

# The Limits of Economic Adaptation

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## Russian Oil under Pressure: Adaptation, Fiscal Reconfiguration, and Domestic Constraints

Tatiana Mitrova (Columbia University)

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### Abstract

Russia remains a major oil exporter, and its crude continues to circulate in global markets despite extensive external constraints. This persistence is often interpreted as evidence of resilience. This article argues, however, that such a reading is misleading. Rather than focusing on export volumes, it examines how the role of the oil sector within the Russian economy has changed since 2022, finding that while export flows have been preserved through adaptation, the domestic economic function of oil has been fundamentally reconfigured. Fiscal stabilization increasingly relies on discretionary management and tax adjustments, corporate strategies prioritize short-term output over long-term capacity, and the costs of adjustment are progressively shifted to Russian regions and future periods. These mechanisms allow the system to endure, but they weaken predictability, investment horizons, and institutional depth. In sum, Russia's oil sector has become a mechanism of short-term stabilization rather than a driver of sustainable development, highlighting the limits of adaptation in the absence of resilience.

### From Export Survival to Domestic Function

Russia remains a major oil exporter, but the persistence of export flows has often been interpreted too narrowly—as evidence of resilience or strategic success. Such a focus misses the more important question: how the role of the oil sector within the Russian economy has changed under sustained pressure.

Before 2022, oil played several overlapping roles in Russia's economic model. It was a source of fiscal stability, a contributor to long-term investment, and—at times—a tool of limited external influence. That configuration no longer holds. While export flows have been preserved through adaptation, the internal economic function of oil has been fundamentally reconfigured. The sector increasingly operates as a mechanism of short-term stabilization rather than as a driver of development.

This article therefore shifts the focus from export performance to domestic function, examining how oil revenues are generated and managed inside the economy, how oil companies operate under mounting constraints, and how the costs of adaptation are redistributed across budgets, firms, and regions.

### Export Adaptation as Constraint, Not Strategy

The reconfiguration of Russian oil exports since 2022 is by now well documented. Flows have been redirected, discounts have increased, and logistics chains have become more complex. From an operational standpoint, this adaptation has been effective: revenues did not immediately collapse and exports have continued (see Figure 1 on p. 3).

Yet this export performance should not be mistaken for strategic leverage. The post-2022 export model is best understood as constraint-driven: access to markets is maintained through price concessions and flexibility rather than through long-term contracts or stable commercial relationships.

This shift has had direct domestic implications. Export revenues have become more volatile and harder to forecast, transmitting uncertainty inward and undermining the stabilizing role that oil once played in fiscal and investment planning—even as physical volumes continue to flow (see Figure 2 on p. 3).

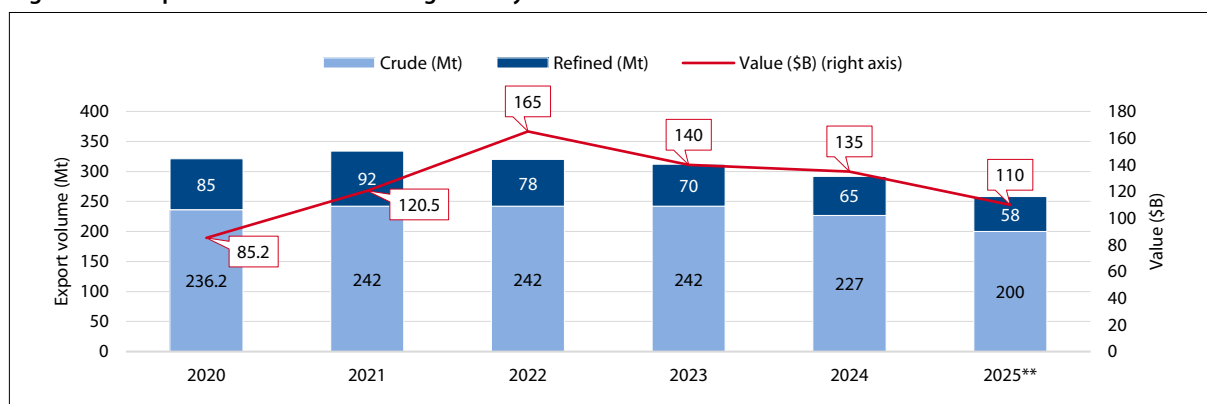
### Fiscal Reconfiguration: Oil Revenues under Managed Volatility

As export conditions became more volatile, the fiscal system emerged as the primary buffer. Adjustments to the mineral extraction tax (MET), export duties, and price-based tax formulas were used to stabilize budget revenues and redistribute the burden of adjustment between the state and oil companies.

This fiscal adaptation took three closely related forms:

- tax flexibility, with frequent adjustments replacing rule-based revenue collection;
- discretionary revenue management, including ad hoc reallocations and temporary measures that concentrated decision-making and blurred institutional boundaries;
- embedded price volatility, as widening gaps between benchmark and realized prices (notably for Urals and ESPO blends) complicated budget planning. Budget forecasts must account not only for price movements,

**Figure 1: Export Resilience vs. Earnings Reality**



\*\* 9-month prelim

Source: Russian Federal Customs Service, Federal Trade Statistics, available at <https://customs.gov.ru/statistic/vneshnyaya-torgovlya>. Data compiled and analyzed by the author.

but also for discounts, enforcement risks, and logistical constraints that can change rapidly. Together, these mechanisms have allowed oil revenues to continue supporting the budget, but at the cost of transparency, predictability and medium-term planning capacity. Fiscal stability increasingly relies on manual control rather than institutional anchoring. Oil still feeds the budget, but it does so in a way that undermines strategic economic governance.

### Oil Companies under Constraints: Output Today versus Capacity Tomorrow

To date, Russian oil companies have managed to maintain production levels despite tightening external constraints. Internally, however, this persistence reflects a growing divergence between short-term output management and the sustainability of the production base.

Corporate strategies have shifted toward preserving current output under conditions of uncertainty. Capital allocation increasingly prioritizes maintaining existing

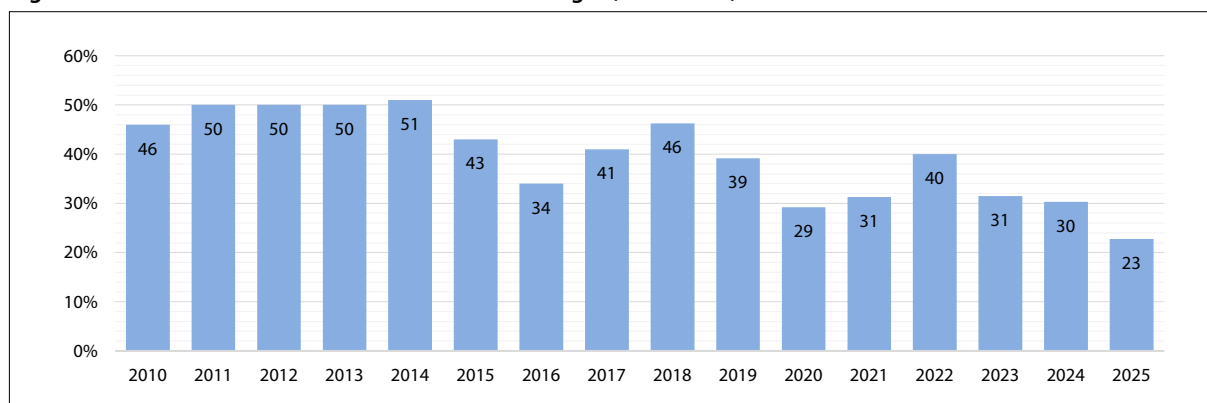
fields, sustaining logistics, and managing operational disruptions rather than expanding capacity or investing in complex new projects.

