronic warfare capability with greater lethality and survivability while also being cost-effective.

The DAC also granted AoN for the procurement of Multi-Influence Ground Mine (MIGM), Naval Shipborne Unmanned Aerial System (NSUAS) and the setting up of Land-Based Testing Facility (LBTF) for Electric Propulsion System.

The MIGM will deny freedom of manoeuvre to the adversary. The NSUAS, equipped with advanced sensors, will enhance situational awareness of the Indian Navy. The LBTF will meet the testing requirements for motors and associated propulsion systems of the Indian Naval assets.

For the Indian Air Force, the procurement of FW-HAPS was approved among other proposals. The FW-HAPS will carry out persistent intelligence, surveillance and reconnaissance, telecommunication and remote sensing for the IAF, the statement noted.

Revising Ladakh talks record, Centre gives elected leaders control over UT bureaucracy

**Deeptiman Tiwary
& Srirupa Goswami**
New Delhi, July 3

DAYS AFTER Ladakh observed a shutdown over what its leaders alleged were omissions in the official record of their talks with the Centre, the Ministry of Home Affairs (MHA), moving to address concerns over the government's commitment to its assurances, has incorporated key provisions in the final minutes of the May 22 meeting that resulted in a breakthrough after months of protests and negotiations.



Ladakh Lieutenant Governor Vinai Kumar Saxena inaugurates an indoor sports facility at Chuchot Gongma, Friday. PTI

The revised minutes, endorsed at a follow-up meeting in Leh Friday, include a clause stating that the proposed elected executive body for Ladakh will exercise “control and supervision, including Annual Performance Appraisal Report (APAR)” over civil servants handling subjects under the jurisdiction of the proposed Union Territory-level elected body — one of the principal demands raised by the Apex Body, Leh (ABL) and Kargil Democratic Alliance (KDA).

The inclusion marks a
»CONTINUED ON PAGE 2

Ladakh

departure from the earlier draft minutes circulated by the MHA after the May 22 meeting, which Ladakh leaders had refused to sign, alleging they omitted crucial understandings reached during negotiations.

It had triggered a political standoff, culminating in a complete shutdown across Ladakh on June 23 called jointly by the ABL and KDA. The groups had accused the Centre of backtracking on commitments and described the draft minutes as not reflecting the actual discussions held with MHA officials.

According to the finalised minutes, representatives from Ladakh reiterated their demands for statehood, Sixth Schedule status, a separate Ladakh Administrative and Police Service, and withdrawal of cases related to the September 24,

2025 protests.

The minutes note that while statehood would remain Ladakh's "long-term aspiration", both sides agreed that, as a first step, a customised model of self-governance would be created through a Union Territory-level elected body with executive, financial and legislative powers.

Significantly, the document records that the issue of bureaucratic accountability was discussed in detail. "It was agreed that in terms of functions and civil servants for the subjects under the purview of the UT-level elected body, the control and supervision, including APAR, will be exercised by the elected executive body. Further details will be finalised in future meetings as per the Transaction of Business Rules," the minutes state.

The final document also records that a customised constitutional safeguards model under Article 371 would be developed

for Ladakh. It says a "sui generis" model, drawing from the various provisions under Article 371, would be prepared, with a draft proposal on the powers and functions of the elected body to be fine-tuned in future meetings.

The minutes were finalised at a meeting Friday in Leh in the presence of Additional Secretary (MHA) Prashant S Lokhande, Chief Secretary Ashish Kundra, Ladakh MP Mohmad Haneefa, former MP Thupstan Chhewang, ABL co-chairman Chering Dorjay Lakrook, KDA co-chairman Asgar Ali Karbalai, Kargil Hill Council Chairman Mohd Jaffar Akhoun and other representatives.

The endorsement of the revised minutes is expected to revive the dialogue process between the Centre and Ladakh's civil society groups after weeks of uncertainty over the future of the negotiations.

Activist Sonam Wangchuk, who spearheaded the protests

for Ladakh's statehood and constitutional safeguards under the Sixth Schedule and was present in the May 22 meeting, told *The Indian Express*, "There's still time to reach an accord, but the issue is more or less resolved."

