AFTER PUTIN

Decoding Alternative Power Clusters, Interest Alignment and Conflicts

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February 2026

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February 2026

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Tbilisi, Georgia, February 2026

Disclaimer

AI-based analytical instruments were used for complimentary analysis of sectoral dynamics and cluster composition. The final conclusions remain the sole responsibility of the authors.

EXECUTIVE SUMMARY

Putin's Russia is directly associated with the so-called power-vertical *(vertical vlasti)* in which every major political decision regarding structural changes is linked to the Kremlin, i.e., Putin and his entourage. Nonetheless, as in every authoritarian system, personal loyalty does not preclude from building informal alliances and shared interests between powerful actors, whether political or economic. As there is no way of changing the political regime in Russia democratically, and the only remaining option is a coup d'état-like scenario, the key question remains – who will become Putin's successor, and consequently, which powerful actors will build alternative power centers rivaling for political survival and ultimate political dominance in post-Putin Russia?

While focusing on the mentioned puzzle, the research project followed the logic of the sequence of analytical steps. First, the snapshot of the current situation in Russia, i.e., a comprehensive analysis of the socio-political and economic status quo was done, in which major sectors of Russia's politico-economic fabric were reviewed and assessed. The sectoral dynamics review was followed by an analysis of major actors, their relevance, and their interests in respective sectors. These included both political actors (individuals and institutions) as well as oligarchs and regional elites, with their respective sector-linked power, financial resources or personal ties. In the end, the hypothetical scenario, in which Putin's figure no longer exists and power-vertical becomes questionable, made it possible to construct a number of prospective rivaling power-centers, in which personal, corporate, political, and financial interests of powerful actors converge. These power-centers will inevitably try to acquire political legitimacy, oligarchic resource base, and hard (military) power, to compete and survive. All these findings are addressed by this research, sufficiently elaborated and presented for further discussion.

CONTENTS

I. RELEVANCE OF THE PROJECT

As the war in Ukraine rages on with the Russian regime officially showing no signs of dropping the true objective of the war – the annihilation of the Ukrainian nation, the structural challenges for the Russian economy, society and political system can no longer be overseen and ignored. Along with the deepening internal cracks external factors such as the relations with China, EU, USA and the rest of the world, as well as the war dynamics on the Ukrainian frontlines, create a combination of factors, i.e. pressure, under which a rapid, unexpected change of the top political leadership in Russia becomes an absolutely possible option. Since no one predicted or even tried to offer any feasible scenario of power transition in Russia (due to the dominating role of Putin's personality in the Russian power pyramid) the only remaining possibility would be (to suggest) to exclude the *Putin-factor* from the analysis, and hence focus on the dynamics of power-restructuring by assuming that Putin is gone (removed by force or voluntarily). By eliminating the omnipresent *Putin-factor*, that is by accepting that in a hypothetical scenario Putin no longer "exists", the profound uncertainty surrounding the future of Russia's political system becomes technically much easier to deal with and eventually to look through. Consequently, by studying Russia's complex internal dynamics and interdependencies under the pressure of global security - and economic factors, the interest networks, alignment of interests and hence, potential power-clusters rivaling for future political domination in Russia can be filtered out. This is important, as systematic, empirically grounded analysis of Russia's internal power dynamics remains largely sporadic. The scholarly contribution of this research lies in its sector-based and actor-centric analytical framework, which systematically delineates the distribution of power, interests, and resources across Russia's primary functional domains, specifically, the state apparatus, the socio-economic sphere, the security services, and regional elite networks, while incorporating external factors and war dynamics. The adopted framework provides a methodology for examining elites' interest alignment, regime resilience, and the potential trajectories of political change in the Russian authoritarian system.

The main goal of this study is to analyze and explain possible scenarios that may emerge following the loss of power by Vladimir Putin by examining the configuration of key actors and functional sectors within Russia's politico-economic system. The project seeks to identify which actors and sectors are likely to develop overlapping or convergent interests, where alliances or power-clusters may form, and how shared interests and aspirations could shape post-Putin political outcomes and governance arrangements. The project is particularly timely given the structural pressures generated by the war in Ukraine, Western sanctions, and Russia's deepening reliance on coercive institutions and wartime economic mechanisms. These dynamics have already produced changes in elite structures, altered balances between technocratic and power-agency groups, and intensified competition over resources, finances and political influence.

II. METHODOLOGY: LOGIC OF ANALYSIS

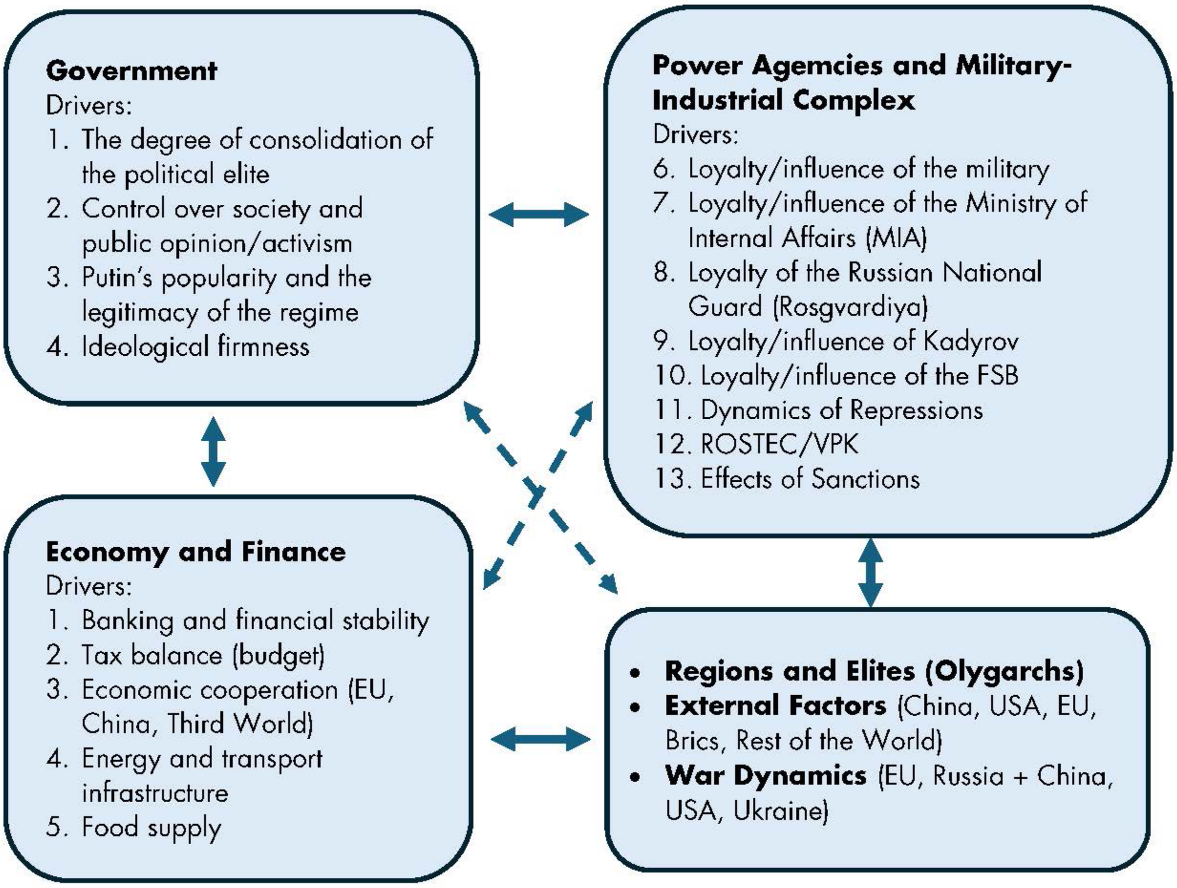
The difficulty of implementing the project is primarily associated with the general attempt to foresee the future and the existing variety of approaches related to it. On the one hand, it is possible to take one specific (main) probable scenario as the basis for analysis and derive concrete outcomes from it. As an alternative, it is possible to take several equally valid, or even differently "weighted" scenarios and outline the main contours of alternative futures and respective results. More complexity can be created by the scenario (model), in which Putin's regime is removed, which may occur through violent or less violent means, and thus becomes a crucial factor for modeling the subsequent post-Putin processes. Consequently, for better structuring of analysis, a step-by-step analytical approach is of fundamental importance. Each stage serves the objective to obtain a specific result, which then becomes the necessary building block for the analysis to be carried out in the subsequent stage.

Therefore, the initial stage will provide a comprehensive assessment of the situation in Russia – a kind of "snapshot." This snapshot primarily implies the identification of two main elements:

- major functional sectors of Russia, and
- major actors within these sectors.

Major functional sectors represent those spheres upon which Russia's political-economic and military development is fundamentally dependent. The Russian style of governance is reflected in a situation where the control over key sectors is exercised through actors who possess significant influence within these sectors and are connected at varying degrees to the Kremlin, the primary center of decision-making. It is important to note that, at this stage, the sectoral and often cross-sectoral influence of actors is identified through specific selected indicators. The specificity of these indicators is determined by the characteristics of each sector; however, at the same time, they are sufficiently general to allow their use for evaluating all actors across the spectrum of sectors identified. Furthermore, an actor may be considered either as an individual unit or, in certain cases, a collective/organizational form, when this is dictated by objective circumstances (e.g., a large number of small actors within a particular field who share the same interest). Determining the weight of actors' influence through the established indicators will provide a much clearer picture of the relevance and influence of an actor within a given sector. Against the background of determining the spheres and degree of actor-linked influences, it is equally important to conduct an in-depth assessment of the general dynamics (positive or negative) and all relevant processes taking place within the reviewed sectors. The evaluation of dynamics becomes possible by identifying the defining processes (drivers) in each sector, whose weight and character (positive or negative) can be essentially "measured" in relation to the interest of the Kremlin. The sectoral division of Russia and the identification of the drivers that determine dynamics within each sector are presented in the picture below (see below, picture - 1).

Picture - 1: Sectors and External Factors



Sectoral dynamics, their negative or positive aspects, anticipated risks, and already existing problems and challenges will allow us, with a reasonable degree of accuracy, to determine the objective interests of each actor within the sector and the extent to which these interests are compatible (or in conflict) with the policies of Putin's current regime. Accordingly, it may be possible to determine the position and attitude of sector-linked actors toward the possibility of removing Putin, especially if their interests are put at stake. Unlike sectoral actors, regional elites and oligarchs do not fit neatly into any sector, disproportionately influence the Russian economy and politics, and therefore must be treated separately as individual variables.

Moreover, it must be considered that both the interests of actors and the processes unfolding within the related sectors are influenced by several additional factors (incl. external ones), which should also be categorized. They are crucial, as their policy impact on Russia – directly or indirectly – can be seen and determined, given the respective tendencies in the United States, China, the European Union, the rest of the world, or global financial institutions. Furthermore, the war launched by Russia against Ukraine is of essential significance, as the survival of the Kremlin's regime largely depends on its success or failure on the Ukrainian frontlines. The war and the human, material-financial, and informational resources invested in it place a tremendous burden on Russia and decisively affect every sphere of state functioning. Not to forget the Russian political opposition, as its role in managing political processes in Russia may increase after Putin's departure. The graphical depiction of sectors, drivers, actors, and relevant indicators for sectoral dynamics and actor relevance is presented below (picture 2).

Picture - 2: Sectoral dynamics (drivers) are scalable from „-2" to „+2" (from strong negative to strong positive); Actor relevance indicators are assessed from none „0" to moderate „1" and strong „2"

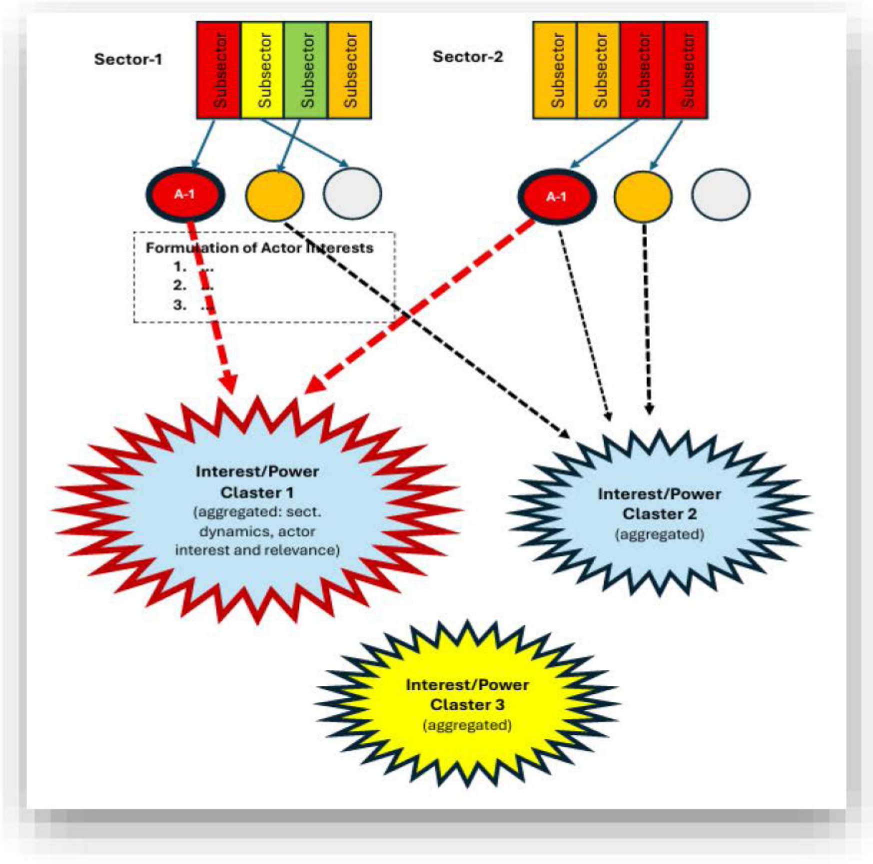
Sector		Actor	Actor Relevance (Indicators, 0 – none, 1 – moderate/light blue, 2 – strong/green)							
	Sectoral Dynamics/SD (Drivers) --/-/0/+/++		I-1 Ties to Kremlin		I-2 Sectoral Relevance			I-3 Stability		
			1.1	1.2	2.1	2.2	2.3	3.1	3.2	3.3
Sector-1	Driver -1	Actor-1								
	Driver – 2	Actor-2								
	....	Actor-3								
		...								
Sector-2 ...										
External Factors										
War Dynamics										
Olygarchs and Regional Elites										

SD: no change – some signs of decrease strong decrease signs of increase strong increase

Based on the assessment of sectoral dynamics and external factors, it becomes possible to follow the sequence of the analytical steps, in which the first one is to identify the processes within a particular sector that exhibit main negative or positive dynamics (for the regime), as well as the causes behind them. Knowledge of sectoral dynamics and their causes provides an important foundation for determining the attitudes of actors relevant to the sector, and therefore for anticipating the likely future configuration of interests. Accordingly, sectoral dynamics offer an important picture which being correlated with the impact of external factors and the existing interests of key actors, make it entirely feasible to construct logical chains of major interest alignment and to create a map of so-called power-clusters, i.e. interest groups and centers (picture – 3). Both the sectoral dynamics and mapping of power centers, i.e. clusters provide a foundation for the next stage, which involves formulating the main assumptions regarding the development of events. These assumptions serve as a simplified explanation of the event dynamics towards which the main actors are leaning, based on what interests and readiness they possess, and under which scenario a change could occur.

Picture – 3: Logic of Power – Cluster Formation

Sectoral Dynamics:
no change – some signs of decrease ▢ strong decrease ▢ signs of increase ▢ strong increase ▢
A-actor



Based on the analysis of these assumptions, the final product is derived – a better understanding of what will happen after Putin, that is, what configuration of political outcome (with its leading force) may emerge once Putin's figure disappears. Hypothetically, there are three scenarios for power change in Russia: peaceful transfer, violent "palace" coup, and natural death. For us, a peaceful transfer (including a forced one) and a violent change both imply the same fundamental precondition that within Russia's political and power structures, a certain consensus has been formed around the necessity of regime change. Accordingly, the power centers that emerge from this consensus represent the real forces that will make decisions regarding the formation of a new power structure. And it is precisely this distribution of forces, the interconnections among and within the power centers, the identification of their cluster-like linkages and the political configuration of the likely new power arrangement in Russia, that constitutes the main objective of our research.