This shift reflects a combination of factors:

- Constrained capital expenditure, with spending focused on maintenance rather than long-term development. Even where capital is available, long project timelines and unclear future market conditions raise the perceived risk of irreversible investments. As a result, companies favor incremental solutions over capital-intensive development, reinforcing a conservative investment posture.
- Limited access to services and technology, increasing costs and reducing operational flexibility. Domestic substitutes can partially fill the gap but require trade-offs with regard to efficiency, reliability, and scale.
- Shortened investment horizons, as sanctions-related uncertainty raises the risk of irreversible projects.

The effect is cumulative rather than immediate. The central risk for the sector lies not in current production

**Figure 2: Oil and Gas Revenues as % of Federal Budget (2010–2025)**



Sources: Russian Ministry of Finance available at <https://minfin.gov.ru/>. Data compiled and analyzed by the author.

figures, but in the sustainability of production, as constrained investment increasingly forces reliance on short-term fixes. Output can be sustained for a time through intensified use of existing assets, but this approach gradually erodes the quality of the production base. This creates a structural disconnect: production levels may remain stable in the near term, while the capacity to sustain them over time weakens. What appears on the surface to be resilience increasingly reflects a narrowing set of choices beneath the surface.

### **Regional and Social Effects: The Domestic Cost of Oil Adaptation**

The adjustment of Russia's oil sector to external constraints has not been cost-neutral domestically. While export flows and fiscal revenues have been preserved through adaptation, the associated costs have increasingly been shifted to regions, labor markets, and local infrastructure. These effects are less visible than changes in production or exports, but they are central to understanding how the oil sector now functions within the Russian economy.

Oil-producing regions remain heavily dependent on the sector for employment and budget revenues, while growing price volatility and discretionary fiscal management heighten regional uncertainty and reliance on federal transfers.

These pressures manifest through several channels:

- deferred investment in workforce development and infrastructure, as maintenance takes precedence over modernization;
- implicit and hidden subsidies, including preferential fiscal arrangements and indirect support mechanisms that shift costs away from companies and onto public finances or future periods;
- risk redistribution, shifting economic exposure from the federal level to regions and from the present to future periods.

Taken together, these dynamics show that adaptation does not eliminate risk but redistributes it—spatially to regions and temporally to future periods. The oil sector continues to provide income and employment, but increasingly as a source of managed uncertainty rather than stability.

### **Adaptation without Resilience: Structural Limits of the Current Model**

The post-2022 evolution of Russia's oil sector highlights a critical distinction between adaptation and resilience. Adaptation refers to the ability to adjust operations under pressure: rerouting exports, modifying fiscal rules, reallocating investment, and redistributing costs. Resilience, by contrast, implies the capacity to sustain and reproduce the system over time without progressively degrading its economic and institutional foundations.

Russia's oil sector has demonstrated a high degree of adaptive capacity. Export flows have been preserved, fiscal revenues stabilized through discretionary mechanisms, and company operations adjusted to function under technological and financial constraints. Yet these adaptations rely increasingly on short-term measures that draw on existing assets rather than on investment in renewal.

The cumulative effect is structural. Adaptation absorbs resources—financial, managerial, and institutional—and reallocates them from development to maintenance. Over time, this reallocation narrows the system's margin for error. Investment horizons shorten, institutional predictability weakens, and future capacity becomes more uncertain. The sector remains operational, but its ability to regenerate itself diminishes.

This dynamic is particularly visible in the interaction between fiscal management and corporate behavior. Discretionary revenue management stabilizes the budget in the short term but increases uncertainty for companies, reinforcing conservative investment strategies. In turn, reduced investment raises future fiscal risks, creating a feedback loop in which adaptation today undermines resilience tomorrow.

Crucially, the persistence of production and exports can mask this erosion. Output figures and revenue flows provide an incomplete picture of system health. They capture current performance, but not the condition of the underlying structures that sustain it. As a result, resilience is often inferred from indicators that reflect endurance rather than sustainability.

In this sense, the oil sector increasingly operates in a mode of managed depletion. Continuity is maintained through incremental adjustments, deferred investment, and the redistribution of costs across time and space. These mechanisms are effective at avoiding abrupt disruption, but they do not restore the conditions required for long-term stability.

This distinction matters beyond the energy sector itself. Oil remains central to Russia's economic model, not only as a source of income, but as a mechanism through which uncertainty is managed and redistributed. As long as adaptation remains the dominant mode, the sector can support short-term stability. What it cannot do is provide a reliable foundation for economic development or institutional renewal.

### **Conclusion: What Oil Can Still Do—and What It No Longer Can**

Russia's oil sector has not collapsed yet nor has it regained the role it once played in the country's economic model. The evidence points instead to a narrower and more constrained function. Oil continues to generate export revenues, support the federal budget, and

sustain employment in key regions. These contributions remain economically and politically significant.

At the same time, several trajectories appear increasingly closed. Oil no longer provides a stable anchor for medium-term fiscal planning. It no longer offers a reliable basis for large-scale, long-horizon investment. And it no longer functions as a source of predictability for either domestic economic actors or external partners. These roles depended not only on volumes, but also on institutions, credibility, and the capacity to make long-term commitments—conditions that have been weakened rather than reinforced by the current adaptation model.

What remains open is a narrower set of possibilities. The oil sector can continue to operate as a mechanism of short-term stabilization, absorbing shocks through fiscal adjustment and the redistribution of costs across time and regions. What it cannot easily do is generate

the investment and institutional depth required for sustained development.

This shift matters for how the Russian economy should be understood. Oil remains central, but its economic function has narrowed. It functions less as a driver of growth and more as a tool of risk management. The sector helps prevent abrupt disruption, but it does so by postponing adjustment and compressing future options.

The key question, therefore, is not whether Russian oil will remain present in global markets. It almost certainly will. The more consequential issue is how long an economic system oriented toward adaptation can preserve the resources—financial, technological, and institutional—on which resilience ultimately depends. In this respect, the oil sector offers insight not only into Russia's energy future, but also into the broader constraints shaping the country's economic trajectory.

#### *About the Author*

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## ANALYSIS

### Corruption in Russian Agriculture

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#### **Abstract**

While a lot of attention has been paid to Russia's culture of corruption in the economy at large, the agricultural sector has been neglected. However, widespread corruption exists in the agrifood sector, including but not limited to food safety. Corruption in agriculture has transformed from a necessity for economic survival during the Soviet period to a choice motivated by greed in the contemporary period. It is practiced at every level, from ordinary individuals to top-ranking officials.

#### **The Scope of Corruption**

Corruption permeates every sector of Russian society. Nor is this a new phenomenon: A culture of corruption existed even in Tsarist times, as described in Gogol's *Dead Souls* and *Inspector General*. During the Soviet era, the shadow economy was omnipresent, accounting for 20% of GNP by the mid-1980s (Gustafson, 1999, 135). Ordinary citizens often paid bribes to access goods and services that were widely available in Western societies (Simis, 1982). Having "connections" was crucial to everyday life. Despite the fact that these practices were

part of the survival equation in the Soviet Union, they were nevertheless considered corruption because they were deemed anti-system.