"The democratic setup will be tailor-made for Ladakh, in which elected representatives will have supremacy over bureaucrats in everything, basically, including their APRs (performance reports), which is true democracy," he said, at Jantar Mantar, where he has been on an indefinite fast over the alleged examination irregularities.

When asked about Ladakh's inclusion in the Sixth Schedule, he said, "Since Sixth Schedule status and full statehood were considered difficult currently, the Centre proposed a win-win solution. However, there were some blocks, they were resolved today, and now those measures will take effect, hopefully sincerely, without any ifs, buts..."

Ladakh to have customised self-governance framework

UT-level elected body will be established, say minutes of meeting between Centre and leaders of civil society groups; model of constitutional safeguards under Article 371 discussed in proposal

Peerzada Ashiq

SRINAGAR

A customised *sui generis* model, which is most suitable for Ladakh, will be adopted under the provisions of Article 371 for the Union Territory (UT) of Ladakh, said the draft shared by a team from the Ministry of Home Affairs (MHA) with leaders of civil society groups of the region on Friday.

Referring to the fifth meeting held on May 22 this year of the sub-committee of the High-Powered Committee (HPC) on Ladakh, the MHA team released the minutes of the meeting agreed upon by the Centre and the leaders of civil society groups of the Leh Apex Body (LAB) and the Kargil Democratic Alliance (KDA).

The MHA note said the next logical step would be to further empower the UT



Civil society groups in Ladakh have been consistently demanding Statehood for the Union Territory. FILE PHOTO

through a democratic institutional framework that provided a political voice. It was unanimously decided that while Statehood would remain the long-term aspiration of Ladakh, in the present situation, as a first step, an appropriate customised model of governance, that is, a UT-level elected body would be established. A draft propo-

sal covering the powers and functions – executive, financial and legislative – of this UT-level elected body in harmonious relations with the Panchayati Raj Institutions would be prepared for further discussion and fine-tuning.

The minutes of the meeting said the model of constitutional safeguards with Article 371 was also

discussed. “There have been instances of invoking Article 371(A to J) and it was agreed that a customised model which is most suitable for Ladakh would be adopted,” it said.

Demand for Statehood

It is the first time that the MHA has made public a detailed presentation on the progress achieved through five rounds of meetings between the Centre and representatives of Ladakh.

“The presentation also outlined the probable structure of self-governance in Ladakh. The representatives from Ladakh reiterated the demand for Statehood and Sixth schedule for Ladakh. They also reiterated the demand regarding Ladakh Administrative and Police Service and regarding withdrawal of cases of 24, September 2025 incident,” reads the minutes of the meeting.

‘No revival of Indus treaty if Pak. does not end terror’

Kallol Bhattacharjee

NEW DELHI

India on Friday said the Indus Waters Treaty (IWT) will remain in “abeyance” till Pakistan “credibly and irrevocably” stops supporting cross-border terrorism. Official spokesperson of the External Affairs Ministry Randhir Jaiswal made the remark in the context of a recent international conference held in Pakistan where it called for the restoration of the treaty. The country is dealing with a severe heatwave. “The Indus Waters Treaty of 1960 will be held in abeyance with immediate effect, until Pakistan credibly and irrevocably abjures its support for cross border terrorism,” said Mr. Jaiswal at a media briefing.

Earlier this week, Pakistan organised a conference on the Indus and water sharing where the country’s Foreign Minister and Deputy Prime Minister Ishraq Dar referred to the IWT



Point of contention: India’s Cabinet Committee on Security had put the IWT in abeyance after the Pahalgam attack. PTI

as vital for “regional peace, stability and cooperation”.

The Cabinet Committee on Security had put the treaty in abeyance a day after the Pahalgam terror attack on April 22, 2025, killed 26 civilians and injured dozens. The attack led to India’s strikes on terror targets inside Pakistan under Operation Sindoor.

“The IWT was concluded in the spirit of goodwill and friendship as specified in the preamble of the treaty. However, Pakistan has held these principles in abeyance by its promotion

of cross-border terrorism for decades,” Mr. Jaiswal had said on May 13, 2025.

On May 22 last year, Mr. Jaiswal had said that India was willing to discuss with Pakistan the modality to get custody of “noted terrorists whose list was provided to Pakistan some years ago”. Citing PM Narendra Modi’s remarks, he said, “Water and blood cannot flow together”. India has intensified the rhetoric on Pakistan recently, especially against the backdrop of protests in Pakistan Occupied Kashmir.