III. SECTORAL DYNAMICS

The chapter on sectoral dynamics will primarily deal with the general overview of the processes within the political and economic structures of the Russian state. These include the political machinery or the government sector, the economic sector including financial institutions and the *power agencies*, i.e. ministries and agencies that ensure state power enforcement internally and externally. The text body generally represents a summary of the detailed review of multiple sources, with a clear indication of the strength of sectoral dynamics across several major drivers within each respective sector. Sector-relevant actors are assessed respectively, with their unique set of indicators that reflect the quality of their (in)dependence from/on the Kremlin as well as their sector-related (incl. financial) stability.

3.1 Government:

Level of Elite Consolidation

As of October 2025, the consolidation of Russia's political elite remains high. It is based on institutionalized militarization of governance and a "two-contour" architecture of the power system. At the top, the core groups join around the coercive block - FSB, Rosgvardiya (National Guard), Investigative Committee, and Prosecutor's Office. Their coordination and growing resources reduce risks for disloyalty inside other groups and help to keep balance between elites. Rosgvardiya becomes more like an "internal army," and courts help to legitimize expropriation of strategic assets (especially after 2023). These actions make discipline stronger and open channels for the redistribution of loyalty rents toward favored interest groups. In parallel, a technocratic administration keeps basic governability and adjusts the budget for the needs of the war-time economy. Its strength is ensured via coordination from the Presidential Executive Office across all government levels (federal and regional). But its autonomy is limited by other elite groups, especially by the President's "close circle". These resource groups fix their positions through state procurement, controlled "nationalizations," and also influence Putin directly on a personal level. Overall, "vertical" consolidation works through systemic intimidation. Many members of some elite groups see the current balance as the only way to save their interests. Some structural weaknesses, i.e. to control the periphery and especially regions with strong local elites, the center must add new "layers of control," bringing in centrally embedded stakeholders to watch and manage the local elites. In the last three years, the war economy created new elite clusters that now want bigger roles, especially in regions. This can potentially shake the already fragile elite consensus causing possible clashes between elite groups and internal competition. With military objectives achieved or dismissed, the role of technocratic administration will inevitably grow, first with budget consolidation, then with recovery-industry policy. Such a shift can speed up hidden competition between the two main elite contours and may turn today's "vertical" consolidation into a more conflict-prone horizontal configuration. Hence the degree of elite consolidation for the time can be assessed as unchanged (value - 0) not showing any signs of decline or strengthening.

Control Over Society

In 2025, the state completed a shift from "targeted" censorship to infrastructural governance of Runet. New rules criminalize not only publication but also the search for "extremist" materials, including access via VPNs. At the same time, the leading domestic platform VK is now fully state-controlled, reducing transparency and easing regulatory control. Against the backdrop of WhatsApp's blocking, the VK holding has rolled out a new app, Max, positioned to become the primary and only one available messenger. It is planned to integrate a broad suite of social functions, effectively aiming to replicate China's WeChat model. Numerous reports also note that Max offers virtually no meaningful guarantees of anonymity. Control extends beyond the media sphere. Since September 2025, the FSB has overseen international academic cooperation and publications, introducing a permit regime for universities and research institutes foreign partnerships. In this extend, the state aims to control knowledge production and channels that legitimize alternative agendas. Since the full-scale invasion of Ukraine, there is virtually no space left for civic activism inside Russia. New legal restrictions, most notably the provisions on "discrediting" the army, had equipped the system with tools for mass control, in addition to the aggressive, largely unchecked use of the law on "undesirable organizations". The previously active strata of civil society and the opposition have been pushed into exile and are undergoing a massive identity and organizational crisis abroad. Inside Russia, only isolated expressions of civic protest exist, small actions most visibly by relatives of mobilized soldiers, alongside fleeting single-person pickets that are swiftly suppressed. Self-organizing networks have been forced into the shadows and compromise, sharply reducing the likelihood of broad coalitions. Altogether there is a clear indication of the increased efforts to control and pressure society (value +1).

Putin's Popularity and Overall Regime Legitimacy

Both "independent" and state polling show Vladimir Putins ratings remain stably "high", the Levada Center recorded 86–87% presidential approval in August–September 2025 (with 69% saying the country is moving in the right direction), and VCIOM reported 78% trust and 75% approval. At the same time, surveys over the past two years have also registered a persistent societal demand to end the war in Ukraine. This demand is not yet politically institutionalized, but it is present in public sentiment. A real-life illustration comes from the 2025 regional campaigns, in which many United Russia candidates attempted to capitalize on the "special military operation," only to find that voters in general tend to distance themselves from this type of narratives. This kind of development illustrates the limits of war-centric mobilization as a universal source of legitimacy. If/when the war ends, the regime will have to articulate a new formula for legitimacy renewal. Putin's personal popularity remains "high" and institutionally supported (media control, a repressive environment, and "war-social" payments).

September 2026 will bring State Duma elections, and the system is expected to unveil the broad contours of this electoral cycle as early as next spring. In the domain of electoral engineering, the leading role rests with the Presidential Administration under Sergei Kiriyenko, which will have to solve two system-critical tasks. First, to stage elections in the so-called "new territories," which also implies the formal construction of a local party system and its integration into federal electoral mechanics. Second, to refresh the national party landscape, after the death of LDPR's leader. The (formally) second position in the Russian party hierarchy is now held by the Communists (KPRF), expecting the Kremlin to roll out a new configuration, whether through managed rebranding, controlled fragmentation, or the elevation of surrogate "systemic" projects (New Peoples Party). Hence, no changes in this particular driver can be observed (value – 0).

Ideological Stability

The ideological component of the Russian regime has traditionally been its weakest element. The "Crimea consensus" produced a short-lived surge of mass loyalty and symbolic unity, but its momentum lasted only a few years. After the full-scale invasion of Ukraine in 2022, the system needed considerable time to construct a workable mobilizational ideology for wartime. By 2025, the prevailing military ideological consensus rests on the premise that the war minimally affects everyday life. Especially in major cities, where under a reconfigured economic reality, the basic way and standard of life remain largely intact. At the same time, the war has functioned as a kind of social elevator for large segments of the lower strata via contracts in military service, the expansion of defense industries, and associated rents. Maintaining this construct is additionally possible by a cultivated sense of confrontation with the West and by presenting Russia as part of a broader global "anti-Western" community. As a result, ideological resilience takes the form of managed mobilizational discipline rather than internalized belief. Crucially, the existing paradigm is increasingly difficult to sustain given the protracted nature of war and would require a fundamental overhaul if and when the war ends. Without an external (bigger) conflict as the central organizing node, the regime would have to devise a new formula for legitimation (driver value – (-1).

Picture – 4: Sectoral Dynamics - Government

Power Agencies	strong negative (- -), negative (-), neutral (0), positive (+), strong positive (++)
Elite consolidation	0
Control over society	+1
Regime's legitimacy/popularity	0
Ideological stability	-1

3.1.1 Sector-Related Actors' Relevance

Russia's government and political elites operate within a highly consolidated, security-dominated system, where real power is concentrated in the Presidential Administration (PA) and the *Siloviki* bloc. Formal titles matter less than functional weight, proximity to Vladimir Putin, ability to manage elite balance, and usefulness in maintaining regime stability under wartime conditions. Financial independence across this group is structurally low, political survival depends on access and institutional positioning rather than control of autonomous resources.

Mikhail Mishustin is the regime's chief technocratic integrator. He lacks personal closeness to Putin but compensates with administrative competence, especially in tax collection, digital control, and crisis management after 2022. His importance increases as the system faces fiscal strain and must fund war and social obligations simultaneously. **Anton Vaino** is the system's chief coordinator. His power is quiet but structural. He controls access to Putin, arbitrates between elite groups. He does not generate policy or ideology, but without his clearance mechanisms, neither *Siloviki* nor technocrats function smoothly. Like most PA figures, he has no independent financial base; his strength lies entirely in so-called gatekeeping. **Sergey Kiriyenko** is one of the most powerful non-silovik figures in the system, his influence has been on an upward trajectory, driven by his control over the domestic-political block of the Presidential Administration. He is not part of Putin's personal circle in a family sense, but his institutional proximity is extremely high, he oversees elections, party engineering, regional politics, and information management. Strategically, Kiriyenko is indispensable ahead of the 2026 State Duma elections and for managing occupied (annexed) territories and internal normalization.

Dmitry Dyumin is a hybrid figure, a bridge between the security services and regional/federal administration. It is important to note his personal trust relationship with Putin. Strategically, Dyumin is valuable as a reserve figure who can be moved into sensitive roles if elite reshuffling becomes necessary. **Vyacheslav Volodin** is also not an inner-circle figure, but he is one of the Kremlin's most reliable political managers. His key asset is control over the State Duma's discipline and agenda, translating Presidential Administration directives into legislation. The overall assessment of the actor's relevance is consequently reflected below (picture-5).

Picture – 5: Actor Relevance/Sector Political Governance

Gov. & Political Actors	**Actor Relevance** (Indicators, 0 – none, 1 – minor/light blue, 2 – strong/green)							
	Ties to Kremlin		**Sectoral Relevance**			**Stability**		
	Personal ties to Putin	Ties to Putin close cyrcle	Relevance for budget incomes	Determins sectoral rules and policies	Strategic importance for state	Financial	Fin. support from Kremlin	External partners
Vyacheslav Volodin	1	2		2				
Mikhail Mishustin	1	2		2				
Dmitry Medvedev	1	2						
Dmitry Dyumin	2	1						
Anton Vaino								
Sergey Kiriyenko	1	2		2				
Sergei Shoigu	2	2						

3.2 Economy and Financial Sector

In order to identify major changes in the dynamics of the economy and financial sectors of Russia, several key drivers have been identified that significantly affect the stability of this sector. These are the stability of the banking system in Russia as well as fiscal and tax balance. The impact of sanctions on Russian economy as well as trade with China and countries of Eurasian Economic Union play major role in the ability of Russian economic sectors to exit the survivability mode. Ultimately, the situation in energy, transport and food supply contributes to the socio-economic stability of Russia.

3.2.1 The Stability of Russia's Banking System

In 2025, Russia's banking system remains operational and formally stable under the supervision of the Central Bank of the Russian Federation. However, this stability is predominantly administrative rather than structural, sustained by extensive state intervention, capital controls, and regulatory forbearance rather than by market-driven resilience. While the system has adapted to unprecedented sanctions and financial isolation, underlying vulnerabilities persist and pose significant medium to long-term risks. Russia's banking system in 2025 is stable in appearance but fragile in substance: short-term functionality has been preserved, yet resilience depends on continued state support and favorable external conditions. Without structural reform, the system remains exposed to macroeconomic shocks and prolonged financial isolation, leaving it strategically vulnerable in the face of future economic or geopolitical stress.

Institutional Control and Risk Environment: The Central Bank maintains stability through strict macroprudential regulation, liquidity support, and capital controls; however, financial risks have intensified since 2022 due to global trade volatility, commodity price fluctuations, and prolonged geopolitical sanctions, creating a highly constrained operating environment.

Asset Quality and Liquidity Pressures: Official data report overdue loans of 10.5% for households and 4% for businesses, though independent assessments suggest higher levels of non-performing assets due to widespread loan restructuring and accounting deferrals. A 21% policy rate in mid-2025 has curtailed credit growth, tightened liquidity, and increased refinancing risks across the sector.

Impact of Sanctions and Isolation: Exclusion from SWIFT and asset freezes targeting major banks such as Sberbank, VTB, and Gazprombank have severed access to global capital markets and hard-currency liquidity. Approximately USD 300 billion in Russian reserves remain frozen abroad, further constraining balance-sheet flexibility; restricted access to foreign currency has triggered liquidity pressures, while technological isolation has increased operational costs and cybersecurity risks due to the loss of Western banking software and support.

Adaptive Measures and Alternatives: Russia has developed alternative infrastructures, including the SPFS financial messaging system and the Mir payment card network, ensuring domestic continuity and limited international engagement. De-dollarization efforts have expanded yuan-based trade, with over 30% of exports invoiced in yuan by 2025, while pilots of the digital ruble and selective use of cryptocurrencies provide additional, though limited, transaction channels.

Structural Risks: Despite adaptive capacity, the banking system remains burdened by low transparency, governance weaknesses, and heavy political involvement. According to the IMF, systemic vulnerabilities could intensify under stress scenarios, particularly if commodity revenues weaken or fiscal pressures rise. Alternative financial systems, while functional, are less efficient and more costly than global counterparts, reducing long-term competitiveness, while high overdue loans, liquidity shortages, and hidden non-performing assets leave the sector fragile despite formal operational stability.

Overall, in 2025, Russia's banking system remains formally stable under the supervision of the Central Bank, yet its resilience relies heavily on state intervention, capital controls, and temporary support measures rather than genuine structural strength. Sanctions, including the exclusion from SWIFT and the freezing of major banks' assets, have severely limited access to global capital markets, forcing institutions to rely on domestic liquidity and alternative payment systems like SPFS and Mir. Despite adaptive measures such as de-dollarization, yuan-based trade, and the promotion of digital ruble transactions, underlying vulnerabilities persist, including high non-performing loans and liquidity shortages. The sector's stability appears more administrative than organic and only for the short-term perspective, exposed to macroeconomic shocks and long-term structural weaknesses (driver value – 0).

3.2.2 Impact of Sanctions on Russia's War Economy

Long-term effects of sanctions depend on their severity as well as the sustainability of sanctioning efforts primarily directed towards cutting down Russian energy exports. The impact of sanctions on the Russian economy is diverse. Multiple economic sectors such as chemical and industrial production, machinery and pharmacology experienced significant drawdown by almost 4% to 15% in 2024. Export dropped from 2002 to 2024 by 85bn USD, which transferred the Russian economy in a chronic emergency state. Logistical routes, aviation and raw materials, technology components and equipment experienced significant price increases, severely damaging aviation, telecommunication and metallurgy sectors. By 2024 almost 70% of enterprises (inquired) acknowledged that they've been negatively affected by foreign sanctions (an increase by 20% since 2022). Along with the record high interest rates, corporate debt and high inflation this could trigger a bankruptcy wave in Russia. Although official Russian sources claim an increase of GDP by 1.9% the Russian economy de-facto entered the recession phase. The Russian economy continues to resist growing systemic challenges and labor shortages. However, it is clear that over time, an economy fully transitioned to the format of *Kriegswirtschaft* will face each year the greater risk of collapse if the sanction regime is sustained and enhanced. Hence the overall dynamics can be assessed as negative (value (-1)

3.2.3 Russia's Fiscal and Tax Balance in 2025

In 2025, Russia's fiscal position stands at a fragile equilibrium, shaped by declining oil and gas revenues, rapidly expanding defense expenditures, persistent international sanctions, and efforts to strengthen the non-oil tax base amid the ongoing war with Ukraine. While headline fiscal indicators suggest relative stability, underlying structural imbalances expose significant medium and long-term vulnerabilities. Federal budget revenues remain heavily dependent on hydrocarbons despite a gradual decline in their contribution: oil and gas revenues, which once accounted for over one-third of federal income, have fallen to roughly one-quarter of total revenues in 2025. Between January and April, energy receipts declined by over 10 percent year-on-year, driven by lower global prices, sanctions-related export constraints, and infrastructure disruptions. In response, the Ministry of Finance of Russia has revised fiscal rules to lower the oil-price cut-off for reserve accumulation, aiming to reduce exposure to commodity volatility, though energy rents remain indispensable to fiscal balance.

At the same time, non-oil and gas revenues have shown notable growth, rising by more than 13 percent in early 2025, primarily through VAT, excises, and turnover taxes. These revenues now form the backbone of fiscal resilience efforts, yet they remain insufficient to offset declining hydrocarbon income; as a result, the non-oil and gas deficit exceeds 7 percent of GDP, underscoring the structural inability of the domestic tax base to sustain federal expenditures independently. On the expenditure side, budget priorities have shifted decisively toward defense and security. Military spending reached (officially) an estimated 13.5 trillion rubles in 2025, around 6.3 percent of GDP, while combined defense and internal security expenditures account for approximately 41 percent of total federal spending, representing the highest defense burden since the late Soviet period. By contrast, social policy, education, and healthcare remain comparatively underfunded, reflecting significant opportunity costs and long-term risks to human capital and demographic sustainability. Overall federal spending rose sharply, increasing by over 20 percent year-on-year in early 2025. As revenues underperformed, the government revised its deficit forecast from 0.5 percent to approximately 1.7 percent of GDP (3.79 trillion rubles), matching the deficit level recorded in 2024. Although this figure appears manageable, it masks deeper imbalances driven by war-related expenditures and revenue volatility. To finance the gap, the government authorized withdrawals of 447 billion rubles from the National Wealth Fund; by April 2025, the Fund's liquid assets stood at roughly 3.3 trillion rubles (about $40 billion), providing short-term fiscal cushioning but offering limited capacity to sustain prolonged deficits if energy revenues continue to erode.