The definition of corruption varies by time and place. Societal and structural contexts are important. Western definitions of corruption differ from definitions used in non-Western societies. What might be considered corruption in the West could be part of the economic culture in a non-Western society. For example, a bribe that is considered corruption in the West may be a sign of respect or gratitude in a different societal context. For

purposes of this analysis, corruption is defined as behavior that is considered illegal in Russia and is subject to administrative or criminal penalty.

Corruption in the post-Soviet period is different from the Soviet era in that it has become less about economic survival and more about greed. Post-Soviet corruption entails not just bribery, but also extortion, fraud, embezzlement, and violence. In the 1990s, insider privatization facilitated the rise of an oligarchic class that acquired fabulous wealth and control over the nation's resources (Freeland, 2000; Hoffman, 2002). During the Yeltsin years, Russia's weak state and inadequate legal framework could not deter corruption. Indeed, Boris Yeltsin famously negotiated immunity for himself and his family as part of the power transfer to Vladimir Putin. Since the early 2000s, corrupt individuals within state institutions have used their positions to enrich themselves. Putin's presidency has witnessed the rise of a kleptocratic state, characterized by asset-grabbing and the absence of protections for personal or corporate property (Dawisha, 2015). Not only has Putin become one of the richest men on earth—as detailed by the late Alexei Navalny in his documentary “Putin's Palace” (Navalny, 2021)—but his closest advisors have also become far wealthier than their modest government salaries would suggest.

In recent years, Russia's corruption has worsened, a downward trend that has accelerated since 2020. In 2024, Russia scored just 22 on a scale of 100 and ranked 154<sup>th</sup> out of 180 countries (Transparency International, 2024). It is estimated that monetary losses to the economy due to corruption are on the order of 6–7.5% of GDP. Economic corruption acts as a barrier to future economic growth and disincentivizes foreign investment.

This article focuses on corruption in Russia's agrifood sector, a topic about which very little has been published in English. Corruption in agriculture is as prevalent as in other sectors; it simply receives less attention. This neglect is somewhat curious because such corruption—whereby bad actors steal money, falsify food content, misdirect subsidies, and defraud investors—directly affects the food supply and food safety for the urban population.

### Corruption in Agriculture

During the Soviet period, the dysfunctional food system gave rise to massive corruption. For regular consumers, paying bribes to access food was an everyday reality (Simis, 1982). But corruption was not confined to the effort to obtain foodstuffs that were consistently in short supply. Instead, corruption was necessary to meet declared targets because the planning system simply did not work. Smith describes a case in which farm chairmen bought stolen property from illegal operators

in order to fulfill their targets because those materials were not available through officially sanctioned channels (Smith, 1989, 124).

In the post-Soviet agrifood system, there is widespread opportunity to engage in illegal activity. Retail stores from small towns to large cities have full shelves and Russia is food secure, so buying access to food is no longer necessary. However, a common denominator in Russia's contemporary agrifood system is greed, which exists at every level where corruption is occurring, from the highest levels to ordinary people. This greed has replaced necessity, with the result that illegal behavior has become routinized. The following paragraphs survey examples of corruption, from high-level corruption by officials to corruption by regular individuals.

High-level corruption refers to illegal activity by officials. One example of high-level corruption relates to former Minister of Agriculture Alexei Gordeev, who served as Minister of Agriculture for a decade (1999–2009), the longest tenure in post-Soviet history. Allan Mustard, former Minister-Counselor for Agriculture at the U.S. Embassy in Moscow, recounts how the “fee” for access to Gordeev—essentially buying a five-minute meeting—was \$15,000. As a U.S. diplomat, he was not required to pay, but Russian businessmen certainly did. Following a meeting, one of Gordeev's subordinates would resolve the issue for an additional fee (Mustard, 2025, 118). Mustard calculated that cash income to the ministry from bribes and kickbacks amounted to \$800 million in 2008. For context, according to Rosstat data, the value of Russia's agricultural output that year was about US\$83 billion based on the exchange rate for 2008.

Alexandr Tkachev served as Minister of Agriculture from 2015 to May 2018. After departing his position as minister when Putin began his fourth term in 2018, Tkachev returned to his family business, an agroholding named “Agrokompleks imeni N. I. Tkacheva.” He used political ties and financial contacts developed during his tenure as minister to increase his company's land holdings. In 2015, Agrokompleks was not listed among the main landholders in Russia. By 2018, the agroholding ranked second among landowners in Russia in terms of the number of hectares owned. As of 2021, its land holdings were valued at over 55 billion rubles, more than any other agroholding in Russia (Shokurova, 2021).

A more recent example concerns Dmitrii Patrushev. The son of Nikolai, a *silovik* who has known Putin for many years and was head of the Security Council from 2008 to 2024, Dmitrii served as Minister of Agriculture from May 2018 to May 2024. He is now a Vice Premier with oversight of agriculture. The “Patrushev clan” is alleged to be behind a distribution of property in the grain trade sector.

Russia's grain trade has become increasingly lucrative over the past decade or so. The country's total grain exports have more than doubled in volume since 2014 and Russia has become the leading wheat exporter globally. Traders make money on the difference between domestic purchase prices and international prices. As the grain trade has become more profitable, state interests—clans situated within state institutions—have become motivated to acquire private grain trading companies. During the past few years, grain exports have been taken over by the state or state-backed players. Two state organizations have been used to edge out private owners so that their companies can be taken over. The first is Rossel'khoznadzor, which has been used to quarantine grain exports—for example, by claiming that weeds or other foreign substances are in the grain. If a trading company cannot export, its value drops and it becomes ripe for takeover. As Vice Premier, Patrushev has regulatory levers and influence over the activities of Rossel'khoznadzor. The second organization is the agricultural bank Rossel'khozbank. Patrushev was Chairman of the Board of Directors of the bank from 2010 to 2018 before taking up the post of minister of agriculture. Today, he is the Chairman of the Supervisory Board of the bank. The bank is important because it has a monopolist position as the provider of loans and state-backed credits. It essentially controls an agricultural company's access to the financial resources needed for expansion, operations, and modernization. The bank is therefore well positioned to pick winners and losers in the grain trading business, and increasingly private traders are the losers. Private competitors to state companies allege that Dmitrii was appointed to oversee the transfer of property to state-backed players while at the same time making money for himself (Shmagun and Morokhin, 2025).

Situated below high-ranking corruption is a stratum of people and companies who engage in corrupt activity that endangers public health. A useful reference point is food safety, a policy issue that is important because it directly affects the health and wellbeing of all consumers. Russia does not publish systematic, nationwide data on unsafe and counterfeit food, but anecdotal information suggests that such practices as falsifying product content, introducing dangerous additives to food, mislabeling products, and outright misrepresentation about a product increased substantially following the introduction of Russia's food embargo in 2014, which banned the import of most Western foodstuffs.