India will consider 'all related developments' to Teesta project, says MEA

Kallol Bhattacharjee

NEW DELHI

Days after Bangladesh Prime Minister Tarique Rahman visited China where the two sides discussed the Teesta River Comprehensive Management and Restoration Project (TRCMRP), India on Friday said its development assistance to projects in Bangladesh work on the basis of a "mutually agreed roadmap", and that India will consider "all related developments" in formulating an "overall approach" to the Teesta river-related project.

The issue came up during a press briefing when the official spokesperson of the External Affairs Ministry, Randhir Jaiswal, was asked a question on whether the Bangladesh-China decision to have a feasibility report on the TRCMRP will impact In-



Pristine waters: A view of the Teesta river at Sevok, some 20 km from Siliguri. AFP

dia's projects in Bangladesh. "India's development assistance for projects in Bangladesh is based on a mutually agreed road map, which is regularly reviewed. Our views on the Teesta river project have been previously conveyed to the Bangladesh side. We will factor all related developments in our overall approach to the Teesta issue," said Mr. Jaiswal.

Officials later clarified

that India's statement did not indicate any displeasure at Bangladesh's decision to go ahead with discussing the Teesta project with China as India-Bangladesh ties stand on their own merit.

The sharing of the Teesta river water has been under discussion between India and Bangladesh for decades but since 2011, the two neighbours have remained in a deadlock with regards to an agreement.

Centre opens power bids to four China-linked firms

The Finance Ministry says the exemption is valid for two years and should not be treated as a precedent; decision follows a request from the Power Ministry and inter-ministerial consultations

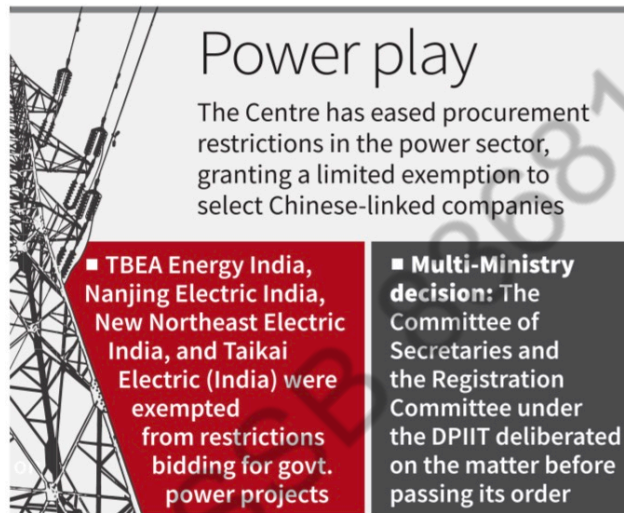
T.C.A. Sharad Raghavan
NEW DELHI

In a sign of a continuing thaw in India's stance on Chinese investments, the government has issued an order allowing four companies with Chinese ownership or links to bid for projects tendered by the Indian government in the power sector.

The order, dated June 24, 2026, was issued by the Procurement Policy Division of the Finance Ministry's Expenditure Department and has been reviewed by *The Hindu*.

Power Ministry request
In January, the Power Ministry had written to the Finance Ministry seeking an exemption from a previous order which mandated that companies located in countries that share a land border with India must register with the Indian government before they can bid for critical public power projects.

The approval of this registration was solely at the discretion of the government. Following this, the Committee of Secretaries and the Registration Committee under the Depart-



ment for Promotion of Industry and Internal Trade (DPIIT) deliberated on the matter before passing the relaxation order.

Two-year exemption
Under the latest order, four companies – TBEA Energy India, Nanjing Electric India, New Northeast Electric India, and Taikai Electric (India) – have been granted exemption from the restrictions for a two-year period.

The Procurement Policy Division's order, however, made sure to state that "such exemption for firms may not be considered as a precedent [sic]".

TBEA Energy India is

the wholly-owned subsidiary of the Chinese company TBEA Group, while Nanjing Electric India is a wholly-owned subsidiary of the Chinese power equipment manufacturer Nanjing Electric. New Northeast Electric India has technology transfer ties with Chinese power sector companies, and Taikai Electric (India) is a subsidiary of the China-headquartered Taikai Group.