In conclusion, Russia's fiscal position in 2025 can be described as one of still managed but increasingly strained stability approaching the dangerous brink of cascading bankruptcy effects. Moderate headline deficits and reserve buffers obscure a deeper structural dependence on hydrocarbons, an unprecedented concentration of spending on defense and security, and chronic underinvestment in social and developmental sectors. Absent a sustained recovery in energy revenues or a fundamental rebalancing of expenditures, Russia's current fiscal model faces mounting risks that threaten its long-term sustainability (driver value (-1).

3.2.4 Russia's Trade with China and the Eurasian Economic Union (2025)

In 2025, Russia's trade cooperation with China and the Eurasian Economic Union (EAEU) constitutes the core of Moscow's external economic strategy under sanctions. These relationships are extensive, strategically vital, and institutionally adaptive, yet they remain asymmetric, constrained, and structurally fragile, enabling Russia to sustain trade volumes and logistics continuity at the cost of increased dependency and reduced bargaining power. China has emerged as Russia's most consequential external economic partner: although bilateral trade growth moderated after the post-2021 surge, volumes remain exceptionally large, with total two-way trade reaching roughly $244-245 billion in 2024 and January-August 2025 trade amounting to approximately 1.03 trillion yuan (around $145 billion) despite a year-on-year slowdown. Chinese demand absorbs significant volumes of Russian hydrocarbons and commodities, offsetting the loss of Western markets, while Chinese manufactured goods, machinery, and intermediate inputs increasingly substitute for restricted Western imports.

Energy cooperation forms the backbone of the bilateral relationship. Russia has redirected substantial oil, gas, and LNG exports toward Asia, with China now the primary buyer of Russian pipeline gas and a leading destination for LNG. Strategic projects, notably the proposed Power of Siberia 2 pipeline via Mongolia, illustrate the long-term nature of this pivot, aiming to secure durable export outlets for Russia while providing China with diversified and geographically proximate energy supplies. Long-term contracts coexist with near-term volatility, as pricing negotiations, financing constraints, and logistical bottlenecks continue to shape trade flows. Trade settlement mechanisms have undergone a profound shift. Since 2022, Russia has accelerated de-dollarization, with a growing share of bilateral trade settled in renminbi rather than U.S. dollars; by 2025, one-third or more of transactions with China are estimated to be conducted in yuan. While this reduces exposure to Western financial leverage, it introduces new vulnerabilities by tying Russia more closely to Chinese monetary policy, exchange-rate dynamics, and financial infrastructure. Russian banks have integrated SPFS with Chinese clearing systems, and Mir card adoption supports cross-border payments, yet reliance on Chinese financial channels exposes Russia to systemic and liquidity risks. Alongside China, the EAEU remains Russia's primary regional integration framework, providing tariff-free access and logistical predictability for trade with partners such as Belarus and Kazakhstan and supporting flows of energy, metals, and agricultural goods. It also functions as a geopolitical buffer partially insulated from Western pressure; however, integration remains incomplete, with regulatory harmonization, capital mobility, and common investment policies lagging ambitions, while divergent external trade strategies, persistent non-tariff barriers, and lower-than-expected intra-EAEU trade intensity limit the bloc's effectiveness as a substitute for global markets. Logistics and transport connectivity underpin both China and EAEU-centered trade: expanded rail links, pipeline infrastructure, Arctic and Pacific shipping routes, and Eurasian land corridors have sustained trade continuity, yet uneven infrastructure quality, customs frictions, and sanctions-related uncertainty continue to raise transaction costs and constrain efficiency. Overall, Russia's trade relations in 2025 reflect pragmatic resilience rather than structural strength: China offers indispensable economic leverage but embodies an asymmetric partnership that heightens dependency, while the EAEU provides regional anchoring without delivering full diversification. Russia has preserved critical trade flows under pressure, but at the cost of thinner margins and diminished autonomy over economic levers. Future stability will depend on securing favorable long-term energy contracts and deepening value-added trade with China without eroding bargaining power. Hence, the driver value can be assessed as (+1).

3.2.5 Energy and Transport Infrastructure (2025)

As of 2025, Russia's energy and transport infrastructure remained functional and comparatively resilient, but it is becoming increasingly costly, exposed to operational shocks, and dependent on state subsidies and a narrowing set of external markets. The strategic pivot toward Asia has mitigated immediate risks to export continuity yet deepens long-term structural vulnerabilities and geopolitical dependence. Energy continues to anchor Russia's economy and foreign policy, but Europe's rapid disengagement since 2022 has forced a fundamental reorientation of trade, transport, and infrastructure toward Asia, preserving volumes at the expense of higher logistical complexity, thinner margins, and increased exposure to sanctions-related disruptions.

Russia has doubled down on long-term gas linkages with China, with the proposed Power of Siberia 2 pipeline (approximately 50 bcm per year) serving as the flagship project of this eastward pivot. Political signaling in 2025 suggests strong mutual intent to proceed, though unresolved pricing, financing, and commercial terms constrain implementation, reinforcing asymmetrical dependence on a single buyer. Liquefied natural gas has become a critical adjustment mechanism: Arctic projects, including Arctic LNG-2, have expanded shipments to Asian buyers through complex shipping and ownership structures designed to circumvent sanctions, sustaining volumes but remaining vulnerable to shipping constraints, insurance risks, and Arctic operating conditions. Repeated strikes on refineries and fuel infrastructure in 2025 have reduced refining throughput, triggered localized fuel shortages, and forced temporary export restrictions, undermining diesel and gasoline exports while increasing domestic price volatility and logistical congestion. Nuclear power remains a strategic pillar, supported by state investment and export ambitions led by Rosatom, with projects such as Kursk II continuing despite supply-chain constraints, while renewable energy expansion remains incremental and insufficient to materially alter fiscal or export dynamics. The Northern Sea Route is promoted as a strategic alternative for energy exports to Asia, but it remains expensive, seasonal, and operationally demanding. Rail infrastructure, particularly the Trans-Siberian and Baikal–Amur corridors, forms the backbone of overland connectivity, though financing constraints and labor shortages limit capacity expansion. Arctic and Pacific ports are being upgraded, supported by ice-class fleets, yet the reliance on reflagged "shadow fleet" vessels increased legal, financial, and operational risks. Russia has avoided an abrupt collapse of energy exports, but stability is increasingly sustained through higher transaction costs, reduced profitability, growing state support, and deeper dependence on China, leaving the model viable in the short term but challenged by long-term constraints on diversification and modernization. Consequently, the driver's value can be assessed as negative (-1).

3.2.6 Food Supply (2025)

Despite extensive state subsidies and import-substitution policies, Russia's food supply system in 2025 remains under inflationary pressure, with food prices rising by roughly 9 percent per year. The system is resilient, covering more than 85-90 percent of domestic demand, and Russia remains a leading global grain exporter, with wheat output estimated at 85-88 million tons and total grain production at 130-133 million tons. Beneath strong aggregate output, structural dependencies persist. Russia relies on imported seeds, feed additives, agrochemicals, and specialized equipment, while fertilizer market disruptions and logistical bottlenecks raise costs and amplify inflation. The state has expanded subsidies, concessional credit, greenhouse production, and strategic reserves, which stabilize supply but increase fiscal and logistical burdens. Trade has been reoriented towards non-Western partners, preserving continuity but raising transaction costs and exposing weaknesses in cold-chain and regional logistics, particularly in remote regions. Food inflation remains politically sensitive, disproportionately affecting low-income households and prompting targeted transfers and selective price controls. It can be concluded that in 2025, Russia's food supply system remains fundamentally resilient in staple production and export capacity, supported by state intervention and reserves. However, approximately 9 percent food inflation, dependence on foreign inputs, logistical bottlenecks, and regional disparities reveal persistent structural weaknesses. The system is stable in the short term but increasingly costly to sustain, requiring continued subsidies, careful reserve management, and further investment to prevent food affordability from becoming a deeper economic and social vulnerability (driver value (-1)).

Picture – 6: Sectoral Dynamics – Economy and Finances

Economic Sector	strong negative (- -), negative (-), neutral (0), positive (+), strong positive (++)
Impact of sanctions	-1
Banking system stability	0
Fiscal & tax balance	-1
Trade with China EUEU	+1
Energy and transport	-1
Food supply	-1

3.2.7 Sector Related Actors Relevance

Russia's financial sector is no longer a semi-autonomous sphere, it has been transformed into a centrally managed infrastructure of regime stability, whose primary task is to ensure payments, budget execution, and war-related spending under sanctions and isolation. Several structural features define the current environment. First, financial sovereignty overrides profitability. Capital control forced domestic settlement, and regulatory interactions shape bank behavior. Second, because of the sanctions external optionality is gone, there is no reach to the Western capital markets. Third, political risk dominates real profitability, survival depends on alignment with the Kremlin and the Central Bank. Within this system, financial actors differ sharply in proximity to power, strategic importance, and real financial independence. Given the multiplicity and significant overlap of sector relevant actors with regional elites and system-defining oligarchs, only those actors have been selected whose activity could not be placed outside the financial-economic sector and not related to cross-sectoral system-defining oligarchy, regional governance or elites (see below, picture – 7).

German Gref (Sberbank) is not part of Putin's personal circle, his influence is technocratic, not personal. His access runs through an institutional triangle - the Presidential Administration, the government's economic bloc, and the Central Bank. Crucially, his working relationship with Elvira Nabiullina has been central to crisis management since 2022. Strategically, Sberbank is a backbone of domestic payments, salaries, pensions, subsidies, and e-government services. In addition to that, its IT infrastructure underpins "digital sovereignty".

Andrey Kostin's position is explicitly political. VTB (VneshTorgBank) is the state's second backbone bank, designed to handle projects and deals that are too sensitive or risky for commercial lenders. Strategically, VTB is important as a policy execution tool, not as a profit center. Financial independence is minimal. VTB is heavily sanctioned and dependent on state capital injection.

Petr Fradkov represents the most explicit fusion of finance and war. Promsvyazbank (PSB) was converted into a dedicated bank for the military-industrial complex, handling classified contracts, defense procurement, and payments linked to the war economy. Fradkov's access to Kremlin is inherited and institutional, as a son of a former prime minister and intelligence chief, and as a trusted appointee, he reports directly through the Presidential Administration and, on key matters, to Putin. PSB is under full Western sanctions and operates almost entirely inside Russia's closed financial loop. Strategically, PSB is critical for sustaining military production and logistics. Financial independence does not exist.

Fridman and Aven represent the older, market-oriented oligarchic finance model, they don't have personal ties with Putin. Strategically, Alfa-Bank remains a large lender, but it is not system-critical. Attempts to distance themselves from the war have not produced meaningful sanctions relief and have weakened their standing inside Russia. Offshore options are blocked, and domestic operations are vulnerable to regulatory pressure. Alfa's owners are tolerated as long as they remain compliant and quiet.

Picture – 7: Financial Actors' Relevance

Financial Actors	**Actor Relevance** (Indicators, 0 – none, 1 – minor/light blue, 2 – strong/green)							
	Ties to Kremlin		**Sectoral Relevance**			**Stability**		
	Personal ties to Putin	Ties to Putin close cyrcle	Relevance for budget incomes	Determins sectoral rules and policies	Strategic importance for state	Financial	Fin. support from Kremlin	External partners
German Gref (Sberbank)	1	2		1	1	2	1	
Mikhail Fridman and Petr Aven (Alfa group)	1	1			1	1		
Vladinir Kostin (VTB)	1	2		1	1	2	1	
Petr Fradkov (Promsvyazbank)	1	2			2		2	

3.3 „Power Agencies" (Siloviki) and Military-Industrial Complex (MIC/VPK)

The assessment of the internal dynamics in the sector associated with the so-called power agencies (*Siloviki* in Russian) has been done primarily with a major focus on the increases or decline of the institutional influence of each agency reviewed. This might include increase in responsibility areas, intensification of actions (e.g. repressions), legal amendments as well as supply of resources. Since the military invasion in Ukraine the political as well as socio-economic structure of Russia has undergone significant (negative) changes that heavily affected political control of society (FSB, Rosgvardia, MOI) and the sectors of economy directly linked to war efforts and MOD. Along with the head of the military-industrial complex Sergey Chemzov, head of Chechnya Ramzan Kadyrov acquired special relevance, as his personal army like guard units were increasingly drawn into frontlines with dubious missions, incl. “control” of rear areas. Capturing internal dynamics allows us to detect important changes in power structure as well as possible beneficiaries and potential partners in the case of a radical change in the political situation.

FSB-Influence

The level of repression in 2025 shows no signs of easing, instead hitting new records of politically motivated persecution, detention and criminal cases (more than 11 thousand administrative cases and 1669 detentions). Wide range of legal amendments have been introduced to allow application of a broader spectrum of legal pressure (state treason etc.) and criminal case openings with no acquittals far. The Presidents’ administration seems to be overseeing the process with the FSB having sufficient space for freedom of action. The scale of politically motivated persecution has already exceeded all records of The Soviet era, except the period of Joseph Stalin. The degree of influence by FSB will continue to increase, which is associated with the increased number of personnel and missions assigned in 2025. Since 2023 the number of personnel has grown annually by 10 thousand and reached by 2025 max. of 240 thousand. FSB acquired an additional function of monitoring (approving) the entry of international vessels into Russian ports. Furthermore, it oversees now the scientific cooperation of Russian HEIs (higher education institutions) with foreign partners (from Sept.1 2025 onward). However, after long internal struggles, research institutions associated with the defence projects run under the MOD, MES, Rosgvardia and Medical-Biological Agency have been excluded from the mentioned control. Additionally, several (seven in total) detention facilities were transferred to FSB, with stricter control regime and much limited access to the detainees. These altogether make the driver value to be defined as (positive +1).

Kadyrov’s Influence

For the moment, the only element in the “chain of command” between Moscow and Grozny is the personal loyalty of Ramzan Kadyrov to Putin. The Kremlin gradually lifted its dependence on the Chechen guard (Kadyrovci – max. number varies from 12 to 25K) by supporting other powerful rulers in the Northern Caucasus (*Kerimov-Wildberries case*), and openly allowing Russian nationalist groups, as well as official military ranks, to criticize the Chechen leader and his policies. Kadyrov’s efforts for the time being are directed towards consolidating his family’s power (given his health issue) via multiple appointments of family members and relatives in key positions of regional business sectors, power agencies, and legislative. Despite his close ties to Rosgvardia, Kadyrov’s power is hated in the Russian MOI, MOD, and FSB. The figure of Apti Allaudinov is regarded as an alternative to Ramzan in the future power struggle in Chechnya. Adam Delimkhanov, the closest aide to Kadyrov, had been pushed back and assigned the role of “teacher” to Adam Kadyrov, who is widely despised in Russian nationalist and military/official circles. Hence, negative signs for his power dominance can no longer be denied (value (-1).

Influence of Military (MOD/GS)

There is a mutual dependence between the political leadership (Putin) and the top ranks of the Ministry of Defence (MOD) and the General Staff (GS) of the Russian Army. The civilian defence minister exerts effective control over the GS and makes sure that, via selective reshuffling (after Shoigu's dismissal), the required degree of political and personal loyalty of the GS to the Kremlin and Putin himself is guaranteed. The mutual dependence is working as long as the minimal but steady advance on the frontline is provided, and the Russian MOD and VPK (military industrial complex, in Russian - *voenno promishlennyi complex/VPK*) are (more or less) able to meet growing demands of high war attrition rate. The prioritization of political loyalty over battlefield competence can be seen in the dismissal and imprisonment of several military leaders (reportedly highly competent) for perceived criticism, i.e., insufficient loyalty to political leadership. New defence minister Belousov did not bring his own team, but it was appointed to him with individuals directly connected to the Kremlin, intelligence services, and Putin. This raises serious questions within agencies, whether the formal heads of agencies really enjoy Putin's trust if so many "controllers" are assigned to them. Consequently, an atmosphere of mutual suspicion, denunciation, and conflict is created. In the long run, the need for more competent military leaders on the frontline (even more if an attack on NATO becomes a reality) will inevitably promote military leadership, politically strengthen and turn them into political figures with heavy political and social weight, as well as a stronger push back against the FSB and other internal security agencies. The role of war veterans should not be dismissed here, as Putin's attempt to embolden them can turn into a threat when they may use their influence and connections to organize and advance their own socio-economic or political interests at the expense of Putin's regime. Nationalist-chauvinistic groups of Russian society have strong ideational allies within military ranks and files (Prigozhin, Girkin, Surovikin, etc.) and are very critical of the Kremlin's military action in Ukraine as well as in domestic affairs, especially regarding non-Slavic immigration and Kadyrov's exceptional impunity. This natural coalition of forces can rapidly become a powerful center of power, if the war efforts against Ukraine and the West to deliver strategic results fail, and internal power struggles in Russia will intensify with Kadyrov as the first to abandon the "Russian ship". Therefore, a fragile, shaky stability of the military is still present (value – 0), yet with the high potential of a radical increase in its relevance in the case of a regime change.