Rossel'khoznadzor's investigatory and regulatory powers increased after 2018. Rossel'khoznadzor is in charge of issuing veterinary certificates and enforcing sanitary, phytosanitary, and safety standards. It monitors and checks compliance on farms, at processing facilities, at restaurants, in food retail stores, and oversees

border trade (both food imports and food exports). Since 2020, the food safety system has required product labeling of content and product tracing from origin to retail shelves. More than 100 billion rubles have been spent on labeling technologies for the "Honest Sign" system, which covers the entire product chain: production, raw materials, and retail checkout. The Honest Sign system blocks the sale of expired products and products without barcodes in retail stores (Wegren, 2026).

The list of food products to be barcoded and traced has increased over time and continues to grow. The government's intent is to code and trace virtually every product and every food category to ensure public safety. Since September 2024, livestock are required to be tagged and traced; breeding animals will be required to be tagged from March 1, 2026. Non-food products such as tea, soft drinks, bottled water, and beer are also subject to barcoding and tracing. Products are randomly tested by Rossel'khoznadzor's scientific labs for compliance with safety standards, but conformity with standards depends on honest and accurate data entry into the tracing system. In Petropavlovsk, the head of the city's animal disease office was arrested for entering fraudulent data into the database, a practice that would undermine the detection of safety violations. She received a four-year suspended sentence, a 20,000-ruble fine, and two years' probation during which she was barred from any government employment (DairyNews, 2025a).

The central player for the coding, certification, and tracing system is Rossel'khoznadzor, which conducts tests to verify product content, issue certificates of product authenticity, and monitor compliance with food safety standards. However, corruption among Rossel'khoznadzor inspectors is widespread. Instrumental to the operation of the agrifood system, Rossel'khoznadzor's inspectors use their positions to extract rents. Mustard recalls an incident in which a Rossel'khoznadzor phytosanitary inspector carried nematodes, a roundworm pest, to drop during farm inspections, thereby justifying quarantining the farm. Resolution of the problem required a payment of \$11,000 (Mustard, 2025, 119).

Veterinarians also occupy an important role in food safety. They inspect animals and conditions surrounding the raising and transport of livestock, and certify their safety. Veterinarians are also well positioned to extract rents. In 2025, a case was reported in Altai Republic in which a veterinarian accepted bribes, totaling 660,000 rubles, for issuing certification without inspecting the vehicles in which animals were transported, without conducting a veterinary inspection of the animals, and without conducting identification, branding, or laboratory testing of livestock. He was arrested and his trial is pending (DairyNews, 2025b). In Altai krai, a chief livestock specialist-veterinarian purchased veterinary

medications and feed additives from a specific company, accepting almost 600,000 rubles in kickbacks in 2022–2024. The company was fined 510,000 rubles and a criminal case was opened against the veterinarian (DairyNews, 2025c). In Lipetsk oblast, a veterinarian was arrested for accepting 340,000 rubles in bribes for facilitating the sale of cattle without the required medical and sanitary inspections (DairyNews, 2025d). The person was arrested and the criminal case is pending. In Perm krai, the head of a veterinary clinic admitted to accepting 1.3 million rubles in bribes during 2019–2023. In 2025, she was sentenced to 2.5 years in a penal colony (DairyNews, 2025e).

Finally, there is illegal activity by private individuals. While space constraints preclude a full discussion of this broad range of activities, a large percentage of published instances fall into the category of subsidy fraud. A private farmer in Stavropol defrauded the regional ministry of agriculture of 500,000 rubles by overstating his vegetable production to increase subsidy payouts (DairyNews, 2025f). In Kamchatka, a private farmer submitted false documents for reimbursement of 1.5 million rubles in expenses. This farmer forged documents for the purchase of flour and transportation of baked bread to a remote village to receive state subsidies (DairyNews, 2025g).

Another type of individual corruption is phantom production. In the Republic of Buryatia, a private farmer submitted documents for subsidies totaling 3.7 million rubles for the purchase of a robotic milking machine. Not only did he overstate the price of the machine, but his farm had no electrical connection and no livestock. The farmer was arrested and, after he reimbursed the damages, given a three-year suspended sentence (DairyNews, 2025h). In Stavropol, a private farmer obtained more than 2 million rubles based on fraudulent documents that claimed he was growing vegetables, when in fact no work had been done on his land at all. He was arrested, fined 200,000 rubles, and given a four-year suspended sentence (DairyNews, 2025i). In another case in Stavropol, an individual entrepreneur received a grant of 14 million rubles from the state to establish a company. He and his co-conspirators submitted fraudulent documents about bank transfers and balances, as well as fictitious contracts and payments for buildings, tractors, and farm equipment. In reality, the farm was his backyard and the purchasing agents were his acquaintances. A criminal case was opened against the leader and he was arrested, with the case pending (DairyNews, 2025j). In yet another case in Stavropol, the head of a private farm was given a nine-year sentence for stealing 600,000 rubles in subsidies. The farmer defrauded the regional ministry of agriculture by claiming sub-

sidies for growing potatoes and vegetables when in fact he did not (DairyNews, 2025k).

In 2025 alone, other corruption cases describe the illegal production of veterinary medicines and vaccines; fictitious purchases and delivery of livestock to obtain subsidies; a company receiving 50 million rubles in subsidies then declaring bankruptcy; investors who lost 104 million rubles through a Ponzi investment scheme for pig-breeding and bull-fattening; the simulation of dietary supplement production to obtain barcodes that were subsequently attached to imported products; and the falsification of documents and records regarding livestock breeding to receive subsidies. And these examples are just a small sample. A full list of corruption in agriculture would be virtually endless, spanning every type of activity in the food system and occurring throughout every region in the country.

## Conclusion

Corruption in the Soviet agrifood system revolved around economic survival and meeting the plan. The culture of corruption that exists in post-Soviet Russia today has been turbocharged by greed and new opportunities for self-enrichment. In food safety, there was a spike in corrupt behavior following the 2014 annexation of Crimea and the Western sanctions that led to Russian countersanctions. The countersanctions created black markets and incentivized smuggling. They also incentivized Russian companies, as they rushed to fill the void created by the banning of Western food imports, to falsify food labels and content. Following the outbreak of full-scale war in Ukraine in 2022, there was a similar surge in smuggling, black markets, and counterfeit food. This time, however, the smuggling and counterfeit food came from the members of the Eurasian Economic Union and other “friendly” countries. It is likely that the war has played a role in the dramatic increase in state regulation regarding food safety and food labeling. Ironically, as the scope of state regulation in food safety expands, more opportunities for corrupt activity are created.

The impacts of corruption in agriculture are twofold. First, high-level corruption is tolerated. Ministers of Agriculture such as Patrushev, Tkachev, and Gordeev have not been prosecuted. In a sense, the message is that if you do a good job, based on sectoral performance, you are allowed to enrich yourself. Second, below high-level corruption, Russia’s bureaucratic system positions individuals to extract rents, and the ever-expanding corruption is a growing cancer. Mid-level and low-level corruption erodes the economy from within. The economic benefit of stolen money is lost. People lose faith in the fairness of the system. Regulatory institutions become hollowed out.

### About the Author

Stephen Wegren is a University Distinguished Professor and Professor of Political Science at Southern Methodist University, Dallas, Texas. His most recent book is *State Capability and Challenges to Russia's Food Security in the Twenty-First Century* (London & New York: Routledge, 2026).

