

GAIDAR INSTITUTE FOR ECONOMIC POLICY

**RUSSIAN ECONOMY
IN 2025**

TRENDS AND OUTLOOKS

(Issue 47)

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The review "Russian Economy. Trends and Outlooks" has been published by the Gaidar Institute since 1991. This is the 47th issue. This publication provides a detailed analysis of main trends in Russian economy, global trends in social and economic development. The paper contains 5 big sections that highlight different aspects of Russia's economic development, which allow to monitor all angles of ongoing events over a prolonged period: the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

Reviewer:

Sigova M. V., Doctor of Economic Sciences, Professor, Rector of the International Banking Institute named after Anatoliy Sobchak

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Section 1

Monetary and budgetary sphere

1.1 Monetary policy¹

1.1.1. Key trends in monetary policy

In 2025, the Bank of Russia's monetary policy was conducted as the economy gradually moved toward a path of balanced growth following the emergence of a significant positive output gap in 2023 and 2024. The maintenance of a tight monetary policy contributed to a slowdown in inflation.

In March 2025, inflation in Russia, measured as the year-over-year growth rate of consumer prices, reached its highest level in the past two years at 10.3%, significantly exceeding the Bank of Russia's target. This was due to the Bank of Russia's underestimation of the inflationary risks that emerged in 2024 as a result of significant credit and fiscal stimulus. Maintaining the key rate at 21% per annum from October 2024 through June 2025 helped slow inflation and allowed for a gradual easing of monetary policy. Starting in June 2025, the key rate was lowered at every meeting of the Central Bank of Russia's Board of Directors: on June 6 — by 1% (to 20% per annum), on July 25 — by 2% (to 18% per annum), on September 12 — by 1% (to 17% per annum), on October 24 — by 0.5% (to 16.5% per annum), and on December 19 — by 0.5% (to 16% per annum). At the same time, inflation slowed: in December 2025, annual inflation over the previous 12 months slowed to 5.6% — the lowest level since March 2024 (*Fig. 1*).

Despite the slowdown in inflation, pro-inflationary risks still outweigh disinflationary ones. The main pro-inflationary factors include a resumption of credit growth in the second half of 2025, high inflation expectations and budget spending, continued tightness in the labor market, indexation of housing and utility rates, and an increase in the VAT rate. At the same time, an important disinflationary factor in 2025 was the strengthening of the ruble, driven by high interest rates and the maintenance of a current account surplus amid a decline in capital outflows from the coun-

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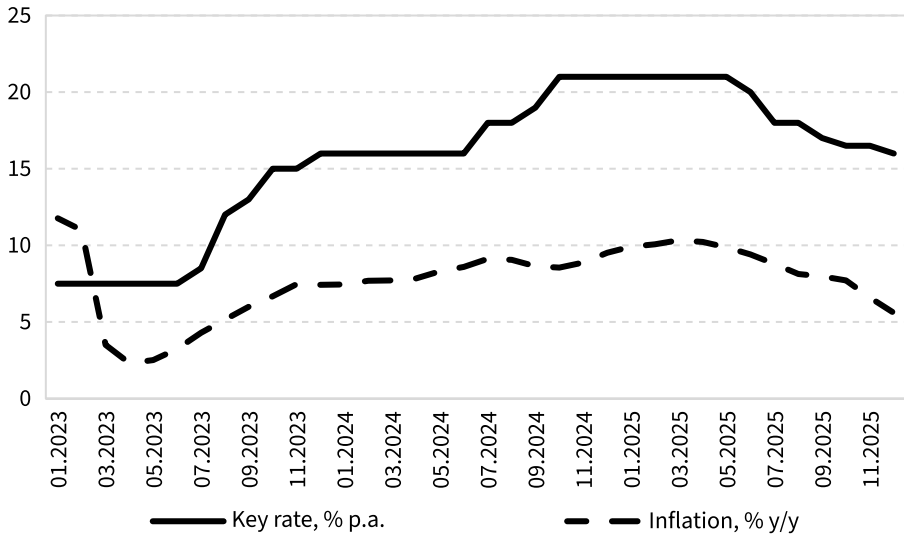


Fig. 1. Dynamics of the CBR key rate and inflation in 2023–2025

Source: Bank of Russia.

try. Taking these risks into account, the Central Bank of the Russian Federation still plans to maintain tight monetary conditions in the economy for an extended period: in the baseline scenario of the Bank of Russia's medium-term forecast, the average key rate in 2026 is projected to be in the range of 13.5–14.5% per annum.¹

A key factor behind the acceleration of inflation in H2 2023 through 2025 was the emergence of a significant positive output gap resulting from growth in real household income, government spending, and robust credit activity. At the same time, the potential for increasing supply remained limited amid a tight labor market and high capacity utilization. In 2025, as a result of tight monetary policy, the output gap narrowed, which helped reduce inflationary pressure. Fig. 2 shows the dynamics of the output gap, its trend component, and the deviation from the trend.

Consumer demand can be approximated by retail sales, which remained above their trend from June 2023 through early 2025, with the largest deviation from the trend over the past two years occurring in March 2024 and amounting to 3.3% (Fig. 3). In 2025, as a result of tight monetary policy, retail sales growth slowed and fell below the trend (the deviation from the trend averaged –0.24% for 2025). Retail sales turnover increased by 2.6% in 2025 compared to the previous