MOI (MVD) Dynamics

The Ministry of Interior (MOI, *ministerstvo vnutrennix del* - MVD) has increased the crackdown on the disclosure of classified information as well as on several rampant cases of bribery, leading to the arrest of top MOI-generals. Nonetheless, the efforts have no effects whatsoever on the popularity of the police force among Russians, plagued by extensive bureaucracy, incompetence and corruption. The overall shortage of personnel reached 172000 with 145000 requiring qualification assessment. In many police districts personnel shortage reach 40-to 50%. As an emergency solution a draft law is being drafted that lowers the selection criteria (competence) for personnel. For instance, positions that required high legal education (law degree), have been downgraded to medium or special law education certificates. Such tendencies would inevitably have a negative impact on the general population as well as other state agencies (prosecutor general, investigation committee etc.) due to the higher number of procedural errors expected. The crisis can largely be attributed to the low level of salaries, which is an even bigger problem for FSIN (Federal Penitentiary Service) and accounts for a high level of corruption practices in the service as well. Given the fact that no budgetary reliefs are expected for the years to come (due to the war in Ukraine) chronic underfunding and personal shortages in MOI and FSIN are expected to worsen. Hence, no changes in the agency dynamics can be identified (value – 0).

Rosgvardia (National Guard)

The decision to strengthen Rosgvardia (National Guard Federal Service) forces with heavy weapons such as tanks and other military hardware (anti-tank guns, self-propelled artillery and multiple-launch rocket systems) indicates Kremlins continued confidence in the Rosgvardia's loyalty. Furthermore, the Service plans to spend around 1.3Bn RUB for acquiring UAVs and the related equipment along with more funding for personnel and renumeration. Militarization and better financial resourcing of the service units with close to 400 thousand personnel indicates a growing security concern in Kremlin (Prigozhin march effect) and the need to increase/buy loyalty and create additional security option for the regime capable of delivering military like firepower to potential internal enemies. Rosgvardia is also tasked with developing and coordinating the educational and training programs for private security companies, effectively creating an additional pool of personnel it can resort to in case of necessity. It must be noted that the Guard is also tasked with training the special services of MOI of separatist regions of Georgia, and its head Viktor Zolotov has long cultivated a warm relationship with Kadyrov and his associates (Adam Delimkhanov is nominally the head of the Rosgvardia Department in the Chechen Republic). Consequently, the Rosgvardia's clear increase of influence can be assessed as (+2).

MIC/VPK-ROSTEC (S. Chemezov)

ROSTEC is the major corporation in the Russian military industrial complex (MIC/VPK). Its director Chemezov complains about the core difficulties for ROSTEC-enterprises to borrow "cheap and long" money to make a quantum leap in technology development. The corporation is plagued by decline of civilian production, technological shortages, long and more expensive supply lines, workforce shortage accounting several hundred thousand of required specialists and corruption practices, in which Sergei Chemezov himself and his close associates are accused of being deeply involved. The created monopoly of consolidated companies under Rostec (about 75% of all military-industrial companies) aggravated the production bottlenecks and unprofitability of companies that are forced to enter even higher financial depts to cover increased production costs. The most troubled sector is the AVIAPROM – airplane production. As Chemezov's own remarks suggest nearly 30% of Russia's western built airplanes (around 700) face the risk of being grounded within the next five years. The growing inability of ROSTEC and its leadership to cope with the demands of Russian forces on the battlefield as well as bridge the sanctions via producing the needed components domestically, led the Kremlin to lift ROSTEC's exclusive control over the national AVIAPROM, long been regarded as Chemezov's fiefdom, and indicate a systemic weakening of ROSTEC's monopoly over Russian MIC/VPK.

Production will likely have to be simplified and slowed over the coming years despite the top-down pressure, while aiming at producing hardware good enough (based on combat proven systems) and cheap enough in mass. Russia will be forced to accept reduced quality of outputs and will suffer from 'innovation stagnation' in its technological research and development. Russia entered the phase of a total technological dependence from China having the share of imported tools from China growing from 13 to almost 90 per cent in 2023. Attempts to diversify machinery imports lead to genuine decline of quality of tools and productions standards. The Russian military-industrial complex, i.e. MIC/VPK has grown in self-made untransparent bubble beyond economic rationality to meet the war demand. The decision to increase the number of armed forces to 2.4 million and respective salaries for all power ministries and agencies by 7.6% can only indicate the perspective of steady annual growth of military expenditure, additionally aggravated by high inflation rate around 10-to 15%. However, it also means that money will not be enough triggering even stronger processes of shadowy procurement networks, supply chains and corruption (incl. international ones) practices. Since the current profitability of MIC/VPK-enterprises on average does not exceed 2.28% (according to Chemezov) and the desirable level is from 5-to 10%, the strategy of most companies in VPK is simply to survive, only possible via direct financial/budgetary appropriations. Since 2023 several top political and security officials have been appointed in MIC/VPK-board (including deputy prime minister Yury Trutnev, head of the Chief Directorate for Special Programs of the President Alexander Linets, Colonel General Vasily Tonkoshkurov as first deputy chairman, and head of the FSB scientific and technical service Mikhail Mikhailov, as well as Secretary of the Security Council Sergei Shoigu and Putin's close aid Alexei Dyumin). Yet despite the mentioned efforts to establish more coordination, control and accountability of MIC/VPK to Kremlin, the systemic challenges remain unresolved. Given all factors considered the MIC/VPC strongly increased its influence in the Russian power pyramid and can be values as (+2).

Picture – 8: Sectoral Dynamics – Power Agencies

Power Agencies	strong negative (- -), negative (-), neutral (0), positive (+), strong positive (++)
FSB	+1
MOD	0
Kadyrov	-1
Rosgvardia	+2
MOI	0
MIC/VPK – S. Chemezov	+2

3.3.1 Sector Related Actors' Relevance

Out of various sources a clear pattern can be discerned that sector relevant actors exhibit different degrees of relevance to the sector, as well as varying qualities in terms of direct links to the Kremlin, to Putin himself as well as in terms of financial stability. Three institutions clearly dominate the sector, with disproportionate large power resulting from their special relationship to Putin, his close entourage (presidents' administration), strategic relevance to the regime/state, as well as resources available and already planned (budgetary appropriations) in the future. These are Rosgvardia, the Ministry of Defence and the FSB (Federal Security Service). FSB remains most influential in every regard, as it has long secured unrestricted access to the Kremlin and informal power over other agencies (incl. via appointees with extensive service experience in FSB). Furthermore, the FSO (*federalnaya sluzha okhrani*/Federal Service of Protection), a personal protection service for Putin, members of which have been appointed to various high political positions, is, in fact, an offshoot of FSB, and with its therefore adds more to the wight of FSB, not to mentions its relevance in controlling Russian society, forming policies, sabotage campaigns and hybrid warfare strategies in Europe and "near abroad" (post-soviet states).

National Guard (Rosgvardia) as well as Ministry of Defence (MOD) are second largest institutions that rival FSB for influence and sectoral relevance. One might have an impression that Rosgvardia is increasingly overshadowing the MOD due to its narrow role of the Kremlin's 'pretorian guard", secured growth of budgetary appropriations and its heavy militarization (incl. heavy arms) that often matches the capabilities of regular units of the Russian army. Yet the huge domestic (political) implications of the war in Ukraine and hence, the capacity of the Russian armed forces to deliver hard (fire) power regardless of the war outcome in Ukraine, places the Ministry of Defence and the Russian General Staff (GS) in the "after Putin scenario" at a pivotal position, upon which the fate of many actors and political players will be dependent. Rosgvardia does not possess investigative authority, prosecutorial tools, or an independent intelligence capacity. It cannot initiate repression campaigns or act against elite targets without prior clearance. Its deployments occur at the final stage of decision-making, when escalation has already been approved. The post-Prigozhin expansion of Rosgvardia's resources illustrates this logic: the force was strengthened not to become a new political actor, but to serve as insurance against internal shocks. It is a response force not the decision-maker.

The war industry and respective war economy created after February 2022 turned the Russian armed forces into the major consumer of national funds, and simultaneously to major business provider. Too many branches of the national economy depend on stable flow of military contracts, and thus, they objectively strengthen the role and potential influence of military ranks as well as key politico-economic individuals directly linked to the MOD such as Sergei Chemezov. Therefore, the internal dynamics within the MOD and GS, their informal political affiliation and institutional rivalries will determine the ultimate formation of MOD/GS interests and possible post-Putin alliances.

Other institutions such as Ministry of Interior (MOI/MVD) and Prosecutors' General Office are structurally powerful, but they are not autonomous actors within the system. They do not define priorities, select targets independently, or constrain other elite groups. Instead, they function as execution mechanisms within a hierarchy where initiative and arbitration are concentrated elsewhere. The Ministry of Internal Affairs is the clearest example of this distinction. It is the largest law-enforcement body in the country and the most visible instrument of everyday repression, yet it lacks political subjectivity. MOI's institutional design prioritizes territorial coverage and routine policing rather than strategic intervention. Politically sensitive investigations involving governors, federal officials, or major economic actors are routinely taken out of the ministry's hands and reassigned to the FSB or the Investigative Committee. The prosecutor general's office occupies a similar position, it provides legal finality and procedural cover, but it does not control the upstream process. Its discretion exists only within boundaries set by the Presidential Administration and the security services. None of these bodies can impose costs on other power centers without authorization, nor can they protect themselves if they fall out of favor. For this reason, elevating the MOI/MVD, or the prosecutor general's office to the status of independent actors would distort the analysis. Similar to the Ministry of Interior (MOI) and the Prosecutor's Office, the National Security Council (NSC), has incomparably less influence in the overall power structure of the Kremlin, with ultimate mission to remain neutral or join the stronger actors and interest/power clusters in the possible scenario of a battle for power after Putin is gone. The picture (9) below reflects the overall distribution of actors' relevance in the sector.

Picture - 9: Actors' Relevance

Actor (**Power Agencies**)	**Actor Relevance** (Indicators, 0 – none, 1 – minor/light blue, 2 – strong/green)							
	Ties to Kremlin		**Sectoral Relevance**			**Stability**		
	Personal ties to Putin	Ties to Putin close cyrcle	Relevance for budget incomes	Determins sectoral rules and policies	Strategic importance for state	Financial	Fin. Independence from Kremlin	External partners
Security Council	2	2						
FSB	2	2		2	2	2		
MOD (Gerasimov)	2	2	2	1	2	2		
General Prosexcutors office	1	1		1		1		
MOI	1	2		1	2	1		
Rosgvardia	2	1		1	2	2		

IV. EXTERNAL FACTORS

In the context of external factors, the impact of policies of key (or group of) countries on Russia has been reviewed. These includes the US, EU, BRICS, countries associated with the third world and China.

4.1 BRICS

BRICS brings together Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates (UAE), and the majority of those members focused mainly on economic growth and development instead of challenging or opposing the West, while Russia and Iran aggressively advocate for anti-dollar and sanctions-resistant mechanisms and pursue a sharply anti-Western policy. In the condition of sanction regimes, Russia is seeking and strengthening alternative trade ways and finance structures; hence, Moscow is expanding cooperation with BRICS members to create the illusion that Russia is not isolated despite Western pressure. Moscow leverages its participation in BRICS as a strategic mechanism to circumvent Western economic constraints and to promote a multipolar global system aimed at reducing the hegemony of the United States and its allies in international institutions. According to publicly available information, at the end of 2023, trade between Russia and BRICS countries hit a record level of about US$294 (41.4% of the country's total foreign trade). In January-May of 2024, year-on-year, Russia's trade turnover with BRICS countries increased by 6.3%. Russian Deputy Foreign Minister Sergey Ryabkov stated in June 2024 that Russia's trade with BRICS partners has "only grown" under sanctions; thus, Russia frames BRICS as a means of circumventing Western economic pressure. The 16th BRICS summit, "Strengthening Multilateralism for Fair Global Development and Security," was held in Kazan, Russia. The summit agenda included discussions about new payment systems, currency alternatives, and deeper trade with Global South. BRICS members introduced a payment system named BRICS Pay as an alternative to the Western interbank system SWIFT. By hosting the Kazan summit, establishing partner status for extra countries, and introducing a new payment system, Russia is trying to deepen institutional integration and reduce dependence on the U.S. dollar/Western financial institutions.

Besides alternative payment systems, Russia aims to support technological cooperation. In December 2024 Russia announced the creation of a "new AI Alliance Network" including Russia and BRICS countries. Because the AI and high tech are under Western export restrictions, Russia sees BRICS as a way to access expertise, build partnerships, and build a "non-Western" tech ecosystem. In October 2025, Russia officially dismissed U.S. allegations that BRICS was established with the intent to "undermine" or "attack" the U.S. dollar, emphasizing the bloc's purported aim of fostering a more balanced and multipolar international financial system. Moscow wants to maintain plausible deniability that BRICS is anti-West while still pushing and strengthening non-Western institutionality. Russia uses BRICS to spread a diplomatic signal that it remains a key global player, that its isolation is not total, and that the "Global South" position aligns with Moscow's narrative.

Among the BRICS member states, Russia and Iran have a sharply aggressive anti-Western stance, while other members are in the bloc due to economic and developmental reasons rather than ideological confrontation with the West. Russia's efforts to institutionally deepen cooperation among

BRICS countries in various fields, for example, support of implementation of "non-dollar systems," "BRICS Pay," and technology sharing, remain slow and face structural challenges. Due to differences in ties and connections with the West, resources and economic priorities, and other dissimilarities among BRICS members, internal cohesion is weak. Russia's goals may not always align with those of others, and Russia's label of aggressor and being under Western sanctions may limit how much some BRICS and aspiring partner states want to deepen ties for fear of Western confrontation. Russia uses BRICS trade links to offset economic diversification. Being in this bloc strengthens Moscow's global positioning amid Western sanctions and diplomatic pressure and helps Russia develop alternative economic and financial channels. Besides this, it gives Russia a leadership role within an international union, boosting its diplomatic leverage. Hence, the assigned value is (+1).

4.2 China

China and Russia are cooperating in multilateral platforms and initiatives - BRICS, Shanghai Cooperation Organization (SCO), G20, United Nations (UN), and UN-related forums. Among them, areas of partnership include bilateral trade, energy, finance, technology (high-tech cooperation, AI Alliance Network), security and defense (joint military exercises, intelligence sharing and counterterrorism, and cybersecurity collaboration), cross-border infrastructure, and people-to-people exchanges. Moscow and Beijing emphasize a "comprehensive strategic partnership of coordination for a new era," with Russia viewing China as a key partner against Western pressure. President Vladimir Putin in December 2024 said that Russia–China relations are at a "stage … such as they have never been in our entire history." In April 2025, Chinese Foreign Minister Wang Yi visited Russia and underlined the "everlasting friendship, never enemies."

The long land border and shared infrastructure corridors (rail, pipelines) facilitate logistics and trade. China remains Russia's largest trading partner for the 15th consecutive year. Trade between China and Russia has increased over the past 5 years, driven primarily by energy exports from Russia and manufactured goods from China. In 2019, bilateral trade amounted to approximately 110 billion USD, in 2020 - 107 billion USD, in 2021 - 146 billion USD, in 2022-2023 - 190 billion USD. According to the data for the first months of 2025, it decreased to 240 million USD. Bilateral trade in 2024 hit approximately US$ 240-250 billion - a record high although the growth rate slowed from previous years.

China and Russia cooperate in many areas but have competition and rivalry in Central Asia, energy markets, military exports, and technological espionage. Russia has had significant influence in the Central Asia region through organizations like the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO). However, China's Belt and Road Initiative (BRI) has led to increased Chinese investments and infrastructure projects in Central Asia. This growing Chinese presence has raised concerns for Moscow about potential erosion of its traditional influence in the region. China has invested heavily in energy infrastructure in the Central Asia region, including pipelines and power plants, which sometimes conflicts with Russian interests. Both nations are significant arms suppliers globally, including to the Central Asia region. While Russia has traditionally been the primary supplier of military equipment to the region, China's growing defense industry has enabled it to offer competitive alternatives. This competition is evident in countries like Kazakhstan and Uzbekistan, where both Russian and Chinese arms are present.