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## Wartime Asset Redistribution in Russia: Causes, Scale, and Implications

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### Abstract

Russia is experiencing its largest redistribution of property since the privatizations of the 1990s. This analysis examines the causes, scale, and implications of wartime asset seizures, using original data covering over 170 nationalization lawsuits filed by the Prosecutor General's Office since 2022, as well as datasets on Russia's *Forbes* billionaires and the country's largest companies. The total value of assets targeted for seizure exceeds 4.99 trillion rubles (53.5 billion euros), with 12 percent of billionaires on the *Forbes Russia* list affected. The main beneficiaries of this massive wave of property redistribution are Vladimir Putin's inner circle and state corporations. While this process serves regime consolidation by punishing perceived disloyalty and rewarding cronies, it also creates long-term risks by eroding property rights, intensifying elite competition, and undermining economic development. Despite growing uncertainty, collective action by business elites against the Kremlin remains highly unlikely.

### Property Redistribution: A Complex Process with Multiple Drivers

In late January 2026, Sheremetyevo Airport, controlled by a company linked to Arkady Rotenberg, emerged as the winning bidder for Domodedovo, Russia's fourth-largest airport, which had been nationalized by the Russian state in June 2025. This forcible reshuffling of ownership of one of Russia's key aviation assets seems to confirm the *Financial Times*' theory that the Rotenberg family—friends of Vladimir Putin since his youth in Leningrad—are the primary architects and beneficiaries of Russia's largest wave of property redistribution since the chaotic privatizations of the 1990s. According to the *FT*, the Rotenbergs developed a systematic plan to identify valuable assets and prepare lawsuits for the Prosecutor General's Office, enabling state seizure of private businesses on an unprecedented scale. Prior to Domodedovo, the family had already acquired at least six enterprises taken from private owners.

Yet the redistribution process is considerably more complex than the secret schemes of a single clan. It involves multiple actors operating at different levels, from the Kremlin, federal law enforcement, and security services down to regional prosecutors spurred by their own career incentives. Based on original data compiled by the Center for Data and Research on Russia (Cedar) for a recent report, the present analysis examines what is driving this wave of expropriations, its scale and pace, and its implications for regime stability and economic development.

### The Scale of Wartime Redistribution

The pace of asset seizures has accelerated dramatically since Russia's full-scale invasion of Ukraine in Febru-

ary 2022. The Prosecutor General's Office initiated 17 confiscation cases in 2022, 40 in 2023, 37 in 2024, and nearly 70 in 2025. The total value of assets targeted for seizure from early 2022 through late 2025 exceeds 4.99 trillion rubles (53.5 billion euros). In 2025 alone, claims were filed for assets worth at least 2.7 trillion rubles—nearly half of all claims filed over the entire four-year period.

To put these figures in perspective, assets worth approximately 0.9 trillion rubles (9.9 billion euros)—equivalent to roughly 0.5 percent of Russia's projected 2025 GDP—have already been sold or transferred to new management. Another 2.5 trillion rubles in business assets remain on the balance sheet of Rosimushchestvo, the state property management agency, awaiting sale or transfer. The potential revenue from selling confiscated businesses is comparable to the expected yield from Russia's 2026 tax reform—including VAT increases and the elimination of tax exemptions—which is projected to generate 1.7 trillion rubles (18.7 billion euros).

The impact on Russia's business elite has been substantial. Of the 311 individuals who appeared on the *Forbes Russia* list between 2014 and 2025, 30 (nearly 10 percent) have experienced either nationalization, attempted nationalization, or involuntary sale of assets on non-market terms since 2022. When the analysis is restricted to the 2021–2023 *Forbes* cohort, the share rises to 12 percent. The total value of assets seized from billionaires amounts to 2.6 trillion rubles (27.5 billion euros), while involuntary sales account for an additional 1.6 trillion rubles (17.6 billion euros).

Among the 283 largest Russian companies ranked by revenue and capitalization, 19 (nearly 7 percent) have been subject to involuntary sale, nationalization, or the

credible threat thereof since 2022. The targets span diverse sectors: logistics companies like FESCO and the Novorossiisk Commercial Sea Port; energy firms including TGK-2 and Sibeco; strategic infrastructure such as Moscow's Domodedovo Airport; and retail operations like the car dealership Rolf and the food holding Rusagro.

### Explaining the Redistribution: Top-Down and Bottom-Up Dynamics

Two complementary dynamics drive Russia's wartime redistribution of property. The first operates from the top down, reflecting the regime's imperatives for survival and elite management. In an increasingly personalized authoritarian system, Putin must maintain his winning coalition while preventing potential betrayal. Nationalization serves these goals in several ways.

First, asset seizures punish perceived disloyalty. The confiscation of Oleg Deripaska's Sochi hotel complex and yacht marina in December 2022 was directly linked to the billionaire's earlier anti-war statements, with the Kremlin reportedly asking him "to calm down." Denis Shtengelov, owner of the KDV confectionery holding worth an estimated 500 billion rubles, faced seizure partly because his father held Ukrainian citizenship. The forced sale of Tinkoff Bank by Oleg Tinkov—one of the few major businessmen to openly condemn the invasion—occurred at a price well below market value following reported threats of nationalization from the Presidential Administration.

Second, redistribution rewards regime cronies and consolidates assets in trusted hands. To date, we have seen no evidence of the emergence of a new business elite. The primary beneficiaries are state corporations (Gazprom, Rosatom, Rostec, Transneft, VTB, Rosselkhozbank) and Putin's longtime associates. The Rotenberg family's Roskhim group has acquired at least five major chemical producers, including Metafrax Chemicals, the Bashkir Soda Company, and Volzhsky OrgSintez. Yuri Kovalchuk, often described as Putin's personal banker, acquired stakes in the Ozon marketplace and reportedly stands behind Pavel Prass, who purchased 14.4 percent of Yandex. Vladimir Potanin bought Tinkoff Bank at a discount and acquired additional stakes in Yandex. More than 90 percent of assets sold or transferred following Prosecutor General's Office claims went to state corporations or Putin's inner circle.

Third, nationalization generates budget revenue under conditions of wartime fiscal strain. With military expenditures consuming 35–40 percent of federal spending and reserves increasingly depleted, seized assets provide another revenue stream in addition to politically costly tax increases or debt accumulation. Nevertheless, this process involves significant conflict and competing goals. The Ministry of Finance aims to maximize rev-

enue from privatization sales to close gaps in the state budget, while state corporations and Putin's cronies strive to acquire nationalized assets at the lowest possible price. The undervalued sale of Domodedovo Airport to a company linked to Rotenberg after the initial auction failed is an example of this.

The second dynamic operates from the bottom up, driven by bureaucratic incentives and elite competition beyond the Kremlin's direct orchestration. Once asset seizures become normalized and costs remain low while rewards stay high, a threshold effect emerges: prosecutors, security officials, and competing business groups recognize opportunities to pursue their own interests under the cover of patriotic enforcement.

Regional business elites have become frequent targets. The Prosecutor General's Office has launched campaigns against Viktor Ochkalasov's agricultural enterprises in Krasnodar Krai, Vladimir Nikolaev's real estate in Vladivostok, and the Magomedov family's Dagnefteprodukt in Dagestan. These cases often reflect struggles for influence among local security officials—an FSB officer from Dagestan was appointed manager of Dagnefteprodukt after its seizure.