1. Bank of Russia Medium-Term Forecast following the meeting of the Board of Directors on February 13, 2026.

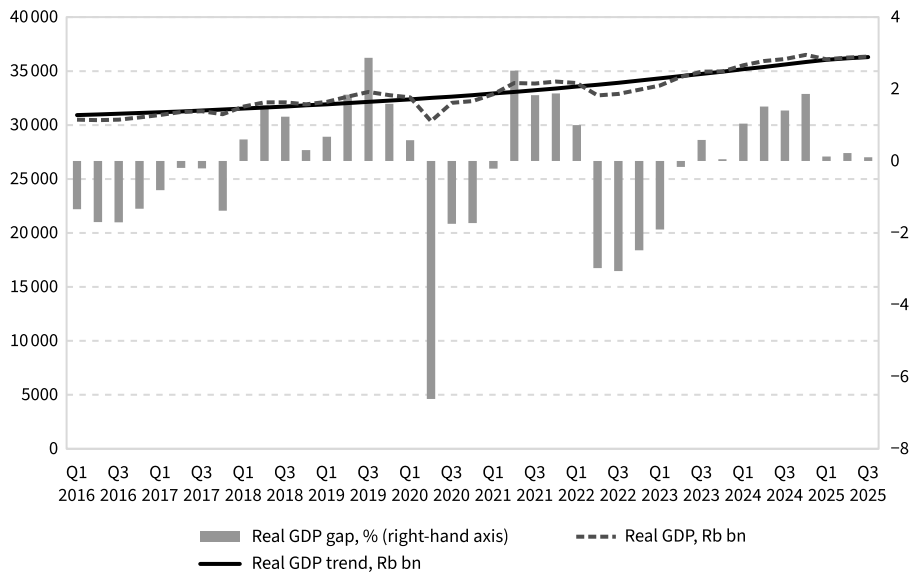


Fig. 2. Real GDP gap in the Russian economy, 2016–2025

Sources: Rosstat, own calculations.

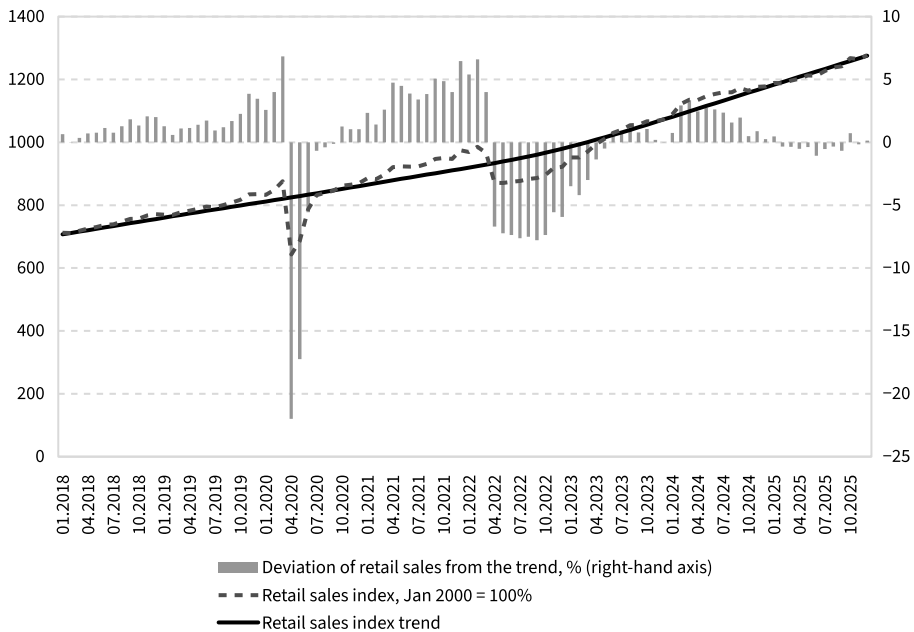


Fig. 3. Consumer demand in Russian economy in 2018–2025

Sources: Rosstat, Bank of Russia, own calculations.

year (+7.7% in 2024); the growth in the volume of paid services to the population was 2.8% (+4.3% in 2024); real disposable cash income of the households grew by 7.7% (+9.9% in 2024).

In 2025, the budget's disinflationary impact was less than the Bank of Russia had anticipated, due to a widening budget deficit as oil and gas revenues declined. By the end of the year, federal budget expenditures rose by 6.8% compared to 2024, reaching Rb42.9 trillion, while oil and gas revenues fell by 23.8% to Rb8.5 trillion. As a result, the federal budget for 2025 showed a deficit of Rb5.6 trillion (2.6% of GDP), which is Rb2.15 trillion higher than in the previous year.

The decline in demand in 2025 was driven by a sustained slowdown in consumer and corporate lending, which began in December 2024 and continued in the first and second quarters of 2025. The growth rate of corporate lending for 2025 stood at 12.4% year-on-year, compared to 22.5% for 2024. The growth rate of consumer lending in 2025 was 2.8% compared to the previous year, whereas at the beginning of the year it had reached 10%.

A significant disinflationary factor in 2025 was the strengthening of the ruble, driven by a continued current account surplus amid a slowdown in capital outflows: over the course of 2025, the ruble appreciated by 23% against the dollar, reaching Rb78.2 per dollar.

Despite the gradual easing of labor market tightness, a severe labor shortage became a major driver of consumer price growth in 2025. Over the past two years, companies have been forced to compete for labor by raising wages, and strong consumer demand for their products allowed them to pass on rising costs to prices. In addition, high inflation expectations among workers also exerted upward pressure on their wage expectations. In 2025, the unemployment rate continued to decline, reaching 2.2% by year-end. The growth in broad unemployment indicators — which include those who are willing to work but cannot actively seek employment or start work immediately, as well as those working part-time — may indicate some normalization of the labor market situation during this period.¹

1.1.2. Money market

The emergence of a positive output gap and the growth of the money supply in the Russian Federation, which became key drivers of inflation in 2023–2025, were also reflected in lending trends.

In 2025, the broad money supply increased by 9.7% to Rb30,664 bn (in 2024, it grew by 5.5% to Rb27,958 bn). All components of the broad monetary base showed growth: credit institutions' correspondent accounts increased by 23.7% to Rb5,827 bn; banks' deposits with the Bank of Russia — by 14% to Rb4,834 bn; re-

1. URL: https://www.cbr.ru/Content/Document/File/184582/summary_key_rate_06112025.pdf

quired reserves — by 11.0% to Rb554.1 bn as a result of an increase in the volume of deposits in banks and, consequently, in reserve-eligible liabilities; the amount of cash in circulation grew by 5.1% to Rb19,450 bn. It should be noted that demand for cash remained generally stable throughout the year. The volume of excess reserves¹ for 2025 increased by 10.1% compared to the previous year and amounted to Rb10,660 bn (*Table 1*).

Table 1

Dynamics of the broad money supply in 2024 and 2025, Rb bn.