Earlier relaxations
This order also builds on other partial relaxations the government has recently offered to companies that have investments from China and other

India-Japan ties should not target third party: China

BEIJING
China on Friday said bilateral ties between countries should not undermine the interests of any nation, a day after India and Japan unveiled initiatives during Prime Minister Sanae Takaichi's visit. "Cooperation between countries should enhance understanding," a Foreign Ministry spokesperson said. » **PAGE 8**

countries that share a land border with India.

In May, the Finance Ministry had notified new rules to allow overseas companies with Chinese shareholding of up to 10% to invest in India under the automatic route, rather than first having to obtain government approval.

This was a relaxation made to the 'Press Note 3' that the Indian government had issued in 2020, ostensibly to prevent opportunistic takeovers and acquisitions of distressed Indian companies due to the COVID-19 pandemic.

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India-Japan relations should not target third party: China

Press Trust of India

BEIJING

China said on Friday that bilateral cooperation between countries should not target any third party or undermine the interests of another nation, a day after India and Japan unveiled a raft of landmark initiatives during Japanese Prime Minister Sanae Takaichi's visit to Delhi. "Cooperation between countries should be conducive to enhancing the understanding and trust among regional countries and safeguarding peace and stability in the region," Foreign Ministry spokesperson Guo Jiakun told the media in Beijing.

He was replying to a question on cooperation between India and Japan on critical minerals to boost resilience in supply chains after talks between Prime Minister Narendra Modi and the Japanese premier. "Such cooperation should not target any third party or harm the interests

On July 2, India and Japan unveiled a raft of landmark initiatives, including an economic partnership framework

of any third party," Mr. Guo said. "It is the responsibility of all countries to keep the global industrial and supply chains safe and stable. All parties should champion openness and cooperation and play a constructive role in the process," he added.

On July 2, India and Japan unveiled a raft of landmark initiatives, including an economic partnership framework. They also expressed "serious concern" at the situation in the East China Sea and South China Sea, and opposed unilateral actions that endanger freedom of navigation as well as attempts to change the status quo by force, as per a joint statement.

‘Will never win genuine recognition’: China on India-Japan’s open Indo-Pacific stand

Divya A

New Delhi, July 3

AS JAPANESE Prime Minister Sanae Takaichi wound up her three-day India visit where New Delhi and Tokyo discussed and advocated a free and open Indo-Pacific, Beijing has said that the concept goes against the shared aspirations of regional countries.

On Friday, China’s spokesperson in India, Yu Jing, highlighted the statement made by the spokesperson of China’s Ministry of Foreign Affairs, Guo Jiakun, a day earlier, when talks between Prime Minister Narendra Modi and PM Takaichi were held.

“The so-called concept of ‘Free and Open Indo-Pacific’ goes against the regional countries shared aspirations for peace, development and cooperation, and will never win genuine recognition,” Guo said in response to a question on Takaichi statement.

“Safeguarding post-war international order and purposes and principles of the UN Charter is the foundation of the prosperity and stability in the Asia Pacific, as well as the



Japanese Prime Minister Sanae Takaichi waves before departing for Japan after concluding her India visit, at the airport in New Delhi on Friday. PTI

shared responsibility of regional countries,” he said.

Guo added, “It is more imperative than ever for regional countries to uphold the right course of Asia-Pacific cooperation, work together to build an Asia Pacific that is prosperous, stable, open, interconnected, universally beneficial, inclusive, united and mutually supportive.”

Meanwhile, in response to Prime Minister Modi’s remarks that India and Japan will

strengthen cooperation in the area of critical minerals, Guo said on Friday that such cooperation should not target any third party or undermine its interests.

“Still less should such cooperation be used to create exclusive ‘small blocs’ or stoke confrontation under the pretext of cooperation,” Guo said, as per the Chinese State Council Information office. He said cooperation between countries should help enhance understanding and trust among re-

gional nations and safeguard regional peace and stability.

Maintaining the stability and security of global industrial and supply chains is a shared responsibility of all countries, he noted, adding that all parties should embrace an open and cooperative mindset and play a constructive role to this end.

In the joint statement released by India and Japan on Thursday, the two sides had also expressed concern over the situation in the South China Sea and East China Sea.