Career incentives matter as well. For prosecutors, nationalization cases offer opportunities for advancement and rent extraction. The case of Chelyabinsk billionaire Konstantin Strukov illustrates this dynamic. Despite living in Russia, providing financial support to the military, and maintaining membership of United Russia since 2005, Strukov faced asset seizure partly because he allegedly "interfered" in a lawsuit against another businessman by helping him hide property. His case demonstrates how the redistribution process has created expanded opportunities for law enforcement to target even ostensibly loyal and well-connected individuals.

### Vulnerability Factors and Formal Justifications

Several factors increase the likelihood of becoming a target. Foreign connections—citizenship, residence permits, property abroad, or permanent residence outside Russia—pose significant risk. Of the 20 billionaires who faced confiscation proceedings, nine lived abroad permanently and another five held or had held foreign residency. In total, 70 percent of targeted billionaires had substantial foreign ties. The Prosecutor General's Office explicitly cited the foreign citizenship of Domodedovo Airport's owners, Dmitry Kamenshchik and Valery Kogan, as grounds for seizure, arguing that they had "disposed of the assets of a strategic enterprise in violation of Russian law and transferred its profits abroad."

Past conflicts with security services or criminal cases also increase vulnerability. In more than half of the nationalization cases involving billionaires, lawsuits

can be traced to longstanding disputes with authorities. Domodedovo's owners had been fending off attacks from security forces since at least 2011. Yuri Shefler, owner of the Stolichnaya vodka brand, left Russia due to a criminal case opened in 2002; his remaining assets were seized after the invasion.

The formal grounds for seizures vary, though alleged violations of anti-corruption legislation dominate. Of 170 cases tracked since 2022, 67 relate to illegal enrichment claims. Another 21 cases involve the review of transactions deemed illegal, 14 concern allegedly improper privatizations from the 1990s, 14 accuse owners of "financing the Armed Forces of Ukraine," and 13 cite the need to return strategic assets to state control. Notably, approximately 60 percent of asset seizures did not result in criminal proceedings against former shareholders, and even corruption charges have frequently proceeded without corresponding criminal cases under the relevant articles of the Criminal Code.

### Implications for Regime Stability and Economic Development

The redistribution process creates tensions within the system, but these are unlikely to threaten regime stability in the near term. Coordinated collective action against the Kremlin by disgruntled business elites appears improbable given the atmosphere of fear and the absence of horizontal networks of cooperation. Even when individual officials like Alexander Shokhin, president of the Russian Union of Industrialists and Entrepreneurs, or institutions like the Central Bank mildly criticize specific nationalizations, they do not question the Kremlin's overall course. Businesses understand that collective demands constitute extreme disloyalty—Putin himself dismissed such demands as "speculation and hysteria" during the Yukos affair. Likewise, if the Kremlin were to undertake another costly and risky military endeavor beyond Ukraine, large-scale resistance from large business owners would be unlikely.

However, the redistribution does increase systemic strain. The Wildberries case exposed cracks in Putin's arbitration function: after Suleiman Kerimov brokered a deal in the Presidential Administration regarding the dispute between marketplace co-founders Tatyana Kim and Vladislav Bakalchuk, Ramzan Kadyrov—backing Bakalchuk—proceeded with a raider takeover attempt

in central Moscow. Despite the venture's failure, Kadyrov faced no apparent punishment. If elites conclude that Putin can no longer effectively arbitrate major disputes, the risk of intensified conflict increases. However, a photo posted by Kadyrov at the end of January 2026 that showed Kadyrov and Kerimov shaking hands in the office of the presidential administration's chief of staff, Anton Vaino, demonstrates that Putin and the Kremlin still have enough leverage to resolve elite conflicts through mediation.

The economic implications of asset redistribution are substantial. Property confiscation undermines long-term planning, further depriving an economy already cut off from foreign technology and international capital markets of resources needed for modernization. Non-market asset transfers—in essence centrally controlled corporate raiding—to politically connected groups are less likely to generate productivity gains, revenue growth, or job creation than continued ownership by experienced entrepreneurs or transparent competitive transactions. The concentration of assets in state and quasi-state hands exacerbates monopolization, reducing competition and limiting potential growth.

The current wave of property redistribution in Russia signifies a shift from a more stable authoritarian order to a more volatile and predatory system. While it provides the regime with short-term resources and a tool for elite discipline, it carries significant long-term risks. The "piranha"-style intra-elite raiding could create unpredictable dynamics: as more assets are seized, the inhibition to seize others lowers, potentially leading to an avalanche of raiding that the Kremlin may struggle to control.

Looking ahead, the redistribution process is unlikely to abate regardless of which trajectory Russia follows after Putin. Should authoritarian consolidation continue under a successor, entrepreneurs outside the innermost circle face growing risks. Should fragmentation occur without effective arbitration, competition among elite groups may intensify—potentially reviving the "violent entrepreneurship" of the 1990s. Either scenario further concentrates assets among regime insiders, creating conditions unfavorable for eventual democratization. Russia's wartime redistribution of property may be controlled for now, but the long-term consequences for economic development, elite cohesion, and a potential political reopening after Putin remain profoundly uncertain.

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## Buying Time by Shifting Rents: How Brokers Compensate for Russia's Exhausted Resource Model

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### Abstract

As Russia's extractive political economy shows signs of exhaustion in the face of sanctions and low oil prices, the regime increasingly relies on personalist brokerage, capital recycling, and deal-based networks to compensate for shrinking structural resource rents. While regime insiders have long played important formal and informal roles in Russia's foreign economic policy, a new layer of intermediaries seeks to broker Russia's rehabilitation. With roots in both the global corporate world and Putin's networks, Kirill Dmitriev, head of the Russian Direct Investment Fund, exemplifies such agile new brokers. However, while situational brokerage may enable Russia's continued global engagement with like-minded Western and non-Western elite cliques despite sanctions and war, it cannot compensate for the lack of a viable long-term economic model.

*"We can transition investment trust into a political role."* (Kirill Dmitriev, April 2025)

### From Structural to Brokered Rents

Russia's wartime economy is increasingly hitting the limits of its long-standing extractive growth model. Four years into the war, falling global oil prices, constrained export routes, and a multi-layered sanctions regime have reduced the reliability and leverage that energy revenues once provided to the Kremlin. While hydrocarbon rents remain central to Russia's fiscal base and its political-economic fabric more broadly, constituting about one quarter of the Russian budget, they no longer guarantee the distributive room for maneuver that characterized earlier periods. Against this backdrop, the Russian state has begun seeking alternative ways to extract rents from an international system that is undergoing deep structural changes.

One notable shift has been even greater reliance on personalized forms of economic and diplomatic brokerage to compensate for shrinking structural natural resource rents. In theoretical terms, brokerage refers to the practice of connecting two parts of a network that would otherwise have remained unconnected. The result is that Russia's adaptation now increasingly takes place through mission-based intermediaries who seek to translate political access into economic value, rather than by expanding domestic production in non-hydrocarbon sectors—an approach forestalled by the one-sided nurturing of the military-industrial complex (MIC), an extreme labor shortage, and the spiraling cost of money due to the Central Bank's inflation-fighting—or by opening new energy markets through conventional channels to compensate for lost European and increasingly reluctant Chinese buyers.