In the last 1-1.5 years, the Russia-China partnership has grown increasingly deep in terms of trade, diplomacy, and rhetoric - reaching what both sides describe as an "unprecedented" level of trust and cooperation. But beneath the surface, the relationship remains complex, shaped by asymmetries and divergent priorities. Russia and China's military cooperation details are a secret. While there is strategic rhetoric, details of a deep military partnership remain limited, and China is cautious about crossing certain lines given global ramifications. China has a pragmatic position - it values stability and its own ties with the West. Russia is more confrontational. Moscow and Beijing's broadly aligned aims are a multipolar world order and reducing Western dominance, which makes the general assessment of their relationship as positive (value +1).

4.3 Third World Countries

Moscow has significantly increased its presence in Africa across military, economic, and diplomatic domains. For example, it has signed military-technical cooperation agreements with dozens of African states. Russia hosts Africa summits (e.g., Russia-Africa Summit) and has deepened ties with Sahel countries, Sudan, The Central African Republic etc. Moscow is positioning itself as a partner for African states in the context of Western sanctions and geopolitical shifts. In terms of trade and economic imbalances, Russian-African trade remains relatively modest compared to China or the EU. Russia sells cereals, fertilizers, and arms and buys minerals and agricultural products. There is a visible imbalance; many African countries import far more from Russia than they export.

In Africa, Russia amplified its footprint in the Sahel region (Mali, Niger, and Burkina Faso) via military support and arms deliveries. Between 2018 and 2022, Russia accounted for approximately 40% of African imports of major weapons systems - higher than the U.S., China, or France in that period. Russia is a major arms supplier to a wide range of African countries, including Algeria, Egypt, Mali, Sudan, Central African Republic (CAR), Nigeria, Uganda, Ethiopia, and Mozambique, often ranking as the top or second-largest provider of military equipment on the continent. Africa holds strategic significance for Russia due to its substantial political weight, encompassing 54 votes in the United Nations General Assembly, the largest regional representation in the UN Economic and Social Council, and three non-permanent seats on the UN Security Council. Beyond political influence, the continent's abundant natural resources, expanding consumer markets, and demographic dynamism present valuable opportunities for Moscow, particularly as it seeks to mitigate the economic effects of Western sanctions. Africa's geostrategic position - providing access to the Mediterranean and Red Seas, the Indian and Atlantic Oceans, and several critical maritime chokepoints - further enhances its relevance within Russia's global strategy. Consequently, the Kremlin has increasingly leveraged engagement with African states as a means to circumvent international isolation, assert Russia's status as a global power, and contest Western geopolitical influence on the continent. Russia has been extending its military influence in Africa (Mali, Central African Republic (CAR), Burkina Faso, Niger, and Libya) for the past decade through private military companies, mainly the Wagner Group. Following the Wagner uprising and the death of Yevgeny Prigozhin in June 2023, the Wagner Group's global operations were brought under state control and replaced by the "African Corps." The Africa Corps is formally subordinated to the Russian Ministry of Defence (MoD) and operates under the General Staff's Main Directorate (GRU).

Russia's integration in Africa is intensifying in security and political spheres, becoming more state-driven and coordinated, even as its broader economic and institutional integration remains limited. Russia has expressed interest in deepening cooperation with Latin American and Caribbean countries. Venezuela - In May 2025, a "Strategic Partnership and Cooperation Agreement" was signed between Russian President Vladimir Putin and Venezuelan President Nicolás Maduro, which included Russia's support for Venezuela's bid to join BRICS and deeper economic, energy, and mining ties. For Russia, Venezuela serves as a partner in Latin America with large oil reserves and is also a state under sanctions like Russia itself, making alignment more natural. For Venezuela, tightening ties with Moscow helps diversify away from Western dependence, offers investment in technology, energy, and mining, and bolsters its global diplomatic footprint. Cuba - For Russia, Cuba serves as a symbolic and geopolitical foothold in the Western Hemisphere. The Russia-Cuba relationship has deepened in recent years through energy and political cooperation, underpinned by shared opposition to U.S. dominance and sanctions. While largely symbolic in global terms, it reflects Moscow's strategy of reviving Soviet-era alliances to project influence and demonstrate global reach amid Western isolation.

For Russia, the Global South is a tool to circumvent Western isolation, build alternative alliances, and project influence in a "multipolar" world. For many developing countries, dealing with Russia presents an option to diversify partnerships, reduce dependence on Western actors, receive arms/training, or gain political backing - especially for states facing Western criticism. Russia's renewed engagement with Africa and Latin America reflects a broader strategic effort to expand its global influence and counterbalance Western dominance amid escalating geopolitical isolation. In Africa, Moscow has pursued a multidimensional approach - combining military cooperation, political diplomacy, and selective economic engagement - to strengthen its foothold across the continent. While trade volumes remain relatively modest compared to those of China or the European Union, Russia's dominance as a key arms supplier and its growing partnerships in the Sahel, Central Africa, and North Africa demonstrate a pragmatic prioritization of security and political leverage over economic integration. Africa's strategic geography, abundant natural resources, and substantial representation in international institutions render it an attractive arena for Russia's global ambitions, particularly as it seeks to mitigate the consequences of Western sanctions and sustain its status as a major power. The positive tendency here cannot be overlooked (value +1).

4.4 European Union (EU)

Before Russia's full-scale invasion of Ukraine, the EU was Russia's largest trading partner, and Russia was among the EU's top five. Around 40% of the EU's gas and 25% of its oil came from Russia. Following the February 2022 invasion of Ukraine, the EU imposed sweeping sanctions, banning most imports and exports involving Russia. Trade between the EU and Russia has dropped significantly. According to EU trade data, in 2024 Russia was the EU's 15th largest trade partner, accounting for only 1.3% of the EU's total goods trade. Trade and Economic Security for Russia, the EU in 2024 represented 38.4% of Russia's total goods trade (with 10.3% of Russia's imports and 7.3% of Russia's exports going to the EU). This is a sharp contraction compared to 2020. Russia's invasion of Ukraine and the resulting geopolitical risk and energy ties have increasingly become a point of tension and strategic rethinking in the EU. The EU is moving toward reducing dependence on Russian energy supplies, both for security and geopolitical reasons. By 2024, the share of EU gas imports from Russia had dropped to about 19%. In 2024, the share of EU crude oil imports from Russia fell to approximately 3%. In the first half of 2025, Russia accounted for roughly 15.7% of the value of EU natural gas imports.

In February 2024, the EU adopted its 13th package of sanctions in response to Russia's full-scale invasion of Ukraine. In February 2025, the EU adopted the 16th package of sanctions, targeting vital sectors of Russia's economy (energy, transport, infrastructure, finance) and tightening anti-circumvention measures. In May 2025, the EU adopted the 17th sanctions package, focusing especially on Russia's "shadow fleet" of oil tankers and further restricting its access to battlefield technologies. In October 2025, the Council of the European Union decided to extend restrictive measures (sanctions) targeting those responsible for Russia's destabilizing, "hybrid" actions abroad. The extension runs until 9 October 2026. These measures aim at Russian actors involved in Foreign Information Manipulation and Interference (FIMI) against the EU, its member states, and partner countries. EU approves 19th package of Russian sanctions including liquefied natural gas (LNG) ban. The LNG bans will be phased: short-term contracts to end after six months; long-term contracts to be terminated by 1 January 2027. The package also adds travel restrictions on more Russian diplomats, and the EU listed 117 additional vessels from Russia's "shadow fleet" (bringing the listed total to 558). In the aftermath of Russia's full-scale invasion of Ukraine in February 2022, European Union member states launched the largest coordinated expulsion of Russian diplomats in modern history. Between March and May 2022, EU countries collectively expelled more than 400 Russian diplomats, citing concerns about espionage, disinformation, and security threats. Russia's diplomatic isolation deepened further when EU institutions suspended formal engagement mechanisms, including the EU–Russia summits, Partnership and Cooperation Agreement dialogues, and various sectoral councils. Russian embassies in Europe now face restrictions on participation in public or policy events, while their diplomats are often excluded from international forums and academic conferences hosted by EU states.

Russia's invasion has shifted the relationship from cooperation to confrontation. The majority of EU member states are aligned in supporting Ukraine and in opposing Russia's aggression. The wave of mutual expulsions and operational restrictions between Russia and EU member states reflects the near-total collapse of diplomatic trust. On the one hand, Russia sees the EU as adversarial; on the other hand, the EU sees Russia as a major security challenge. Nevertheless, some limited engagement remains, but trust and depth of cooperation have significantly dropped. The effectiveness of sanctions in reducing Russia's war economy is debated, but they are clearly a central pillar of EU policy against Russia. Some EU states are more exposed to Russian energy than others; however, the current trend is that European states want to gradually eliminate their dependence on Russian gas and oil. Hence, the overall tendency is sharply negative (value (-2)).

4.5 USA

Since Russia's full-scale invasion of Ukraine in February 2022, NATO and the U.S. have ceased almost all direct military-to-military cooperation with Moscow. The U.S. leads NATO efforts to strengthen deterrence on the alliance's eastern flank - including deploying more troops to Poland, Romania, and the Baltic States. Russia, in turn, has portrayed NATO's expansion and support for Ukraine as a direct threat to its national security. NATO-Russia Council meetings, once a dialogue forum, have been inactive since 2022. Since Russia's full-scale invasion of Ukraine in February 2022, diplomatic relations between Washington and Moscow have deteriorated to their lowest level in decades. Following the invasion of Ukraine, the U.S. and its allies expelled hundreds of Russian diplomats, accusing many of espionage under diplomatic cover. The expulsion of defense attachés and closure of consulates further underscore mutual hostility. The U.S. Embassy in Moscow now operates with minimal staff, severely limiting consular and political engagement. Both governments maintain “blacklists” of officials, journalists, and experts prohibited from entering their territory. High-level political dialogue-including summits, bilateral commissions, and strategic stability talks - has been suspended or terminated. The war has paralyzed cooperation in multilateral institutions where the U.S. and Russia are both members, such as the UN Security Council, OSCE, and Arctic Council. In the UN, Russia frequently vetoes resolutions supported by the U.S. and its allies, particularly concerning Ukraine and human rights. The OSCE, traditionally a platform for East–West dialogue, faces deadlock, with Russia obstructing consensus and blocking mission mandates. The Arctic Council, previously a zone of pragmatic cooperation, suspended Russia’s participation after the invasion, disrupting scientific and environmental collaboration.

The U.S.-Russia economic relationship has shrunk significantly since the Russian invasion of Ukraine and the intensified sanctions. The trade that remains is mostly in niche or strategic material flows (raw materials, specialized chemicals) rather than broad consumer goods. The Russian Federation-related sanctions imposed by the United States comprise the financial sector, energy and commodities, metals and mining, export, investments and services, sanctions evasion, and third-party facilitators. A large share of Russia’s banking system is subject to U.S. sanctions. As of early 2023, over 80% of Russian banking assets were under sanction; The U.S. imposed price caps on Russian-origin oil and refined products and sought to restrict Russia’s revenue streams from energy exports; In February 2023 the U.S. announced actions targeting Russia’s metals and mining sector - an important revenue source for the Kremlin; U.S. policy has placed stringent controls on exports to Russia - especially technology, dual-use goods, defense-industrial inputs; Under Executive Order 14071, new investment in Russia (and certain services to Russia) have been prohibited; The U.S. has increasingly focused on supply chains, transit jurisdictions, and foreign firms that help Russia circumvent sanctions.

Many of these U.S. sanctions are coordinated with allies (G7, other partner states) to increase impact and reduce Russia’s ability to exploit jurisdictional gaps. For example, the oil-price-cap policy is a multilateral effort to limit Russian energy revenues while avoiding global energy shocks. U.S. direct investment in Russia has been very limited in recent years. Many U.S. companies withdrew or scaled back exposure to Russia. Conversely, Russia has pivoted toward other partners (China, India, and the Global South) for alternative markets, reducing its relative dependence on the U.S. market. Bilateral U.S.-Russia trade (goods + services) remains very small and declining. In 2024, the U.S. traded about US$5.2 billion in total with Russia - a drop of approximately 26% from 2023. In 2024, U.S. goods exports to Russia stood at approximately US$528.3 million (down approximately 12% from 2023). U.S. goods imports from Russia were ~US$3.0 billion (down approximately 34% from 2023). In 2023, it was reported that U.S.-Russia trade “hit a two-decade low” with monthly trade turnover of only US$277 million in July 2023. The decline in trade is heavily shaped by the sanctions’ regime, export controls, and Russia’s reorientation away from the West. In 2024, U.S. goods exports to Russia totaled approximately $526 million, a 12.3% decrease from 2023. U.S. goods imports from Russia were about $3.27 billion, marking a 34.2% decline from the previous year. Consequently, the U.S. trade deficit with Russia narrowed to $2.74 billion in 2024, down from $4 billion in 2023.

Over the past two years, US-Russian relations in the areas of economy, defense, and security have declined and been characterized by tension. Russia's trade relationships with the U.S. have collapsed. Russia has been largely cut off from broad U.S. markets, and U.S. exports to Russia are very minimal. On defense and security, the relationship is fundamentally adversarial; strategic dialogue is weak, and both sides face significant strategic mistrust. The sanctions regime has reduced Russian revenues from energy exports and, thus, the resources available to support its military-industrial base. Export-control pressure has undermined Russia's ability to access critical technology, spare parts, etc. In terms of security and defense, relations between the U.S. and Russia are severely strained, with little cooperation and high mistrust. The regular channels of arms control and strategic dialogue have degraded. The U.S. and Russia are not cooperating in meaningful defense partnerships; rather, they are largely adversarial or in parallel competition. In general, their relations have entered the negative phase, despite the gentle rhetoric of white house towards Putin (value (-1)).

Picture – 10: External Factors

External Factors	strong negative (- -), negative (-), neutral (0), positive (+), strong positive (++)
US	-1
EU	-2
China	+1
BRICS	+1
Third World	+1

V. REGIONAL DYNAMICS AND ELITES (OLIGARCHS)

5.1 Regional Dynamics & Oligarchs

Regional dynamics in Russia can be described as a complex process of interactions between governors, mayors of major agglomerations, as well as regional business holdings in construction, utilities, logistics, and extractive sectors. Local "security curators" regional MOI branches, Rosgvardiya, the FSB, and prosecutors also play a central role, shaping the security perimeter while simultaneously serving as tools of political-administrative control. This configuration is built from the outset on strong dependence on the center, a large share of incomes from federal funds, personnel subordination to the Presidential Administration, and an expanding "overlay" of Moscow-based curators that reduces decision-making autonomy.

The regional landscape is not homogeneous. Three broad types of regions can be distinguished. First, the "stabilizer-agglomerations" (Moscow, St. Petersburg, Kazan, Rostov, Krasnodar), where powerful administrative capacity and large budgets underpin a "normalization" agenda during the war time. Second, "resource" regions (Tyumen, Yakutia, Krasnoyarsk Krai), which are critical for foreign-currency revenues but highly sensitive to external foreign pressure and market prices. Third, "high-risk" territories (the North Caucasus and border areas), where the share of security control and transfer dependence is higher. Fourth, Subsidy-dependent regions (Tuva, Altai, Buryatia, several North Caucasus republics, etc.) - a high share of non-repayable federal transfers and a limited tax base, dependence on the center alongside high social spending and very little room for economic maneuver. The financial setup and existing economic challenges tighten Moscow's grip on the regions. As flexible inter-budgetary transfers shrink and earmarked subsidies grow, the center gains more control over regional revenues, making it easier to steer who gets investment projects and big infrastructure contracts through "telephone law." At the same time, the numbers don't add up locally. Social payments, mobilization needs, and defense contracts are all rising, while many regions' own revenues are flat. The legal environment has also become a factor of uncertainty. Prosecutorial lawsuits, cases of nationalizations, and selective criminal cases create a constant backdrop of property redistribution and elite disciplining. In parallel, the "war economy" and sanctions constraints complicate logistics and import substitution for local stakeholders. The social fabric on the ground is also under pressure. Exhaustion with the mobilizational agenda combines with rising social tension over inflation and other economic challenges.