Without making any direct mention of China, they reiterated “strong opposition to any unilateral actions that endanger the safety as well as freedom of navigation and to change the status quo by force or coercion”.

They shared their serious concerns over the growing militarisation of disputed features, in an oblique reference to China growing military dominance in the region.

In another initiative that is aimed at countering China’s growing footprint in Africa, India and Japan discussed the formulation of the Strategic Outlook for Expanding Japan-India Cooperation in Africa.

'Indian firms will have to leave comfort zone to achieve \$1 tn exports'

The Hindu Bureau

NEW DELHI

Commerce Minister Piyush Goyal on Friday reiterated his target of \$1 trillion of exports this year, but also said that Indian companies would have to push themselves out of their "cosy and comfortable" domestic market and actively work towards building their brands abroad.

'Difficult, yet possible'

Speaking at the Board of Trade meeting at the Ministry of Commerce, Mr. Goyal admitted that the \$1 trillion export target would be difficult to achieve, but added that it was possible since the other countries were keen to trade with India.

"The world wants to work with us," he said. "We have to go out and capture those world markets. Wherever I go in the world, they are very keen to work with us. It's our industry that shows weakness. We are cosy and comfortable in our domestic market, but to get into the export market, we need



Piyush Goyal

scale, quality, and outreach. It will not happen by just sitting at home."

He told the gathered export promotion councils that the government's Export Promotion Mission would help them set up overseas branding, warehousing, and exhibitions if they needed.

"Please demand what you need, so your products can go to developed countries and countries with whom we have Free Trade Agreements," Mr. Goyal said.

Several trade bodies made presentations at the meeting. According to sources present during the meeting, a common demand was for greater export-related credit.

Sri Lanka ex-Navy chief arrested over 'illegal' recruitment of Rajapaksa's son

Meera Srinivasan

COLOMBO

Sri Lanka's anti-graft authorities on Friday arrested former Navy Commander Wasantha Karannagoda in connection with the alleged illegal recruitment and overseas training of Yoshitha Rajapaksa, son of former President Mahinda Rajapaksa. The Colombo Chief Magistrate's Court later granted him bail.

Issuing a statement following the arrest, the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) said Admiral of the Fleet Karannagoda was taken into custody over the "unlawful recruitment" of Mr. Yoshitha as a cadet executive officer despite his failing to meet



Wasantha Karannagoda

the required qualifications. It also alleged that Mr. Karannagoda facilitated Mr. Yoshitha's training at the Royal Naval Academy in the United Kingdom at the state's expense.

Mr. Karannagoda commanded the Sri Lankan Navy when the state forces defeated the Liberation Tigers of Tamil Eelam (LTTE), ending the coun-

try's nearly three-decade civil war in May 2009.

In 2019, he was conferred the Admiral of the Fleet rank.

Mr. Karannagoda has previously been accused of abduction and conspiracy to murder in a sensational case, commonly referred to as the "Navy 11" case in Sri Lanka, linked to the disappearance of 11 youth in 2008 and 2009. The case drew international attention, including from the United Nations and global rights groups, with many seeing it as emblematic of crimes committed by the military.

Investigators traced the disappearance and alleged murder of the young men to an elaborate ransom scheme carried out by Na-

vy personnel. The charges against Mr. Karannagoda were dropped in October 2021 during President Gotabaya Rajapaksa's time in office. Within months, President Gotabaya appointed him as the Governor of the North Western Province, sparking serious concern among victims' families and rights activists.

After President Anura Kumara Dissanayake came to power in September 2024, promising to wipe out corruption and bring perpetrators of high-profile crimes to justice, the victims' families sought to revive the case. In March 2025, the United Kingdom sanctioned Mr. Karannagoda, citing allegations of serious human rights violations.

Khamenei lies in state in Tehran for week of mass funeral events

Parliament Speaker Ghalibaf says Iran's 'call for vengeance must ring in the ears of the whole world'; Pakistan says Shehbaz Sharif will attend the ceremony; China, Afghanistan, and Caucasian countries say they will also be sending representatives

Agence France-Presse
TEHRAN

Iranian leaders began paying their respects on Friday before the coffin of the country's late Supreme Leader Ali Khamenei, killed by U.S.-Israeli strikes on February 28, as Tehran prepared for a vast funeral.