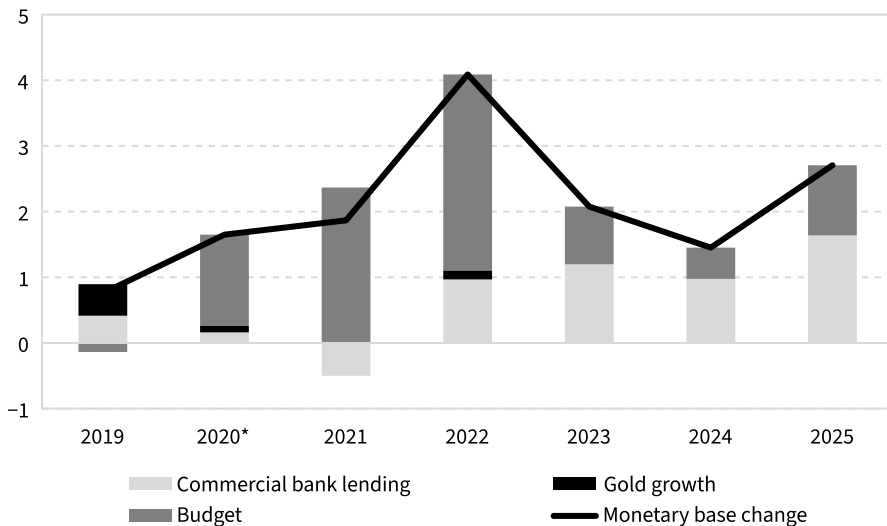
	01.01.2024	01.01.2025	01.01.2026
Monetary base (broadly defined)	26 506.8	27 958.4	30 664.1
— Cash in circulation, including cash on hand at credit institutions	18 320.7	18 511.2	19 449.7
— Correspondent accounts of credit institutions with the Bank of Russia	4 530.5	4 708.8	5 826.8
— Mandatory reserves	271.7	499.3	554.1
— Deposits of credit institutions with the Bank of Russia	3 383.9	4 239	4 833.5
— Bank of Russia bonds held by credit institutions	0.0	0.0	0.0
<i>For reference: excess reserves</i>	7 914	8 948	10 660

Source: Bank of Russia.

The most important factors influencing the formation of the monetary base include the Bank of Russia's transactions with the government, its transactions with credit institutions (CIs), other operations of the Central Bank of the Russian Federation — primarily the accumulation of international reserves — and its gold transactions² (*Fig. 4*). In 2025, the contribution of the budget channel to the growth of the monetary base amounted to Rb1.1 trillion, while the contribution of the Bank of Russia's claims on the banking sector was Rb1.6 trillion. It should be noted that between 2022 and 2024, the main contribution to the growth of the monetary base came from the Russian Ministry of Finance's operations with National Wealth Fund (NWF) funds (Rb4.6 trillion, or 61% of the total growth in the monetary base). A comparable contribution to the dynamics of the monetary base came from the Bank of Russia's lending to commercial banks, which amounted to Rb3.1 trillion in 2022–2024, or 41.2% of the total growth in the monetary base. Bet-

-
1. Excess reserves of the banking system include deposits of credit institutions with the Bank of Russia, correspondent accounts of credit institutions with the Bank of Russia, as well as Bank of Russia bonds held by credit institutions.
 2. *Drobyshevsky S.M. et al. Reasons for accelerating inflation in the Russian economy//Voprosy Ekonomiki. 2025. No. 1. P. 5–31.*

ween 2022 and 2024, the growth of the monetary base due to the Bank of Russia's gold purchases and its interventions in the foreign exchange market was negative (–Rb0.1 trillion). The remaining growth in the monetary base in 2022–2024 amounted to –Rb0.1 trillion and was associated with changes in budget balances in accounts at the Bank of Russia and with other operations affecting the monetary base (for example, the Central Bank of the Russian Federation's claims on other financial institutions).



* The one-time effect of the Bank of Russia's divestment from Sberbank's capital in 2020, amounting to Rb2.139 trillion, has been taken into account.

Fig. 4. Factors influencing the formation of the broad money supply in 2019–2025, Rb trillion

Sources: Bank of Russia; Finance Ministry of Russia; own calculations.

The average monthly growth rate of the M2 money supply (on an annualized basis, compared to the same period of the previous year) was 10.6% in 2025, whereas in 2024 it stood at 19%. Given that the average growth rate of the monetary base in 2025 was 14.7%¹ (9.8% in 2024), the money multiplier (the ratio of M2 to the monetary base) stood at 4.4 (3.8 in 2024). The slowdown in M2 money supply growth was due to a decline in lending dynamics. Thus, the growth rate of corporate lending in 2025 remained in the double digits, although it declined compared to 2024. The slowdown in consumer lending in 2025 was driven by high interest rates and tighter macroprudential regulation.

1. Average growth rates (month-on-month compared to the corresponding month of the previous year), calculated using the geometric mean.

Throughout 2025, the Russian money market was characterized by a liquidity surplus¹ averaging Rb1.0 trillion, which corresponds to the average level seen in 2024. While the liquidity surplus grew from Rb0.5 trillion to Rb1.4 trillion between January and August 2025, it subsequently shrank to Rb0.4 trillion, and in December a deficit of about Rb0.2 trillion formed (*Fig. 5*). The growth in the liquidity surplus in the first half of the year resulted from the investment of NWF funds, including in infrastructure projects. The subsequent gradual decline in the liquidity surplus and the transition to a deficit were due to the Bank of Russia's uniform mirroring² of these operations during the second half of the year in accordance with the announced procedure.³ Consequently, by the end of 2025, despite the protracted nature of the mirroring operations, the impact of operations involving the expenditure of NWF funds, including on infrastructure projects, became generally neutral for the banking sector's liquidity balance.