Russia's current oligarchic landscape effectively breaks down into four blocks. Oil/Gas/LNG - Igor Sechin (Rosneft), Leonid Mikhelson and Gennady Timchenko (Novatek), on the periphery - Alexei Miller (Gazprom). Metals/Energy - Vladimir Potanin (Nornickel), Oleg Deripaska (EN+/Rusal), Alexei Mordashov (Severstal), Vladimir Lisin (NLMK). Infrastructure/Construction/Transport - Arkady and Boris Rotenberg and associated contracting groups. Quasi-state sector and finance - the system banks (Sberbank, VTB) and managers who run payments, social transfers, and public procurement. Formally not "oligarchs," they nonetheless operate the key rent-extraction machinery. The oligarchs generate hard-currency export earnings and pay the taxes that help fund the state, they pour capital into defense production and infrastructure. In exchange, they win access preferential entry to public procurement, tailored tax breaks, and room to move goods through overseas sales and shipping networks. Since 2023, the model has tilted from "private/elite" oligarchy to administrative rent system. Assets and cash flows drift toward state-controlled entities and affiliated buyers. As an example, the Prosecutor General's Office has escalated cases against "unlawful privatization" of strategic assets from chemicals (Metafrax) to food processing (Makfa) and spirits (Amber/ABG). Each case moves property into state hands or to approved new owners. The loss of Europe's gas market forced a rebalancing of tax and logistics burdens and selective fiscal relief for state giants, Gazprom's softer treatment in late 2025 being an illustrative example. Rents now come from administrative decisions more than markets. Payments are increasingly clear in yuan and dirhams, with intermediary banks exposed to secondary-sanctions risk and delays becoming routine. Capital is constrained by currency controls and mandatory fixed sales. For the "old" beneficiaries, personal exposure has risen.. Moscow tightly oversees the regions, money, staffing and policy directives come from the center, so local autonomy shrinks. Budgets are tight, earmarked subsidies grow while local revenues stall and wartime logistics and input shortages force governors to manage scarcity and growing social stress. The biggest risks sit in subsidy-dependent areas (North Caucasus, Tuva/Altai/Buryatia), where stability relies on federal transfers and administration appointed from the center rather than real local legitimacy. Since 2022, Russia has moved fully from a private-elite oligarchy to a system where the state manages who gets the money. Prosecutors, courts, and tax rules are used to shift assets to state bodies or loyal buyers. Market strength matters less than access to Kremlin. Loyalty is rewarded with public contracts and tax breaks and enforced by the threat of losing assets. Hence, the overall tendency in regions can be assessed as negative (value (-1)) and in the context of oligarchs/elites as strongly negative (-2).

Picture - 11: Sectoral Dynamics

Sector Regional Elites and Oligarchs	strong negative (- -), negative (-), neutral (0), positive (+), strong positive (++)
Regional Elites	-1
Oligarchs	-2

5.2 Regional Elites and Oligarchs – Actor Relevance

As of early 2026, Russia's regional elites do not constitute an autonomous layer of political power. Instead, they function as administrative transmission belts within a highly centralized system, where strategic decision-making, resource allocation, and coercive authority are monopolized by the Kremlin and its core institutions. The war in Ukraine, sanctions pressure, and the consolidation of a wartime governance model have further reduced the scope for independent regional agency. Governors, mayors, and influential regional businessmen operate under intensified supervision from the Presidential Administration, federal *Siloviki*, prosecutors, and Moscow-based economic curators. Structurally, regional autonomy has been hollowed out through three parallel mechanisms. First, fiscal centralization has deepened, earmarked subsidies have expanded while flexible inter-budgetary transfers have shrunk, tightening Moscow's control over regional spending priorities. Second, personnel subordination has intensified, key appointments in regions increasingly require approval from federal curators, while local *Siloviki* report vertically to Moscow rather than to regional leadership. Third, legal-institutional pressure, selective criminal cases and nationalizations have become a routine tool of elite discipline. Within this framework, regional elites can be grouped into several functional categories rather than treated as independent political actors.

First, stabilizer agglomerations notably Moscow, St. Petersburg, and Kazan play a normalization role during wartime. Their importance lies in administrative capacity, demographic weight, and budgetary scale, not in political independence. Moscow is the clearest case, its enormous fiscal base and infrastructure make it indispensable for regime stability, yet this does not translate into autonomy. St. Petersburg occupies a secondary position, relevant for ports, shipbuilding, and defense-linked industry, but its political weight is derivative rather than agenda-setting. Second, resource regions such as Yakutia, Tyumen/YNAO, and parts of Siberia are critical for foreign-currency inflows and export revenues. However, their leverage is structural rather embodied with real political influence. The decisive actors here are federal corporations, ministries, not governors. Regional leaders function as technocratic managers of extraction, logistics, and social stability under conditions of external pressure. Third, high-risk territories, particularly in the North Caucasus, represent a distinct model. Chechnya is the most prominent example, where stability rests on a personalized loyalty pact to Putin personally. Other North Caucasus regions remain heavily transfer-dependent and tightly policed, with minimal political latitude.

In sum, by early 2026, Russia's regional landscape reflects managed fragmentation under centralized control. Regions matter for stability, extraction, and logistics, but not as autonomous political actors. Any post-Putin reconfiguration is expected to be decided primarily at the federal level, with regions adapting reactively to possible power centers.

Picture -12: Regional Elites – Actor Relevance

Actor: **Regional Elites**	**Actor Relevance** (Indicators, 0 – none, 1 – minor/ yellow, 2 – strong/ green)							
	Ties to Kremlin		**Sectoral Relevance**			**Stability**		
	Personal ties to Putin	Ties to Putin close cyrcle	Relevance for budget incomes	Determins sectoral rules and policies	Strategic importance for state	Financial	Fin. support from Kremlin	External partners
Sergei Sobyanin – Mayor of Moscow	1	2	2		2	2	0	0
Alexander Beglov – Governor of St. Petersburg	0	2	1		2	1	0	0
Andrei Vorobyov – Governor of Moscow Region	0	1	2		1	2	0	0

Veniamin Kondratyev – Krasnodar Krai	0	0	1		1	1	0	0
Ramzan Kadyrov – Chechnya	2	1	0		2	2	0	2
Dmitry Artyukhov – Yamalo-Nenets Autonomous Okrug (YNAO)	0	1	2		2	2	0	0
Suleyman Kerimov – Dagestan	0	2	0		1	0	1	0
Aysen Nikolaev – Yakutia	0	1	2		2	1	0	0
Rustam Minnikhanov –Tatarstan	1	2	2		2	1	0	0

Oligarchs - Overview

By early 2026, Russia's oligarchic system had undergone a decisive transformation. The pre-2022 model, where large private capital has the possibility to negotiate influence through markets, offshore flexibility, and selective political access has been replaced by a full administrative dependence on the Kremlin, in which proximity to Putin or/and his close circle determines asset security, access to contracts, and survival itself. Oligarchs no longer function as semi-autonomous actors, they operate as system-embedded managers of strategic cash flows, subordinated to political priorities defined at the center. Pushed by Western sanctions capital has been forced back into Russian jurisdiction, where it is fully exposed to prosecutorial pressure and discretionary regulation. In addition to that, lawsuits, "unlawful privatization" claims, and selective nationalizations are used to discipline owners and reallocate assets. Within this system, influence is distributed unevenly. Three figures or groups stand out structurally dominant.

Igor Sechin remains the most powerful politico-economic actor outside the formal power agencies (*Siloviki*). His influence rests on direct personal proximity to Vladimir Putin, institutionalized through decades of joint work and consolidated via Rosneft. Sechin is not merely an oil executive; he is a systemic arbiter at the intersection of the fuel-energy complex, the state apparatus, and the security services. Strategically, **Rosneft** is indispensable. It is a core generator of budget revenues, foreign-currency inflows, and export continuity under sanctions. Sechin was central to reorganizing oil exports toward Asia, rebuilding logistics, insurance, and payment channels, and embedding Arctic megaprojects (notably Vostok Oil) into the new geography of supply. This gives him exceptional leverage. Yet Sechin's financial independence is structurally limited. Rosneft's scale and debt load make it inseparable from state support, tax privileges, and regulatory protection.

The Rotenberg brothers represent a different fraction within the oligarchic regime. Their influence is rooted in personal closeness to Putin and operational dominance in infrastructure, construction, and transport. Since 2022, they have become key operators of what can be described as "soft nationalization." First, they execute politically sensitive projects such as bridges, highways, ports, defense-linked facilities. Second, they sit at the center of asset reallocation pipelines companies seized through courts or prosecutors are frequently transferred to buyers associated with their orbit.

Financially, however, their model is entirely dependent on state contracts, budget flows, they are powerful, but only inside the system.

Yury Kovalchuk occupies a distinct position; His power lies not in resources and cash-flows but as a vital instrument for internal agenda setting. Through Bank Rossiya and National Media Group, and reinforced by family placements in key institutions (his son Boris Kovalchuk – head of the Accounts Chamber), he operates as a central node linking finance, media, and the Presidential Administration. His financial independence is limited, yet his political indispensability compensates for it.

Second-Tier Oligarchs

Figures such as Gennady Timchenko and Leonid Mikhelson remain critical to LNG exports and Arctic logistics, but their position is best described as high strategic value combined with high dependence. Sanctions on shipping, insurance, and technology have increased their reliance on Kremlin. Deripaska, Vekselberg, and Usmanov illustrate the new limits of Russia's oligarchic system. They still control significant assets and economically remain relevant, but they no longer occupy a central position in the Kremlin's power structure. Unlike first-circle figures, they lack either direct personal proximity to Putin or clear strategic indispensability for the state. As a result, their room for maneuvering continues to narrow, while exposure to legal, regulatory, and political pressure remains consistently high.

Picture -13: Oligarchs – Actor Relevance

Oligarchs	**Actor Relevance** (Indicators, 0 – none, 1 – minor/yellow, 2 – strong/green)							
	Ties to Kremlin		**Sectoral Relevance**			**Stability**		
	Personal ties to Putin	Ties to Putin close cyrcle	Relevance for budget incomes	Determins sectoral rules and policies	Strategic importance for state	Financial	Fin. support from Kremlin	External partners
Igor Sechin	2	2	2	2	2	1		
Leonid Mikhelson	1	1	1		1	1		
Gennady Timchenko	1	1	1		1	1		
Vladimir Potanin	1	1	1		1	1		
Oleg Deripaska	1	1			1	1		
Arkady and Boris Rotenberg	2	2	1	2	1	1	2	
Yury Kovalchuk	2	2	1	2	1	1	2	
Viktor Vekselberg	1	1	1		1			
Suleyman Kerimov	1	1				1	1	
Alisher Usmanov	1	1	1		1	1	1	
Alexei Tkachev	2							

VI. WAR DYNAMICS

There are several key factors that decisively shape the war dynamics in Ukraine. These factors are of political (strategic & institutional), economic and military nature and include major aspects of decision-making in the West (USA and EU), Ukraine, Russia and China (in the context of strategic partnership with Russia). Each of the factors might turn into a major one, overshadowing others or alternatively, their complex interdependence and interrelation will contribute to the high degree of uncertainty about the particular outcome and direction of war dynamics.

USA - Trump administration visibly favors Russia but still faces internal institutional challenges and resistance (incl. in the republican party). Given the high risk of losing mid-term elections, White House will pressure Ukraine to agree on its peace deal to sell this as an administration's major foreign policy victory. Having already a history of stopping intel sharing and weapons delivery with Ukraine, the US can do it again to enforce its plan upon Ukraine and her European partners. Politically President Trump shows little sympathy to NATO and article 5. There are already plans on table to reduce US troops in Europe, and daily communication with European counterparts is reportedly reduced. Russia has little incentive to stop war, instead it gets all the motivation to pressure on the frontline even harder. Furthermore, with the existing US-stance (reluctance) on collective security in Europe, Russia already sends clear signals that it can directly challenge EU militarily and use the strategic "window of opportunity" in 2026-27.

EU - Europe is chronically troubled with the lack of political unity and "Trojan horses" such as Hungary and alike, as well as the rapid advance of pro-Russian parties in Germany, France and elsewhere do not make the prospects of a more united Europe real. Most importantly EU lacks a clear vision, the strategy of the end-state in Ukraine (despite numerous and loud declarations), has no plan of military victory, faces serious challenges in allocating funds for Ukraine and is far behind in terms of "militarization" of the economy to meet the demands of a possible war with Russia. Nonetheless, the EU plays major role in ensuring a sufficient degree of funding for Ukraine's military and economic survival. EU lacks military capabilities it has traditionally relied on the US to provide and is programmed to fail operationally if the NATO EUCOM will become paralyzed due to the Pentagon's decision not to invoke the Art.5 despite the hypothetical Russian attack on NATO/EU Territory. Russia reviews European support to Ukraine's as the major factor for its military failure. However, given all the existing challenges Kremlin has little incentive to stop war. Instead, it aims at pressuring the EU more politically from within, escalating its hybrid attacks on European countries and sabotaging their critical infrastructure. This creates serious preconditions to assume that Russia might decide to attack EU militarily already in 2026 and use the strategy "escalate to deescalate" to drive a wedge between European countries and force them to comply with Russian demands.

Russia – the Kremlin has adopted an ideology of an alternative power center to the West, in which former soviet republics have no (historical) rights for independence without Russian control. This ideology is mixed with the strategy of global collaboration between autocratic countries (China, N. Korea, Iran, Venezuela), in which Russia holds significant leverage upon pro-Russian regimes, and parties in the EU. This alliance holds firm and is getting even stronger. Russia's strategic alliance with China is getting stronger due to the Kremlin's huge economic and technological (military) dependence on Beijing. Russia openly expressed its willingness to serve as a major strategic resource base for China. Beijing might regard the current dynamics (continuation of war in Ukraine) as ideal option in every regard, unless Russia achieves complete victory, which radically changes (elevates) the geopolitical relevance of the China-Russia alliance and emboldens its action against the West's (USA, EU and allies) globally.   Russia struggles to uphold the needed scale of militarization of its economy (military production) and is struggling with consolidating financial resources to fund its war effort. Despite informal loopholes in the central budgets, in which additional military funds are hidden, budgetary cuts have become a necessity, and regional budgets struggle significantly unable to compensate for the rapidly growing deficit. Popular support for war and its objectives is declining steadily. Though with great difficulty, Russia still manages to sustain the current recruitment rate. However, in the mid-to-long run these efforts will be unsustainable. Russia strategy is to ensure its strategic alliance with China, through which it hopes to minimize the economic decline and stalling of military production. Kremlin recognizes the mounting challenges in nearly every sector of its socio-economic fabric. However, it plans to achieve its strategic objectives (in Ukraine and Europe), until irreparable damage to Russia's economy and power pyramid happens.

Ukraine - Ukraine's resilience to continue the war depends on the ability of its political leadership to fight corruption, reduce mismanagement and sustain popular support. Despite serious scandals and popularity hits Zelenski's cabinet has no real political alternative for the near future. Another critical factor is the loyalty of the armed forces, i.e. trust in political leadership and strategic political objectives as well as the ability of Ukraine to allocate necessary funding and needed capabilities to sustain at minimum the existing level of war attrition. This is largely to expect (due to EU-support), even if the USA decides to cut all supplies to Ukraine. Finally, Ukraine cannot sustain the current and if necessary higher scale of war effort if problems with desertion, return of male emigrees won't be tackled. Similar concerns can be formulated with regard to stimulation of national businesses and upholding critical infrastructure, as the Russian efforts clearly aim at intensification of attacks on infrastructure and minimization of economic activities, i.e. undermining the country's socio-economic stability.

War dynamics and prospects - Given all the major factors reviewed above, with great certainty it can be said that the Russian political leadership has little to no strategic incentives to stop or seek compromise. Instead, it will continue and intensify its war effort in the short-term perspective (one to max two years). The visible sympathy for Russian interests in the White House, and the continuing strategic support from China allow the Kremlin to continue and even escalate its confrontational course against Ukraine and challenge the EU. Ukrainian armed forces will face a dramatic period of increased pressure on the frontline (with some more territories to lose) and politically, and the EU will be forced to act increasingly alone to offer strategic (political), economic and military support to Ukraine to fully replace the USA in this capacity. This, by no means guarantees the EU from Russia's hybrid attacks, as well as from the military confrontation with Russia that bears a high risk of European political fragmentation, i.e. strategic defeat due to its military deficits and belated political decision-making. In an extreme scenario there is still a possibility of a cease-fire on US-terms if Europe gets blackmailed by a complete withdrawal of US-forces from Europe and abandonment of NATO Art.5.