This shift in Russian statecraft to brokered deal-making among elite circles is part of a broader trend in for-

eign economic policymaking that can also be observed in the United States and other countries (Goddard and Newman 2025). In the Russian case, perhaps no other actor embodies this mode of engagement with the outside world as clearly as Kirill Dmitriev, the head of the Russian Direct Investment Fund (RDIF) and a key figure in Russia's Ukraine diplomacy. Since 2022, Dmitriev has positioned himself (or rather, has been positioned by Putin) as a high-level individual who functions as one of the few remaining interfaces between Russia's war- and sanctions-torn political economy and the Western world. Dmitriev, who was born in Ukraine, can best be described as a financial manager. He received his higher education at Stanford University and Harvard Business School yet has always remained deeply integrated into the networks of the Russian state elite. Through his wife, Natalia Popova, he has close ties to Putin's younger daughter, Katerina Tikhonova. Importantly, Dmitriev is also intimately linked to the Trump family, having forged close contacts with Jared Kushner during the first Trump administration, and has nurtured business relationships with the Gulf states' ruling dynasties as they have looked to expand into global financial markets. In 2011, Dmitriev was appointed CEO of the newly founded RDIF, which was tasked with attracting foreign capital to the Russian market.

As our draft article demonstrates, well-networked figures such as Dmitriev and the state agencies they oversee allow for what we call the *patronal repurposing of institutions*, keeping Russia engaged with the global political economy even under conditions of geopolitical conflict, sanctions, pandemic, and war (Hoppe, Filippova, and Bagdasarian 2026). However, instead of finding new markets for Russia's natural resources or attracting urgently needed foreign investment flows—as anticipated by the institutions they oversee—Dmitriev-type brokers step in

to extract situational and opportunistic “non-commodity rents” for the state and its conglomerates from Russia’s remaining partners. Seeking to bypass the isolating formal barriers established by Western states, they use deal-based access opened up by personal relationships and backdoor para-diplomacy with like-minded elite cliques. However, this compensatory networking strategy is not capable of structurally replacing dwindling oil and gas rents; it can merely buy time to reach Putin’s war goals.

### Why Russia’s Resource Economy is Exhausted

Russia’s extractive sector continues to generate substantial revenues, but its capacity to underpin economic resilience has visibly eroded since the start of the full-scale war. Oil and gas revenues, which accounted for roughly 45 to 50 percent of federal budget income in the late 2010s, fell to around one third in 2023 and 2024, despite record export volumes to Asia. In late 2025, this share fell to an unprecedented 25 percent. According to official Russian budget data, energy revenues declined by more than 24 percent in real terms between 2022 and 2024, driven by falling global prices, increasing discounts on Urals crude, and rising logistics and insurance costs. Even after partial recovery in nominal terms, the average price of Russian oil remained \$15 to \$25 per barrel below Brent in December 2025, translating into tens of billions of dollars in forgone revenue annually.

These dynamics point to a structural trend: Russia can still sell energy, but increasingly only at lower margins and under less favorable conditions. Even its two remaining major oil buyers—China and India—are reluctant to overly expose themselves to Western secondary sanctions by supporting Russia’s hydrocarbon markets.

At the same time, the fiscal burden of war has intensified pressure on the extractive model. Federal defense and security spending rose from approximately 3.5 percent of GDP in 2021 to an estimated 7.2 percent in 2025, absorbing a growing share of resource rents. While oil and gas production has remained relatively stable, the net fiscal contribution of the sector has diminished as revenues are recycled into subsidies, tax breaks, and infrastructure spending aimed at sustaining exports under sanctions. Rosneft, Gazprom, and other flagship firms have increasingly relied on tax relief and preferential financing. This has effectively transformed the remaining resource rents into exclusively domestic resources of intra-elite and inter-corporate redistribution. In this sense, extractivism continues to stabilize the regime, but with declining leverage internationally.

Finally, structural indicators suggest that Russia’s extractive sector faces mounting long-term constraints beyond short-term price volatility. Capital expenditure in oil and gas has stagnated since 2022, with foreign technology access sharply reduced and domestic substitution only

partially successful, particularly in LNG, offshore drilling, and advanced refining. Export infrastructure is increasingly path-dependent, tied to a limited number of buyers and routes, while global energy transition dynamics cap future demand growth even in “friendly” markets. It is worth noting, not without some irony, that by relying heavily on China, Russia has now tied itself firmly to one of the world’s fastest-decarbonizing markets.

It is under these political-economic conditions of exhausted extractive flexibility that the Russian state has turned to personalized brokerage and deal-based economic diplomacy to supplement and partially compensate for the declining adaptability of its resource model.

### Archetypal Broker: Kirill Dmitriev

Dmitriev and the RDIF represent a peculiar mode of institutional mobilization in authoritarian contexts under external pressure. For the research project *Adaptation Brokers: Global Structural Change and the Political Economy of Russian Sovereignism (SOVBROKE)*, my co-authors and I analyzed the evolution of Dmitriev’s domestic and cross-border networks in 2010–2025, drawing on an extensive corpus of Russian-language media articles, text-as-data research methods, and both quantitative and qualitative Social Network Analysis (SNA). Our findings demonstrate that Dmitriev’s networks show significant variation across the pre-Crimea, post-Crimea, COVID, and war periods. While the pre-Crimea period was marked—in line with the RDIF’s mandate—by the attraction of a diverse set of international partners and potential investors, subsequent years saw the RDIF “repurposed”: The patron-cum-institution network was employed as a sanction-proofing vehicle (2014–2020), then as a health diplomacy and targeted industrial investment platform (Sputnik V vaccine production, 2020–2022), and, finally, as a personalized backdoor war diplomacy initiative (since 2022). In the process, the RDIF has increasingly departed from its initial purpose of funneling diversified foreign investment into the Russian economy. This repurposing of institutions, managed by one of Putin’s patrons, has been made possible through the merging of Dmitriev’s peculiar skillset and accumulated business network with the institutional resources of a Russian state agency. While access to Putin’s inner circle allows Dmitriev to be employed quickly for “special missions” deemed necessary by the upper patron, his formal position as head of the RDIF signals state commitment to economic projects with external partners who explicitly want to circumvent or simply ignore the Western sanctions regime.

Notably, the data suggest that over the past 15 years, Dmitriev’s network has focused increasingly on the Russian state and individuals (as opposed to international and corporate actors). This trend has been particularly

pronounced during the war period since 2022. This indicates that Western sanctions have managed to at least partially cut Dmitriev's corporate ties, leaving his network more oriented around the Russian state and individual partners below the radar of economic sanctions. This reflects a broader pattern: Under conditions of war and sanctions, the Kremlin has elevated patronal diplomacy into a parallel, personalistically managed ecosystem. This system tries to substitute the more formal and official intermediation of the pre-war period with informal, politically underwritten channels of exchange anchored in the trust networks of sanctioned elites. While this may have allowed some flexibility, especially in dealing with the US, it has also led to looming intra-elite conflicts, such as the one between Dmitriev and Lavrov, reflecting the hollowing-out of formal institutions by informal brokerage.