In 2025, the Russian monetary authorities' net sales of foreign currency on the domestic foreign exchange market totaled Rb2.1 trillion. Of this amount, foreign currency purchases conducted as part of regular operations under the budget rule (equivalent to additional oil and gas revenues) amounted to Rb34.2 bn,⁴ whereas the adjustment⁵ to the volume of operations under the budget rule announced by the Russian Ministry of Finance, which contributed to a reduction in banking

1. According to the Bank of Russia's definition, the level of the structural liquidity deficit/surplus represents the difference between the Bank of Russia's liabilities under refinancing operations and its liabilities under absorption operations. A structural liquidity deficit in the banking sector is a state of the banking sector characterized by a sustained need among credit institutions to attract liquidity through operations with the Bank of Russia. The opposite situation—a sustained need among credit institutions to place funds with the Bank of Russia—constitutes a structural liquidity surplus. Starting in November 2023, the Bank of Russia refined the methodology for calculating the banking sector's liquidity deficit/surplus: from now on, the calculation of this indicator takes into account the balance between the balances on banks' correspondent accounts and the averaged value of the required reserve ratio (RRR). Including the balance between banks' correspondent accounts and the RRR in the calculation eliminates the impact on the indicator of transactions that reflect banks' strategies for maintaining the RRR.
2. Transactions conducted by the Bank of Russia in the foreign exchange market to ensure that operations under the fiscal rule have a neutral impact on the money market. In addition, investing NWF funds requires their withdrawal from the liquid portion of the NWF denominated in foreign currency, the sale of foreign currency on the foreign exchange market, and the purchase of ruble-denominated assets. The sale of currency from the NWF is mirrored by the Central Bank of the Russian Federation on the foreign exchange market.
3. URL: <https://www.cbr.ru/press/event/?id=24735>
4. Information on the formation and use of additional oil and gas revenues of the federal budget in 2018–2025. Ministry of Finance of Russia. URL: https://minfin.gov.ru/ru/document?id_4=122094-svedeniya_o_formirovani_i_ispolzovanii_dopolnitelnykh_neftegazovykh_dokhodov_federalnogo_byudzheta_v_2018-2026_godakh
5. Regular transactions under the budget rule are adjusted by the net amount of the following transactions: the difference between the volume of currency purchases deferred from August 10 to December 31, 2023, under the budget rule, and the volume of National Welfare Fund (NWF) expenditures to finance the 2023 budget deficit outside the budget rule, as well as currency sales in the amount of net NWF investments.

sector liquidity through currency sales from the National Wealth Fund, amounted to approximately Rb2.13 trillion. After declining in 2024, demand for cash remained stable in 2025 (14.1% of M2 money supply¹) due to high deposit rates, which encouraged a savings-oriented behavior among the population.

According to the Bank of Russia's forecasts, a structural liquidity deficit in the banking sector is expected over the next three years. It is assumed that the Central Bank of the Russian Federation's regular foreign exchange purchase and sale operations during this period — conducted under the budget rule in the domestic foreign exchange market — and the mirroring of such operations through the use of National Wealth Fund (NWF) resources to invest in permitted financial assets within the Russian economy will continue to mitigate the impact of budget operations on the monetary base and banking sector liquidity. At the same time, the outflow of liquidity from banks in 2026–2028 will be facilitated by an increase in the volume of cash in circulation as monetary policy is eased.²

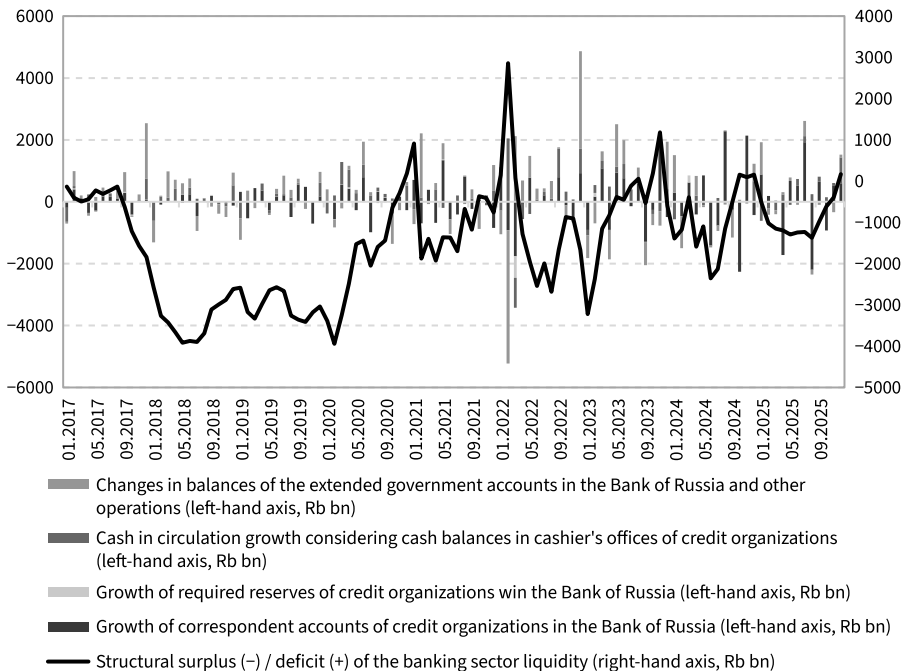


Fig. 5. Structural liquidity surplus of the banking sector and its components in 2017–2025, Rb bn

Source: Bank of Russia.

1. Calculated as the ratio of M0 monetary aggregate to M2 monetary aggregate.

2. Main directions of the unified state monetary policy for 2026 and the period 2027–2028.

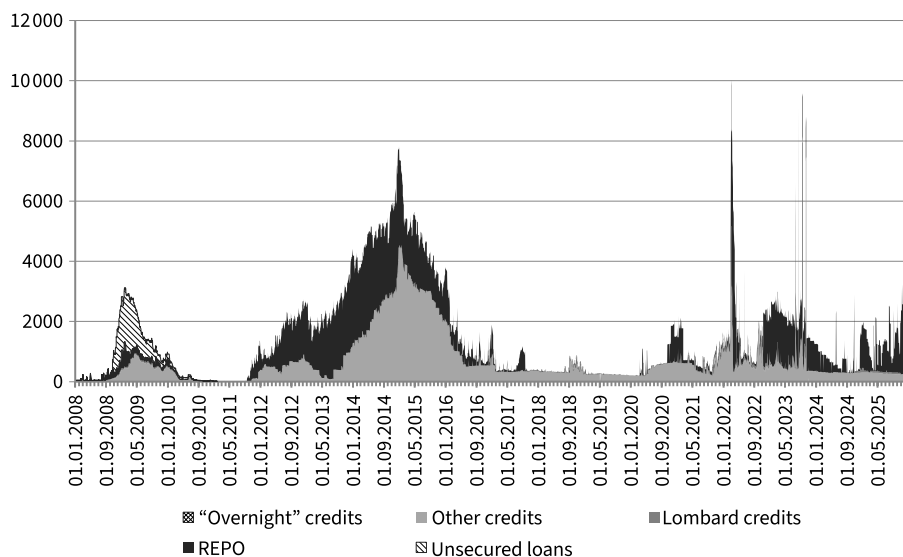


Fig. 6. Debt of commercial banks to the Bank of Russia in 2008–2025, Rb bn.