VII. INTEREST FORMATION AND POWER-CLUSTERS

7.1 Clustering Power Centers - The Status Quo

The idea of pulling together major sectoral actors in distinct power-clusters is based on the simple logic that despite the omnipresent power vertical (вертикаль власти) of the Kremlin and its deep reaching control (and repressive) mechanisms down to the very local level of governance, the political and functional (sectoral) interests of many actors reviewed, still allow for valid assumptions about the high degree of their corporate interest alignment, cooperation and institutional interactions. Hence, the formal belonging to a certain functional sector (e.g. economic) does not preclude actors from building an informal group or center of power and decision-making, in which due to the strong interest and benefit alignment a shared position and coordination of actions will (can) be initiated. It is clear that Putin's obsession with war objectives is a defining factor, a paradigm, within which all major or less important members of the political and socio-economic system of Russia are forced to accommodate, and adjust their actions respectively. Nonetheless, even with this war-defining strategic framework, distinct power-centers, termed as clusters, can be identified and will inevitably exhibit strong distribution of major sectoral actors across "interest-frontlines" despite their informal and fluid format:

- Cluster-1: Political Control and Repression
- Cluster-2: War and Military-Industrial Complex (MIC/VPK)
- Cluster-3: Economic-Financial Policy & Administration
- Cluster-4: Powerful Regional Rulers & System Defining (Super) Oligarchs

These clusters reflect an existing status quo in power distribution. Although actors typically have multiple connections with other partners (actors) across a wide variety of sectors (due to the complexity and wide diversity of their interest), the core, i.e. fundamental interests across major (cluster-defining) actors cannot be overlooked. In all clusters major actors are put in bold as they dominate other actors, and some actors mentioned in previous chapters of the paper are not reflected here due to their minimal role and impact (such as the Ministry of Interior, Prosecutor's Office or the Security Council). A number of actors could be easily placed in more than one power-cluster (due to their variety of embedded interests), yet this option was filtered out to the maximum for the sake of power-centers clarity, leaving only one actor (D. Dyumin) present in two power-clusters simultaneously.

Cluster-1: Political Control and Repression – is a mechanism through which political initiative, elite coordination, and permissible behavior are centrally managed. In this configuration, the Presidential Administration (Anton Vaino and Sergei Kiriyenko) together with the Federal Security Service (FSB) under Alexander Bortnikov form the system's structural backbone (put in bold in picture - 13 below). Their overlapping interests and complementary functions define the internal logic of the cluster and shape the behavior of its peripheral actors. The primary interest of this cluster is the preservation of the center's monopoly over political decision-making and arbitration. In a system where competitive politics has been eliminated and legitimacy is increasingly procedural, the main threat is not the organized opposition or protest, but the emergence of autonomous co-ordination, whether among elite groups, regional actors, economic centers, or security institutions themselves. Cluster-1 operates to prevent such autonomy from materializing. The Presidential Administration functions as a meta-governance structure rather than a policy-making body. Vaino and Kiriyenko do not compete for public visibility or ideological leadership; their power lies in control over procedures, sequencing, and access. Elections, party management, regional HR-policy, i.e. "кадровая политика", legislative tempo, and information management are all synchronized through the Administration to ensure that no political process develops independently from the center. The FSB plays a distinct but complementary role. Unlike Rosgvardia or the Ministry of Internal Affairs, the FSB is not primarily an executive force; it is the institution that defines threat perception within the system. FSB is the key instrument of elite discipline. Selective criminal cases, investigations, and informal warnings function less as mass repression tools and more as mechanisms for maintaining systemic boundaries.

The shared interest of the Presidential Administration and the FSB lies in maintaining a centralized arbitration monopoly. Conflicts between ministries, corporations, regional elites, or informal elite networks must be resolved vertically, through the Kremlin, rather than horizontally or publicly. This prevents the formation of stable alternative coalitions and keeps elite bargaining fragmented and reversible. Other actors within Cluster-1 operate as functional extensions of this core logic rather than as autonomous centers of power. Vyacheslav Volodin provides institutional translation, converting Presidential Administration directives into legislative outcomes and ensuring parliamentary discipline. German Gref and Andrey Kostin anchor the financial infrastructure that sustains control, ensuring uninterrupted payments, budget execution, and social transfers under sanctions. In analytical terms, Cluster-1 is best understood not as a "hard power bloc" but as a control architecture. As long as the center retains its monopoly, the system can absorb shocks, manage conflicts, and reproduce itself even under conditions of war, sanctions, and declining legitimacy.

Cluster-2: War and the Military-Industrial Complex (MIC/VPK) – its rational core interest is the preservation and expansion of a wartime allocation regime in which defense production, procurement, and logistics are treated as a privileged political priority and therefore insulated. In the current Russian system, the war economy is not only a set of factories and contracts; it is a governing mode of domination over all aspects of state/societal interactions. This cluster's first-order interest is guaranteed by budget primacy and protected cash flow. Defense spending, state orders, and classified procurement create a stream of funding that is politically "non-negotiable" in a way that civilian programs are not. The MIC/VPK does not need full autonomy to be powerful; it needs durable prioritization, because prioritization produces leverage over other sectors that must compete for remaining capacity. In peacetime, defense-sector inefficiency and corruption are politically manageable and periodically punished. In wartime, disruption becomes too costly, and the threshold for enforcement rises. Cluster-2 therefore has a rational interest in presenting itself as irreplaceable. This logic may also help explain why Putin replaced Sergei Shoigu, a long-standing member of his close circle, with Andrei Belousov, a formally technocratic figure with no prior institutional linkage to the Ministry of Defense, the move signals an attempt to reassert central managerial control over the MIC/VPK and to minimize its claims to political immunity. Within this configuration, Sergey Chemezov emerges as one of the principal beneficiaries of the wartime MIC/VPK regime. ROSTEC occupies a structurally privileged position as the system's central aggregator of defense-industrial assets. Chemezov's interest, therefore, is not merely in higher defense spending, but in preserving ROSTEC as a quasi-administrative extension of the state. MIC/VPK cluster is structurally dependent on the center and cannot be treated as an autonomous political actor. Its production model is deeply exposed to sanctions and technology constraints; its financing depends on state decisions; its property rights remain conditional; and its managers remain vulnerable to selective legal action if political cover weakens.

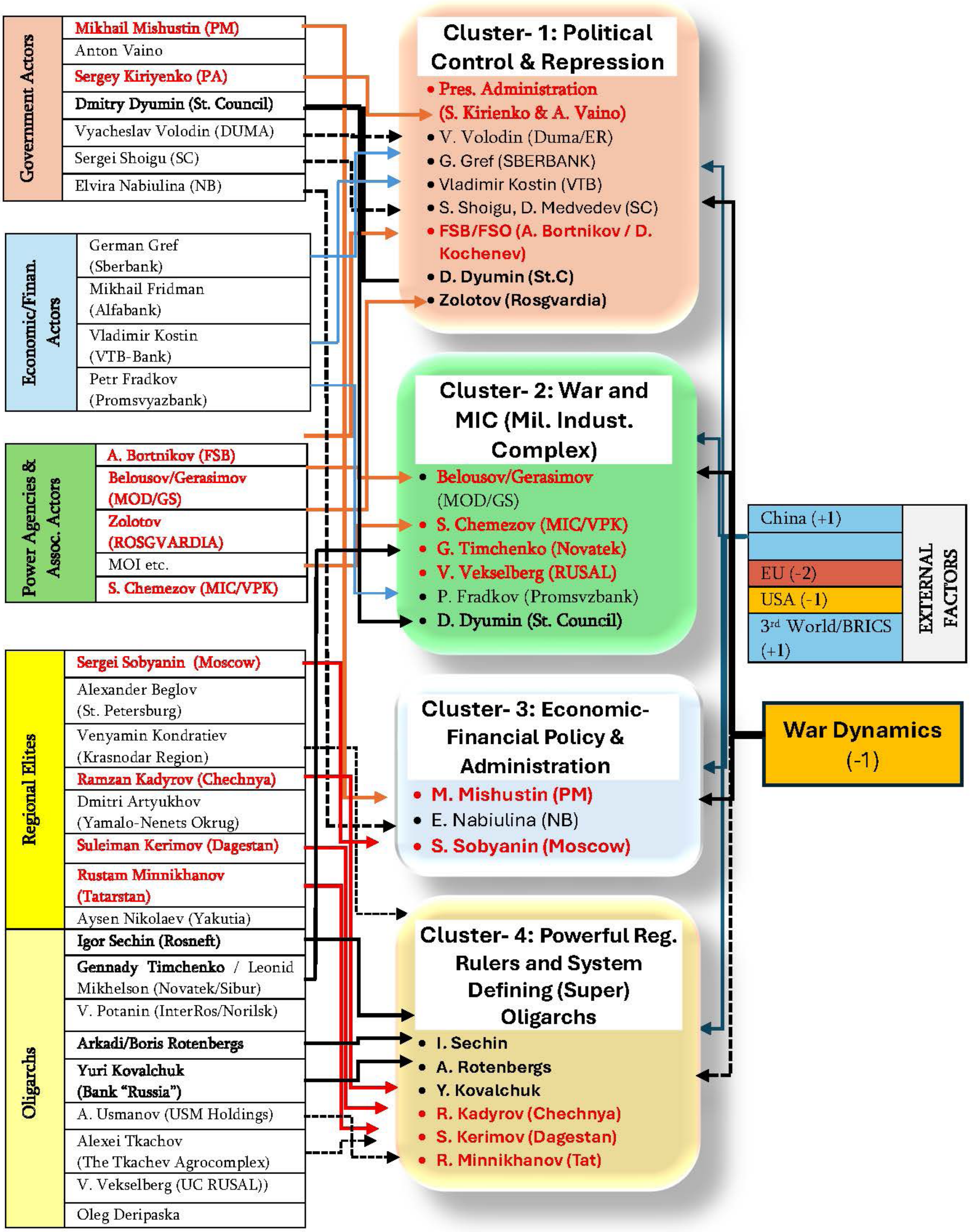
Cluster-3: Economic-Financial Policy & Administration - the main goal of this cluster is to keep the state's economic and fiscal machine operational under war, sanctions, and structural stagnation, while absorbing shocks that would otherwise translate into political instability. At the cluster level, the shared interest can be described as maintaining a workable balance between three constraints: first, the war-driven expansion of state obligations (defense orders, security spending, mobilization-related liabilities); second, the erosion of external options and the rising cost of sanctions adaptation, and third, the need to prevent visible deterioration in living standards from turning into uncontrolled social or elite turbulence. This cluster is therefore not a center of power in the sense of agenda-setting, but it is a center of processing which forces the system to function and makes wartime governance administratively possible. Under war conditions, its bargaining position is structurally weaker than that of the security and military-industrial blocs, because it does not control coercion and cannot veto politically defined priorities. But in the event of a prolonged ceasefire or war termination the very actors whose influence is constrained during wartime would then acquire greater leverage because the regime's survival would increasingly depend on their ability to prevent economic and social dislocation.

Cluster-4: Powerful Regional Rulers and System-Defining (Super) Oligarchs - these actors are best understood as holders of privileged assets, whose status is anchored less in formal office than in the durability of their access to the Kremlin. The super-oligarchs' primary interest is therefore to block any transition from personalized arbitration to institutional governance. In a rules-based system, their competitive advantages would sharply decline, assets would be exposed to scrutiny and contracts to competition. Their rational objective is a regime continuity in its most personalist form, because only such a regime guarantees the durability of their status. Only after these super-oligarchic interests are secured does this cluster expand to include powerful regional rulers and secondary oligarchs such as Kadyrov, Kerimov, Minnikhanov, and Usmanov. In a scenario of a real systemic breakdown or the onset of a genuine power-redistribution process in which Vladimir Putin is no longer present as the ultimate arbiter, this cluster is likely to become one of the most destabilizing arenas of conflict. The very factor that currently disciplines super-oligarchs and powerful regional rulers, the president's personal authority and capacity for final arbitration would disappear. In this sense, the cluster is structurally cohesive only as long as a personalized rule persists, once that constraint is removed, its internal logic shifts from loyalty-based coordination to zero-sum conflict. War dynamics hit heavily on Cluster-3 (Economic and Financial Policy &

Administration), as it forces key actors there to compensate all the financial-economic losses and negative developments via permanent adjustments and often radical corrections of policies across multiple sectors of the Russian economy, banking and financial sector. The biggest losers of war are concentrated in this cluster and are represented by PM-Mishustin, and the director of The Central Bank Elvira Nabiulina. Despite their extraordinary efforts, the spiraling effects of economic decline, deficit and stagflation can no longer be hidden. Since the outbreak of war in Ukraine multiple packages of sanctions severely limited Russian economy and financial sector from operating normally, forcing Russian government (Mishustin) and key financial institutions (Nabiulina) to adjust radically their administrative power and policies to minimize the destructive effects of war.

The military-industrial complex (MIC/VPK) and actors represented by Cluster-2 benefited most from the war effects. They accelerated the transfer of production lines and activities from civilian into military and military-related industries, significantly reviving military production centers and making MIC/VPK the biggest contributor to national GDP. The Russian MOD/GS, war minister Chemezov and oligarchs like Timchenko, Vekselberg and Fradkov benefit strongly from the positive economic development with China and (still) stable trade relations with third world countries that keeps Russian economy afloat, and most importantly, ensures the steady supply of critical components necessary for upholding military production, i.e. state financial appropriations for war related efforts at the current level (signs of minor decline still visible). Nonetheless, the radical isolation from the European markets caused by ever increasing impact of sanctions (US including) especially on the Russian energy sector, negatively affect not only broad spectrum of economic sectors and income of system defining oligarchs, but radically decimate the availability of social packages, liquidity of regional budgets and increasingly destabilize the capacity of political machinery centered in Cluster-1 (Political Control & Repression) to control and pressure society. Increased socio-economic strains on society and regions (except those who benefited from MIC/VPK revitalization – i.e. Tatarstan, Sverdlovsk, Perm, Chelyabinsk etc.) force the presidents administration (Kiriyenko), the FSB, and Rosgvardia to spend more resources on preparing to counter potential public discontent, which could be used otherwise and at a certain point would no longer suffice.

Picture-14: Distribution of Power Clusters – the Status Quo



7.2 Clustering Power Centers - After Putin

As already mentioned before, the current status quo of power-clusters is based on the fundamental principle of the dominance of Putin's power-vertical and the priority of its strategic agenda. Kremlin's objective of continuing war against Ukraine is the ultimate guiding framework, within which all members of various power-clusters with a varying range of benefits and losses are forced to accommodate, often completely against their own (and sectoral) strategic interests. In the "After Putin" scenario, the mentioned dominating factor is gone, forcing the members of existing power-clusters to re-calculate their interests, costs and preferences, and completely review and reassess their membership in power-clusters, ultimately leading to a new picture, disposition and structure (membership) of power-clusters. As key factors serve sectoral dynamics and interests, existing corporate and private links between major actors, as well as the essential strive for political (physical) survival and accumulation of security mechanisms and (hard) power as a guarantee from rivaling power centers.

It is obvious that economic oligarchs (incl. system defining ones) and regional elites are mostly affected and suffering from the negative dynamics in the economic sector. Hence, they appear as logical partners in the event of an after-Putin scenario. Similarly, MIC/VPK, FSB and Rosgvardia, along with the President's Administration, who are benefiting most from the current status quo, can be regarded as potential allies in the situation in which no one is capable of holding the power-vertical firmly. However, there are also strong informal ties between Rosgvardia, oligarchs and powerful regional leaders, which implies that the option of alternative partnership structures should not be dismissed at all.

Cluster – 1 (Political Control)

In the transition period following Putin's exit from the system, regardless of how that exit occurs, the central issue for the regime will be the question of who acquires the capacity to act as the ultimate arbiter and to define the boundaries of permissible behavior for other heavyweight actors? In this configuration it seems that the most powerful and potentially dominant cluster will be the one (Cluster-1) combining the Presidential Administration (Kiriyenko), the FSB, and Yury Kovalchuk. The strength of this bloc derives from the accumulation of two structural resources that, in the absence of Putin, begin to function as a substitute for personal arbitration. First, the FSB possesses deep institutional power built over decades through control over operational intelligence, selective law enforcement, and the authority to define threats. Second, the Presidential Administration exercises de facto control over domestic politics as a technology cadre management, electoral engineering, regional discipline, and party structures. Kovalchuk adds a third component, the capacity to sustain manageability through media control and closed financial mechanisms. The core interest and objective of this bloc during the power-transition period is not a radical rupture, but the reformatting of the system in a way that transfers (or rather maintains) the center of arbitration to full control of this cluster. Under Putin, systemic balance was maintained through the finality of personal decision-making, elite groups could compete, but all recognized a single point of last resort. With Putin gone, that point disappears, and the system faces a number of risks. The first is horizontal elite conflict, in which major actors begin negotiating and clashing directly, bypassing the (previously existing) center. Another risk is progressive *autonomization,* i.e. politico-economic emancipation of regions, major oligarchs, or even regional units of state security apparatus.