Khamenei's body arrived at Tehran's Grand Mosalla on Friday ahead of ceremonies which are expected to draw millions.

A coterie of foreign dignitaries is also due to attend Saturday's official ceremony, with Tehran's chief negotiator calling for a massive turnout to

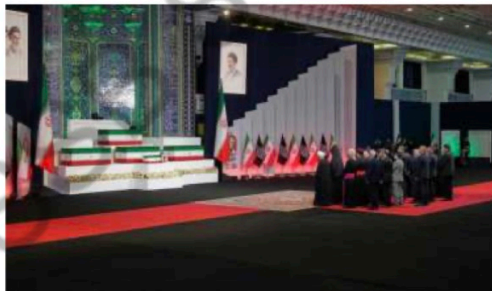
avenge his death.

State TV broadcast footage of Iranian President Masoud Pezeshkian paying his respects on Friday afternoon alongside Parliament Speaker and chief negotiator Mohammad Bagher Ghalibaf.

Ahmad Vahidi, head of the Revolutionary Guards, the ideological arm of the military, also appeared, making his first appearance since the start of the war.

Preparations for Khamenei's public funeral are taking place as Iran and the U.S. observe a fragile ceasefire.

Pakistan, a key mediator in the U.S.-Iran talks, said



Mourners pay their respects before the coffins of Ali Khamenei and members of his family at the Grand Mosalla in Tehran on Friday. AP

its Prime Minister Shehbaz Sharif would attend the ceremony.

China, Afghanistan and Iran's neighbours in the Caucasus region said they would also be sending

representatives.

On behalf of Indian government, Union Minister of State Pabitra Margherita and Bihar Governor Syed Ata Hasnain attended the ceremony on Friday and

paid their respects.

Mr. Ghalibaf had called on Thursday for "all the Iranian people... to write a glorious page in the history of Islamic Iran through your presence".

"The nation's call for vengeance must ring in the ears of the whole world," Mr. Ghalibaf added in a statement.

Khamenei will lie in state for three days at the colossal Grand Mosalla, which has been draped in banners featuring his image and quotes.

The bodies of his slain relatives, including his three-year-old granddaughter, will also be present.

Putin shrugs off fuel shortage as Russian forces intensify attacks on Ukraine

Associated Press

Kyiv, July 3

DESPITE SEVERE fuel shortages across Russia, President Vladimir Putin appears unbothered by Ukraine's increasing attacks on his country's oil refineries. He has shrugged off the setback for one of the world's leading oil-producing nations as "not critical," dismissed ceasefire proposals and insisted the war will continue until his goals are met.

Putin has described the attacks on Russian energy as an effort by Ukraine to distract attention from its losses on the battlefield, although analysts say the advance of Russian forces has been stymied in recent months. The Russian leader appears to believe his government can keep the fuel crisis from eroding his authority and support for the war he launched more than four years ago.

The Russian military unleashed a massive 11-hour barrage on the Ukrainian capital overnight into Thursday morning that killed at least 30 people. It was one of the deadliest attacks on Kyiv since the start of Russia's full-scale invasion.

There have been more than 50 reported Ukrainian attacks on oil refineries and other energy facilities in Russia and occupied Crimea since March — a barrage Ukrainian leaders have said is intended to pressure Moscow to end the war.

At the very least, the attacks have brought the war home even more poignantly for millions of Russians, shattering Putin's narrative of the conflict as something that doesn't affect



Municipal workers sweep the damaged site after Russia's missile attack in Kyiv on Friday. AP

the lives of ordinary people in his country.

An estimated one-third of Russia's refining capacity has been cut off, according to Chris Weafer, CEO of the consultancy Macro-Advisory. The attacks have inflicted lasting damage that will be costly to fix.

Despite significant air defenses protecting Russia's capital, a top refinery in Moscow has been hit twice. The second strike on June 18 set it ablaze, damaging key equipment that will reportedly take until the end of the year to repair.

With gasoline production in Russia reduced by roughly 17% to 850,000 barrels a day, according to government statistics, rationing has been introduced in many regions, and motorists have had to wait in line for hours to refuel.

In an effort to ease fuel deficit, the government has allowed production of lower quality gasoline with higher sulfur content through the year's end.