Source: Bank of Russia.

Throughout 2025, the amount of loans drawn by credit institutions from the Bank of Russia decreased by an average of 28% compared to the previous year to Rb3.2 trillion (Rb4.1 trillion on average in 2024) amid the liquidity surplus in the banking sector and an increase in the Federal Treasury's placement of temporarily available budget funds with banks (Fig. 6). It should be recalled that a significant increase in demand for liquidity from the banking system occurred in March 2024 with the repeal of the easing of the short-term liquidity ratio.¹ Outstanding debt on loans secured by non-marketable assets provided under the supplementary mechanism² decreased 4.4-fold in 2025 (to Rb27.1 bn). Banks' outstanding debt from repo auctions in 2025 averaged Rb1.3 trillion, which is 11% lower than in 2024, when this figure averaged Rb1.4 trillion. The decline in banks' liabilities through this channel is apparently linked to the desire to preserve marketable collateral in case of a need for rapid liquidity replenishment. The Bank of Russia's claims on credit institutions for loans se-

1. Since 2016, systemically important credit institutions (SICI) have been required to comply with the Basel short-term liquidity ratio, defined as the ratio of highly liquid assets to net cash outflows over 30 days. During the 2022–2023 period, the regulator allowed SCOs to lower the ratio below 100% amid sanctions and systemic stress, but starting March 1, 2024, the largest banks must once again comply with this requirement at the 100% level.
2. The Bank of Russia supplementary liquidity provision mechanism is designed to support credit institutions experiencing a temporary liquidity shortage that cannot be promptly resolved by raising funds in the money market or through the primary liquidity provision mechanism.

Russian economy in 2025

Trends and outlooks

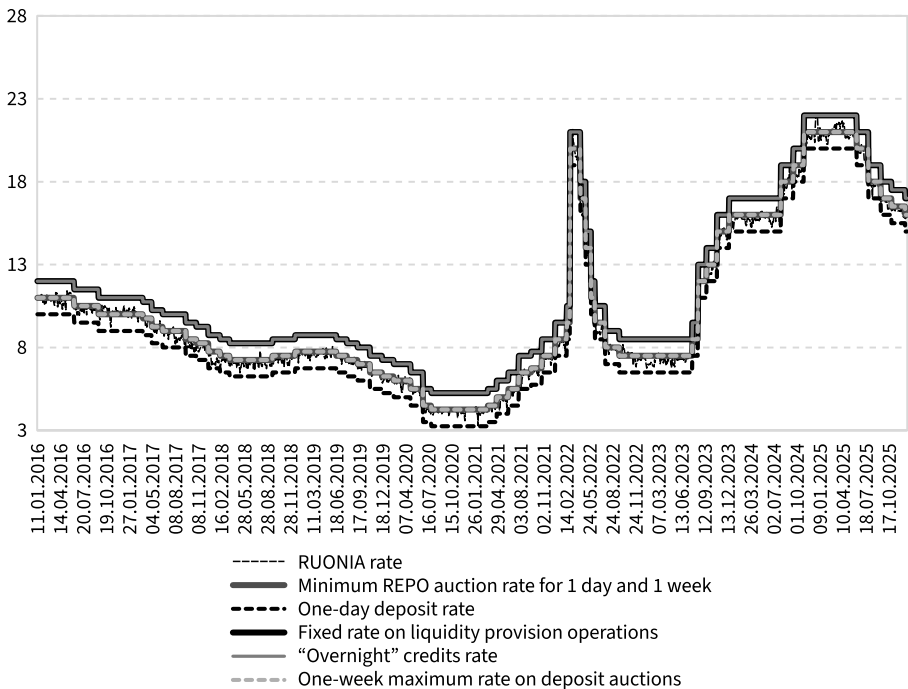


Fig. 7. Bank of Russia interest rate corridor and dynamics of interbank market rates in 2016–2025, % per annum

Source: Bank of Russia.

cured by non-market assets amounted to Rb0.3 trillion during the period under review, which corresponds to the 2024 level. On average for 2025, demand for Lombard loans rose to Rb50 bn, whereas in 2024 it stood at Rb17.9 bn.

Amid a structural liquidity surplus in 2025, the banking sector continued to participate in the Bank of Russia's deposit auctions, a trend also driven by the uneven liquidity situation among banks: while some were raising funds, others were, conversely, placing funds in deposits. The volume of deposits placed by credit institutions with the Bank of Russia in 2025 averaged Rb3.4 trillion at a weighted average rate of 18.1% per annum (Rb3.9 trillion in 2024 at a weighted average rate of 16.5% per annum). In 2025, the Bank of Russia resorted much less frequently to conducting "fine-tuning" deposit auctions with a 1-day maturity: the average volume of funds raised through these operations amounted to Rb0.8 trillion at a weighted average rate of 19.9% per annum (Rb1.3 trillion in 2024 at a weighted average rate of 16.8% per annum).

In 2025, the RUONIA rate (the interest rate on the interbank lending market) remained predominantly at the lower end of the interest rate corridor, and its spread

relative to the key rate averaged -0.17 p.p. (Fig. 7). On average during this period, it stood at 18.9% per annum (averaging 17.3% per annum in 2024). The volatility (standard deviation) of the spread between the RUONIA rate and the key rate in 2025 was 0.35 p.p. (0.37 p.p. in 2024). The structural liquidity deficit projected by the Bank of Russia over the next three years will contribute to growth in inter-bank lending volumes and competition among banks to attract funds in the money market. In this regard, the RUONIA rate will likely form with a positive spread relative to the key rate.

1.1.3. Inflation structure

Following a sustained rise in inflation from the second half of 2023 through the first quarter of 2025, driven by overheating in the Russian economy, inflation began to decline in the second quarter of 2025. A gradual slowdown in annual inflation (over the previous 12 months) began in April 2025 at 10.23% and continued steadily throughout the year, reaching 5.6% in December (Fig. 8). The disinflationary effect was supported during this period by the strengthening of the ruble and a noticeable easing of labor market tensions.