For the FSB, the interest is highly pragmatic, in a post-Putin environment every major actor will seek guarantees of personal, legal, and property security. The FSB, with its dossiers, operational infrastructure, and capacity to initiate legal pressure, becomes the primary provider of such guarantees and simultaneously the primary source of risk. Yet to convert this position into durable dominance, the FSB requires not chaos but a stable framework. Uncontrolled elite conflict would encourage the creation of parallel security arrangements and undermine its primacy. A compromise configuration therefore serves the FSB's interest by keeping discipline centralized and preventing the fragmentation of coercive authority. Hence, the largely well-functioning ties to the President's Administration and Kiriyenko personally will persist and strengthen. For the Presidential Administration itself, the strategic interest lies in preserving its monopoly over procedure and political synchronization. The Administration controls the infrastructure that makes the political field legible and manageable. In the absence of Putin, this infrastructure becomes a power resource in its own. But it remains effective only if backed by coercive authority, hence the convergence of interests with the FSB becomes logical and in fact, inevitable. It is also relevant that open-source reporting and investigative journalism repeatedly place Sergei Kiriyenko within the broader Kovalchuk group, which further strengthens the analytical logic of treating them as part of the same cluster.

Cluster-2 (Economy)

In a post-Putin transitional period, Cluster-2 is likely to become the most exposed and vulnerable bloc in the entire power system. Unlike clusters that combine hard security power and political control mechanisms, this group does not control any meaningful element of coercion or agenda-setting. It cannot retreat into asset protection or export cash flows as rent-and business asset holder would typically do. Its members are structurally and functionally responsible for keeping the country functioning afloat and precisely for that reason they are the first to be blamed, pressured, or sacrificed when redistribution of power begins. The central figure here is Mikhail Mishustin (and E. Nabiulina), whose government has been tasked to support "normal" functioning of the state during war. This made Mishustin indispensable in wartime but also deeply vulnerable in the transitional period. He is the face of "the economy that still works," which in a power struggle easily turns into the face of everything that no longer functions. Any post-Putin elite coalition seeking to reallocate resources or discredit rivals will find it convenient to target the technocratic government. For this reason, Cluster-2 has a strong rational interest in de-escalation. Unlike the security bloc or the military-industrial complex, its members have direct grasp and understanding of the real state of the economy. A freeze or gradual winding down of military activity in Ukraine would not be an ideological choice for this cluster, it is a rational choice to stabilize budgets and prevent economy from collapsing. These are rational factors that would force powerful regional leaders with major economic interests such as Sobyanin (Moscow) and Minnikhanov (Tatarstan) theoretically to join this power-center.

The inclusion of Rotenberg brothers in this cluster reflects their potential vulnerability due to their heavy financial dependency on continuous budgetary flows and infrastructure spending. Moreover, open-source reporting and investigative journalism have repeatedly pointed to Mishustin's connections with the Rotenberg circle, particularly through long-standing professional and institutional ties dating back to his pre-premiership career. Elvira Nabiullina, German Gref, and Anton Siluanov occupy similarly precarious positions, as in a period of political transition, financial panic or loss of confidence would instantly discredit them, even if such outcomes are driven by political struggle rather than policy failure. In sum, Cluster-2 enters a post-Putin transition as the bloc with the most to lose and the least ability to defend itself politically and physically (no distinct power-agency behind). This makes it structurally inclined toward compromise, de-escalation, and normalization but also positions it as the primary target in any scenario where other clusters choose confrontation over stabilization. It is also necessary to point out that according to Art. 92 of the Russian Constitution, in the event of the president's exit from office, the prime minister (Mishustin) automatically assumes the role of acting president. Although the powers of an acting president are formally limited, the status of acting president confers temporary control over the formal executive chain, access to state institutions, and the ability to legitimize or block key decisions during the most fragile phase of transition. This makes Mishustin an unavoidable strategic actor in the early stages after Putin's departure and at the same time he becomes both valuable and dangerous to other clusters. As a result, it is rational to expect that other power-centers will seek either to neutralize Mishustin quickly or to bring him under direct control.

Cluster-4 (Military & War-Industry)

In a post-Putin transition, Cluster-4, which brings together S. Chemezov as the core corporate military-industrial mogul, the Ministry of Defense (S. Belousov) and General Staff (V. Gerasimov), oligarchs Gennady Timchenko and Petr Fradkov, forms a unique bloc, in which the bloc members are guided by shared strategic interest to preserve the war economy and not allow other blocs to dominate the political-repressive mechanisms. At the center of this cluster stands Sergey Chemezov, whose interest is to preserve the current model of militarized industrial governance. ROSTECH has expanded dramatically under wartime conditions. His rational strategy in a transition is therefore to institutionalize wartime arrangements as "strategic necessity", arguing that security threats persist regardless of leadership change. The Ministry of Defense and General Staff, represented by Belousov and Gerasimov, have a more complex but convergent interest. Their shared interest is to prevent the war from being reframed as a political mistake that requires fundamental rollback and respective political if not legal liability. Both MOD/GS and MIC/VPK will continue to see each other as natural allies, who provide both resources (incl. financial ones) and protection by hard power. In fact, in a transitional period MOD/GS becomes most powerful agency with most guns and people in arms, hard to compete even with heavily militarized Rosgvardia. It is also necessary to account for a structural feature of the current regime with the dominant institutional position of the FSB and its long-standing suspicion toward the Ministry of Defense as an autonomous power center. In the logic of the system as it exists today, the military is tolerated as an instrument but never trusted as an independent political actor. The war has sharply increased the weight of the defense sector, but it has not erased the FSB's institutional reflex to treat the MOD and the General Staff as a potential source of uncontrolled escalation. From this perspective, it is analytically consistent to assume the inevitable confrontation between cluster-1 (Presidential Administration – FSB - Kovalchuk) and cluster-4, with the ultimate objective of the former, to quickly subordinate the latter in the transition period. Strategically vested in the continuation of war MOD/GS-MIC/VPK cluster can't accept a sharp reduction of military/war spending and respective influence and therefore would seek alternative options for continuing the war (Chechnya?) even if a lasting solution for Ukraine is found.

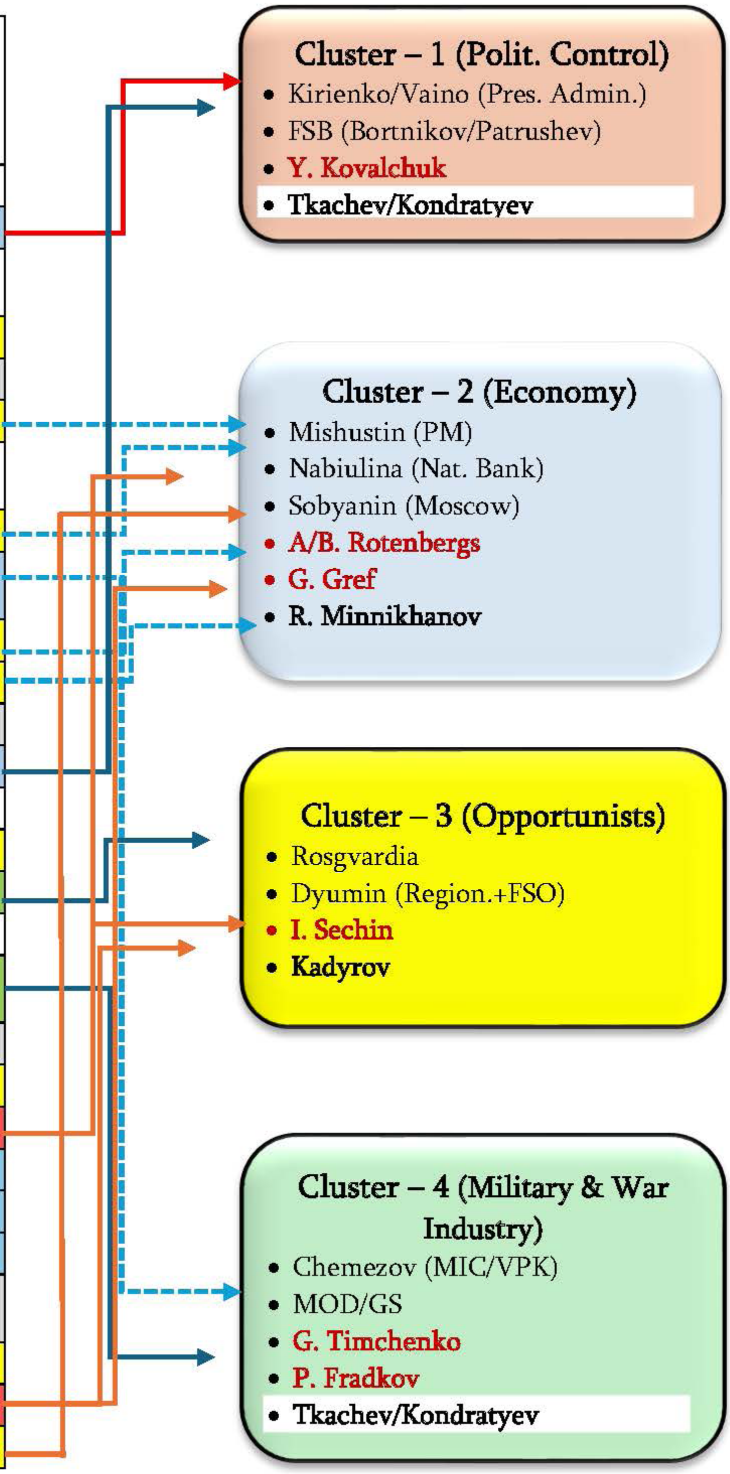
Claster 3 (Opportunists)

This power center should be treated analytically not as a coherent one with a shared strategic line, but as a residual constellation of powerful actors who do not fit cleanly into other major clusters. Viktor Zolotov (Rossgvardia) and Ramzan Kadyrov, i.e. ruler of Chechnya form one of the few genuinely close possible partners inside this grouping. Their relationship is based on long-standing mutual accommodation and operational trust. Rosgvardia has repeatedly acted as a permissive federal shield for Kadyrov's internal security autonomy, while Kadyrov has consistently avoided direct confrontation with Zolotov personally, distinguishing him from other federal siloviki. In addition, Zolotov retains some influence over parts of the FSO ecosystem along with Alexei Dyumin. Importantly, Dyumin is not clearly embedded in any of clusters, and hence his future alignment is not fixed. Igor Sechin stands apart even within this grouping. Formally, he belongs to the top tier of system defining oligarchs, but in the current configuration he does not sit comfortably inside the economic-administrative or political-arbitral clusters. Nikolai Patrushev has, in the past, maintained working relations with Sechin based on shared hardline views on sovereignty, security, and state control of strategic sectors. At the same time, this grouping is internally fractured by one of the most significant unresolved conflicts in the system between Sechin and Kadyrov. With the power of Ramzan Kadyrov fading away (literally) future Chechen rulers will be contested internally, loose their relevance in Russian power-system and seek for powerful partners in Kremlin. This is also valid for other regional elites and Rosgvardia, which is a structural competitor for MOD/GS.

Picture-15: Sectoral Dynamics Combined

Power Clusters "After Putin"
(Oligarchs in red, regional elites in bold)

Power Agencies	strong negative (- -), negative (-), neutral (0), positive (+), strong positive (++)
Elite consolidation	0
Control over society	+1
Regime's legitimacy/popularity	0
Ideological stability	-1
Economic Sector	
Impact of sanctions	-1
Banking system stability	0
Fiscal & tax balance	-1
Trade with China EUEU	+1
Energy and transport	-1
Food supply	-1
Power Agencies	
FSB	+1
MOD	
Kadyrov	-1
Rosgvardia	+2
MOI	
MIC/VPK – S. Chemezov	+2
External Factors	
US	-1
EU	-2
China	+1
BRICS	+1
Third World	+1
Sector Reg. Elites & Oligarchs	
Regional Elites	-1
Oligarchs	-2
War Dynamics	-1



7.3 Consolidation & Confrontation of Mega-Clusters

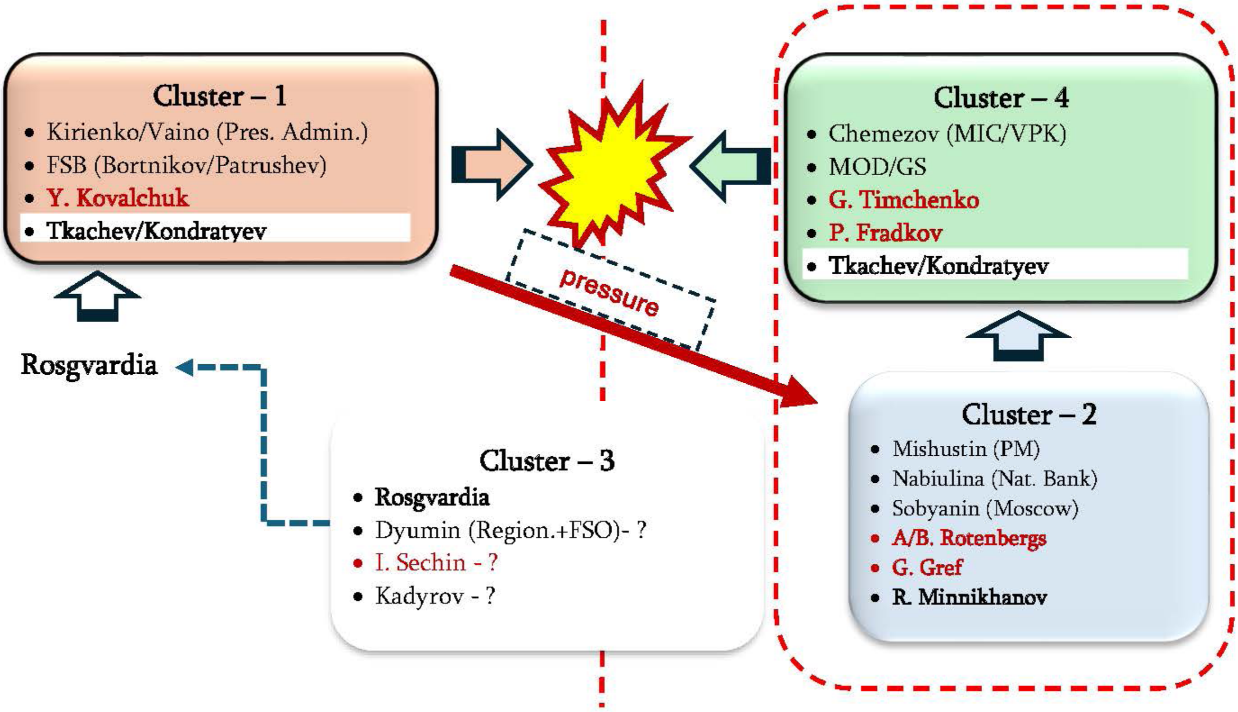
All major power centers in the system have instruments of administrative control, and economic backing, with oligarchic capital providing the financial depth necessary for political survival. This fragile balance of multiple power-centers cannot last long and will inevitably result in the solidification of two major confronting power-centers (mega-clusters). The first cluster (PA, FSB) enters the transition period with maximum political relevance, institutional and repressive reach, but with a structural limitation in terms of direct hard power. This asymmetry makes alignment with Rosgvardia both logical and likely, as it allows the political-security core to compensate for its deficit in force (in the field). In this context, the option of applying preventive pressure on Mishustin or the economic-administrative bloc cannot be excluded. Such pressure would not be aimed at immediate removal, but at narrowing the space for technocratic autonomy and ensuring that formal executive authority does not evolve into an alternative center of gravity during the transition.

By contrast, Cluster-4 (military and MIC/VPK) is defined by concentrated resource power and military capacity, but suffers from a chronic shortage of political legitimacy and institutional instruments of repression. The military-industrial complex, the defense ministry, and their financial and logistical appendages command production, manpower, and resources, yet lack the mechanisms to shape the political field and increase their political legitimacy. For this reason, their rational strategy in a post-Putin environment is to find a tactical alignment with the economic-administrative bloc led by Mishustin, formal prime minister and Putin's constitutional successor. At the same time, Rosgvardia is perceived as a potential rival in terms of hard power, especially if it becomes the enforcement arm of the political-security alliance in Cluster-1.

Within this configuration, Kadyrov's role is structurally diminishing regardless of the specific transition scenario. His power is highly personalized, territorially confined, and dependent on the existence of a supreme arbiter (Putin). In the absence of Putin, Kadyrov or his successors in Chechnya become less relevant and more a problem to be solved. His future is likely to be determined by the outcome of the rivalry between Cluster-1 and Cluster-4, with both clusters harboring sufficient resentments against the role of Chechen rulers in Russian power-system.

Taken together, this configuration suggests that the transition will be less about the emergence of a single dominant successor and more about rebalancing asymmetries between power centers. Oligarchs will align with the respective power-center in accordance with their corporate interest and personal ties.

Picture-16: Consolidation and Confrontation of Mega-Clusters



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