The bilateral multi-billion-dollar future economic projects pitched in October 2025 by Dmitriev to the U.S. negotiation team around Steve Witkoff are thus expressions of Putin's strategy to broker Russia into global rehabilitation, using the personal preferences of another patronal clan on top of a state—Trump's family in the White House—as an access point. His proposals, later leaked in the form of a confidential EU intelligence assessment circulated among senior officials, included preferential access for U.S. firms to Arctic rare-earth minerals, large-scale energy production deals, and infrastructure investments designed to anchor the US (rather than Europe) in Russia's post-war economic landscape (Hinshaw et al. 2025; Stern & Khudov 2026). Among the most notable ideas was a proposal to reallocate or monetize portions of Russia's frozen assets, valued at over \$300 billion, as part of a grand bargain tied to sanctions relief. Dmitriev further linked these economic initiatives to symbolic diplomatic breakthroughs, such as orchestrating one of the largest U.S.–Russia prisoner exchanges in recent years—an approach that met with Trump's approval.

Dmitriev is far from the only broker in this ecosystem of elites detached from broader societal interests. Such figures as Deputy Prime Minister Alexander Novak, Rosneft CEO Igor Sechin, and Security Council Secretary Nikolai Patrushev—to single out three regime insiders—have likewise become pivotal brokers of trade redirection, arms deals, and energy diplomacy, leveraging their personal access to Putin and long-cultivated ties with Gulf, Chinese, Indian, and Iranian counterparts. One can observe a certain division of labor in this networked arrangement. Sechin operates as a strategic energy broker, orchestrating the diversion of oil flows to Asia and securing long-term supply contracts with Indian and Chinese firms, often through direct personal intervention. Novak, in turn, functions as an institutionalized energy official, managing formal channels

with the Gulf monarchies and coordinating output via OPEC+ to stabilize both prices and political alignment. Patrushev, more discreetly, seeks to embed Russia's partnerships with Iran, India, and China into a sanctions-resistant infrastructure of defense-industrial and logistical cooperation.

The existence of this transnational political and corporate elite layer enables Russia to maintain economic flows more through discretionary arrangements, reputational reciprocity, and political alignment than through competitive pricing on global markets or legal enforceability. Russia's defense-industrial transactions with Iran and the UAE, its ruble- and yuan-denominated financial channels with the Gulf, and trade rerouting supported by Central Asian intermediaries (of which we only know thanks to brave investigative reporting) are three more manifestations of brokered deal-making insulated from Western oversight.

What emerges is a form of dual economy in Russia's external posture. Formal institutions such as the RDIF or the Ministry of Industry and Trade continue to exist, yet the real substance of international economic engagement is increasingly executed through a tightly bound group of regime insiders. They coordinate the logistics of discounted oil sales via shadow fleets, enable barter-like exchanges of arms for strategic concessions, or seek to embed Russian energy infrastructure into Turkey's and China's long-term planning. In so doing, they transpose the archetypal Dmitriev model into an architecture of scattered global engagement with similarly personalist elite clans. While the involvement of regime acolytes such as Sechin and Patrushev in Russia's foreign economic policy clearly predates the rise of Dmitriev (and can build on Tsarist and Soviet legacies—see, for example, Lambroschini 2024), the latter embodies both the globalized corporate elites' predilection for economic deal-making and their subservience to state power in an age of rising personalism and geoeconomic conflict.

### In Lieu of an Alternative Model

Personalism and networking have thus far allowed Putin and the system he has created to absorb the shock of the war *politically* without shifting to a new and sustainable political-economic equilibrium. As Russia's resource model loses elasticity and the financial burden of the war is gradually shifted onto tax-paying companies and the broader population, the regime increasingly seeks to substitute structural commodity rents with access to new financial flows on the global stage. However, project-based and brokered global engagement remains a short-term and ad-hoc adaptation for Russia's exhausted resource economy. The medium-term success of strategic brokerage will depend on external factors, most importantly European and Ukrainian resolve

and the leverage that Russia's brokers enjoy among the acolytes of the United States' increasingly personalized regime. That said, for the time being, relying on brokerage by regime insiders may keep an otherwise isolated Russia in various non-Western multilateral fora and even allow Moscow to impact the policies of Western regimes that are also undergoing personalization and deinstitutionalization (Hanson and Kopstein 2024).

At the same time, the shift from a once-stable yet exhausted resource economy to short-term, manual, and scattered brokerage in search of alternative rent sources signals the Russian elite's complete lack of vision when it comes to a viable long-term economic model (Trickett 2026). Liminal, inter-systemic figures such as Dmitriev may buy time and provide the Russian elite and the state's propaganda apparatus with short-term symbolic legitimacy—and, in the best-case scenario, some mutual declarations of large-scale future investment projects. But they also deepen personalism and volatility. Nor can they

make up for the lack of redistributable financial resources or ease the physical bottlenecks of the Russian economy.

Initially, Dmitriev and the RDIF were installed during Medvedev's managed interregnum to diversify both the financial resources flowing into Russia and the sectoral profile of its political economy. More than a decade and a half later, however, Dmitriev has been fighting fires to stabilize a stagnant and imbalanced wartime rentier economy. His brokerage thus performs a compensatory function. Even where the RDIF's favored instruments—co-investment platforms, sovereign partnerships, or targeted exemptions—can be established, they merely render stagnation governable by insulating priority sectors and actors from the consequences of low demand and limited investment opportunities. In sum, the growing structural importance of intermediaries to keeping Russia afloat reflects not the hailed wisdom of the Kremlin's policymaking or the dynamism of the country's market economy, but simply extractive exhaustion.

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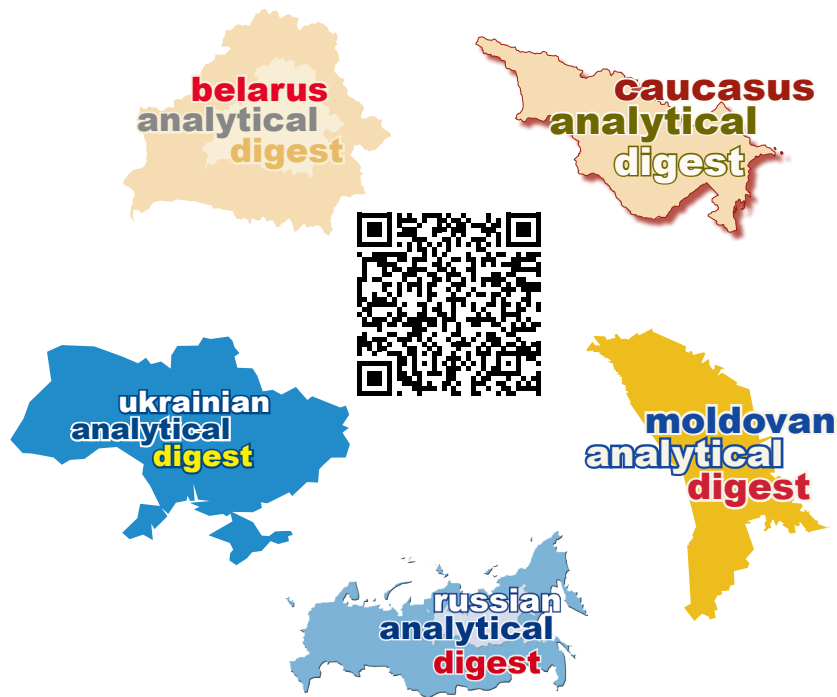
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