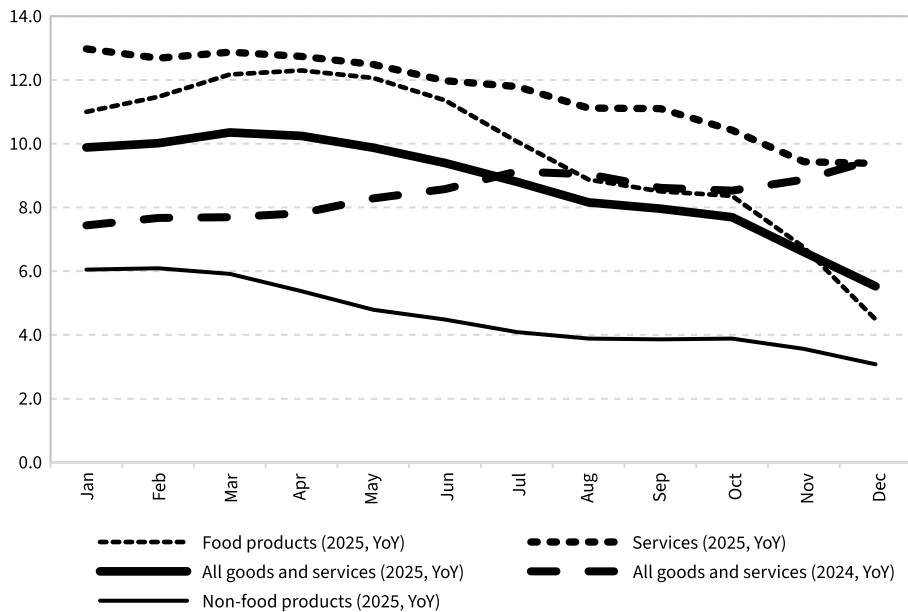


Fig. 8. CPI growth rate in 2024 and 2025, % over previous 12 months

Sources: Rosstat, own calculations.

The slowdown in inflation was accompanied by a decline in the growth rates of core (adjusted for administrative and seasonal factors) consumer price components. Thus, in tandem with the decline in inflation starting in April 2025, core inflation fell from 9.23% year-on-year in April 2024 to 5.44% year-on-year in December 2025. In 2025, core inflation was lower than headline inflation (a spread ranging from 0.11 to 1.00 p.p.). This means that, despite the sustained slowdown in price dynamics, its regulated and volatile components (which take into account cyclical factors) continued to exert inflationary pressure on prices.

The highest rate of price growth in 2025 was recorded in paid services to the public, confirming that the Russian economy was overheating: by the end of December 2025, prices for services had risen by 9.30% compared to December 2024 (+11.5% in December 2024 compared to December 2023) (*Fig. 8*). As a result of tariff indexation, prices for housing and communal services rose (+13.3% in December 2025 compared to December 2024). Prices for cultural services (+14.3%), medical services (+12.0%), and educational services (+11.3%) also led the increase.

Food inflation for 2025 stood at 5.2% (+11.1% in December 2024 compared to December 2023). The leading contributors to price increases were fish (+16.98%), alcoholic beverages (+11.1%), and bread and bakery products (+11.1%).

The year-on-year increase in non-food prices as of the end of 2025 stood at 3.0% compared with December 2024 (+6.1% in December 2024 compared with December 2023). The significant slowdown in the growth rate of non-food prices was due to their high sensitivity to tight monetary conditions, as well as to fluctuations in the ruble exchange rate: tighter monetary policy encourages households to postpone purchases of durable goods, while a stronger exchange rate makes traded goods cheaper. Among non-food goods, prices for automotive gasoline rose the fastest in 2025 (+10.78% in December 2025 compared to December 2024, versus +11.1% in December 2024 compared to December 2023). Despite the government's ban on gasoline exports imposed on July 28, 2025 (the embargo was extended in September through December), fuel prices rose another 2.6% in October compared to the previous month (as in September), adding 0.11 p.p. to monthly inflation. Prices for medicines increased by 9.88% in December 2025 compared to December 2024, versus 10.61% in December 2024 compared to December 2023; tobacco products rose in price by 7.1% and 6.2%, respectively.

An inflation breakdown shows that the largest contribution to inflation, which stood at 5.6% in December 2025, came from rising prices for services (2.6 p.p.) (whose weight in the consumer basket is the smallest, at 27.7%). Food products contributed 1.7 p.p. to overall inflation, while non-food products contributed 1.0 p.p. (*Fig. 9*).

In general, the analysis conducted leads to the conclusion that inflationary risks remain high. These include a resurgence in credit growth and labor shortages, as well as a decline in global oil prices. Inflation expectations among the public and businesses also remain high: according to a survey by InFOM LLC, inflation

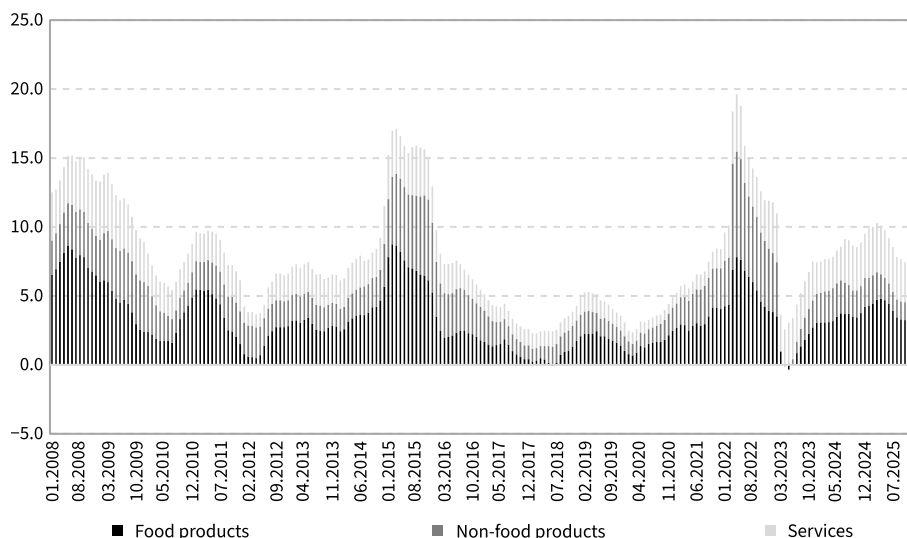


Fig. 9. Structure of inflation in 2008–2025 (month vs. respective month of the previous year), %

Sources: Rosstat; own calculations.

expectations among the public averaged 13.2% in 2025, while businesses' price expectations stood at 20.6%. In addition, in 2026, utility rates will be indexed at a higher rate than previously expected: in 2026, the indexation will be 1.7% in January and 18% (ranging from 8% to 22% depending on the Russian Federation region) in October; VAT will increase from 20% to 22%; the recycling fee for imported cars will increase.¹

Taking into account tax and tariff changes in February 2026, the Central Bank of the Russian Federation raised its year-end inflation forecast to 4.5–5.5%, and its average inflation forecast to 5.1–5.6%. Thus, the average real interest rate in 2026 is projected to exceed 8–9%. According to the Bank of Russia's estimates, the long-term real neutral interest rate currently stands at 3.5–4.5%.² This implies that the Central Bank of the Russian Federation will continue to maintain a high interest rate. According to our model forecast,³ annual inflation is expected to slow to 5.7% in 2026.

1. Goryunov E.L., Trunin P.V., Chembulatova M.E. Inflation and Monetary Policy in October 2025 // Monitoring of Russia's Economic Outlook. October 2025. URL: <https://www.iep.ru/ru/monitoring/inflyatsiya-i-denezhno-kreditnaya-politika-v-oktyabre-2025-goda.html>
2. Main Directions of the Unified State Monetary Policy for 2025 and the Period 2026–2027.
3. For more details on the model, see: Perevyshin Yu.N. Short-term inflation forecasting in the Russian economy // Economic Policy. 2022. Vol. 17. No. 5. P. 1–18.

1.1.4. Balance of payments and exchange rate

According to the Bank of Russia's preliminary balance of payments estimate for 2025, the current account balance for that period stood at \$41.4 bn, down 34% from the 2024 figure (\$62.6 bn). Due to the less detailed nature of the balance of payments data published by the Central Bank of the Russian Federation compared to previous periods, the structure of the current account can be described in terms of two main balances: the balance of trade in goods and services and the balance of primary and secondary income.

In 2025, the balance of trade in goods stood at \$116.7 bn, which is 11.7% less than the previous year (\$132.1 bn). A key factor in this change was a slight decline in the value of goods exports (from \$433.6 bn in 2024 to \$419.4 bn in 2025, i.e., by 3.3%) alongside stable import values of goods — \$302.7 bn (compared to \$301.5 bn in 2024). This export trend was driven by a slight decline in prices for Russia's core export commodities (primarily oil, gas, and petroleum products), which occurred simultaneously with a reduction in the physical volume of their exports due to issues with additional sanctions on the Russian tanker fleet. It should be noted that the slight increase in goods imports (by 0.1%) in 2025 was accompanied by a significant strengthening of the national currency: according to Bank of Russia data, the growth in the real exchange rate of the ruble against the dollar in 2025 relative to 2024 amounted to 33% (a strengthening that implies a relative decrease in the cost of imported goods¹). Thus, factors negatively affecting imports — namely, the decline in demand for imported goods and the rise in administrative costs due to secondary sanctions — were partially offset by the relative decrease in the cost of imported goods resulting from the strengthening of the national currency in real terms.

The services trade balance in 2025 stood at −\$48.6 bn, which is 26.6% higher in absolute terms than the negative figure for the corresponding indicator in 2024 (−\$38.4 bn). The increase in the negative services trade balance was driven by a rise in imports, coupled with slower growth in the value of exports. Thus, services imports grew by 16.8% in 2025 compared to the previous year (from \$81.5 bn to \$95.2 bn). Exports of services totaled \$46.6 bn in 2025 (\$43.1 bn in 2024).

The balance of primary and secondary income in 2025 decreased compared to the previous year, amounting to −\$26.7 bn, which is 14.1% lower in absolute terms than the corresponding figure for 2024 (−\$31.1 bn). At the same time, in 2025, revenues receivable remained stable at \$36.8 bn (\$36.3 bn in 2024), while income payable decreased by 5.8% (to \$63.5 bn), which was due to a reduction in the amount of di-

1. On the impact of exchange rate dynamics on trade, see: *Knobel A. Yu. Estimation of the Import Demand Function in Russia* // *Applied Econometrics*. 2011. No. 4 (24). P. 3–26; *Knobel A., Firanchuk A. Russia in Global Exports in 2017* // *Russian Economic Development*. 2018. No. 9. P. 17–21.

vidends accrued in favor of non-residents.¹ Note that a downward trend in the balance of primary and secondary income has been observed since 2021.

It can be expected that in 2026—due to the stabilization of conditions regarding capital controls, difficulties for foreign investors in repatriating profits from Russia, restrictions imposed by the EU and on counterparties from these jurisdictions—primary and secondary income payable will continue to decline, and over this period their balance will amount to between –\$20 bn and –\$25 bn. As for the current account balance, it is expected to stabilize at \$30–35 bn in 2026.

The balance of the financial account of the balance of payments, excluding reserve assets, stood at \$45.8 bn in 2025, down 19.1% from the previous year (\$56.6 bn). In 2025, this indicator was shaped by significant growth in residents' foreign assets amid a moderate increase in foreign liabilities.

The increase in foreign assets (excluding reserve assets) in 2025 amounted to \$55.8 billion, which is 15.2% less than in 2024 (\$65.8 bn). Liabilities of all sectors of the Russian economy to non-residents in 2025 increased by \$10.0 bn compared to the previous year, whereas in 2024 this increase amounted to \$9.2 bn. Overall, the net capital outflow was driven primarily by the placement of funds in the form of other investments abroad (an increase in accounts receivable associated with the reorganization of Russian companies' foreign assets). The growth in external liabilities was due to an increase in inward foreign direct investment from friendly countries.²

As of January 1, 2026, the Russian Federation's external debt stood at \$319.8 bn, an increase of 10.4% compared to January 1, 2025. This is mainly due to the positive revaluation of liabilities of other economic sectors and the banking system as a result of the ruble's appreciation in 2025, as well as the raising of debt financing.³ The external debt of general government agencies saw the largest increase—by 21.4% (to \$19.3 bn). At the same time, the share of non-residents in the OFZ market continued to decline—from 4% as of January 1, 2025, to 3.4% as of January 1, 2026. The external debt of banks and the Central Bank of the Russian Federation grew by 14.6% over the year and amounted to \$109.7 bn as of January 1, 2026. In other sectors of the economy, external liabilities increased by 6.8% over the year (to \$186.6 bn).

In 2025, Russia's reserve assets decreased by \$18.5 bn (–\$3.8 bn in 2024) as a result of foreign currency sales as part of transactions involving the National Wealth Fund. In 2025, the total amount of international reserves⁴ of the Central Bank of the Russian Federation increased by 24% (to \$754.8 bn). This means that the po-

1. URL: https://www.cbr.ru/statistics/macro_itm/external_sector/pb/bop-eval/

2. Assessment of the Balance of Payments of the Russian Federation // Bank of Russia. No. 4 (25). 4th Quarter 2025.

3. URL: https://www.cbr.ru/statistics/macro_itm/external_sector/ed/ext-debt/

4. Data on the structure of international reserves are unavailable due to a reduction in the volume of statistical information published by the Bank of Russia.

sitive revaluation¹ of international reserves in 2025 — amid record-high global gold prices — exceeded their decline due to transactions reported in the balance of payments. Note that the share of foreign exchange reserves in total international reserves as of January 1, 2026, was 56.7% (67.9% as of January 1, 2025), while the share of monetary gold was 43.3% (32.1%).

The ruble appreciated by 23.1% against the dollar in 2025 (to Rb78.2 per dollar), primarily due to tight monetary conditions that encouraged the holding of savings in rubles and the maintenance of a significant current account surplus. According to our estimates, assuming Brent crude oil prices remain at \$60–80 per barrel and taking into account the monetary, fiscal, and tax policies in place, the ruble exchange rate will average Rb75–85 per dollar in 2026.

1.2. Fiscal policy²

1.2.1. Characteristics of the budgets of the budget system of the Russian Federation

Basic parameters of the budget system of the Russian Federation

According to the results of the 2025 execution of the enlarged government budget (EGB), revenue totaled Rb75.6 trillion, or 35.4% of GDP. In constant prices, year-over-year growth did not exceed 1%, and as a share of GDP, it was 0.3 percentage points (*Table 2*). Oil and gas revenues and non-oil and gas revenues amounted to Rb8.5 trillion and Rb67.1 trillion, respectively, or 4.0% and 31.4% of GDP. It should be noted that in 2025, oil and gas revenues hit a historic low of 4.0% of GDP. Given the positive growth in the EGB aggregate revenues, it is evident that the shortfall in resource rent revenues was fully offset by the growth in non-oil and gas revenues.

The share of oil and gas revenues in the EGB revenue structure continues to decline — 11.2% in 2025 compared to 15.7% a year earlier — reflecting the trend toward reducing the budget's dependence on natural resources. The federal budget's share of total EGB revenue in 2025 fell to 49.4% from 51.7% in 2024.

EGB expenditure continued steady upward trend of recent years and, by the end of 2025, amounted to 39.3% of GDP, exceeding the corresponding figure for 2024 by 2.6 p.p. of GDP, or 7.1% in constant prices. The outpacing growth of expenditures against the backdrop of a slowdown in the growth rate of budget revenues led

1. Data on the amount of the revaluation of international reserves are also unavailable.

2. Authors: *Arlashkin I.Yu.*, Researcher, Budget Policy Studies Department, IAES RANEPA; *Barbashova N.E.*, Candidate of Economic Sciences, Senior Researcher, Budget Policy Studies Department, IAES RANEPA; *Sokolov I.A.*, Candidate of Economic Sciences, Leading Researcher, Center for Macroeconomics and Finance, Gaidar Institute; Leading Researcher, Budget Policy Studies Department, IAES RANEPA; *Tishenko T.V.*, Candidate of Economic Sciences, Senior Researcher, Budget Policy Studies Department, IAES RANEPA.

Table 2

**Main parameters of the enlarged government budget
of the Russian Federation in 2024–2025**

	2024		2025		Change, 2025 on 2024		
	RB bn	% of GDP	RB bn	% of GDP	RB bn	p.p. of GDP	%, in 2024 prices (CPI adjusted ^a)
Revenue — total, including:	70 941	35.1	75 574	35.4	4633	0.3	0.9
Oil and gas	11 131	5.5	8 477	4.0	–2654	–1.5	–27.9
Non-oil and gas	59 810	29.6	67 097	31.4	7287	1.8	6.2
Expenditure	74 166	36.7	83 865	39.3	9699	2.6	7.1
Deficit (–)/Surplus (+)	–3225	–1.6	–8291	–3.9	–5066	2.3	1.4-fold
<i>For reference only: GDP, Rb bn</i>	202 320		213 516				

^a According to Rosstat, the average annual CPI in 2025 amounted to 105.59%.

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

to an increase in the deficit by Rb5.1 trillion, or 2.3 p.p. of GDP, which amounted to 3.9% of GDP, thereby practically matching the level of the crisis year 2020 (4.0%).

Receipts of main taxes in the budget system of the Russian Federation

With regard to oil and gas revenues, a year-over-year decline was observed in 2025 across all hydrocarbon revenues, even in nominal terms; in constant prices, the decline ranged from 25% to 35% (*Table 3*).

Table 3

Volume and structure of oil and gas revenues in 2024–2025

	2024		2025		Change, 2025 on 2024		
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p.p. of GDP	%, in 2023 prices (CPI adjusted)
Oil and gas revenues — total including	11 131	5.5	8 477	4.0	–2654	–1.5	–27.9
MET on oil	10 111	5.0	7 265	3.4	–2846	–1.6	–31.9
MET on gas and gas condensate	2 123	1.0	1 474	0.7	–649	–0.3	–34.2
Export customs duties on gas	486	0.2	458	0.2	–28	0	–10.7
Excise on oil feedstock	–3638	–1.7	–2334	–1.1	1304	0.6	–39.2
Excess-Profit Tax	2049	1.0	1614	0.8	–435	–0.2	–25.4
<i>For reference:</i>							
<i>Base volume of oil and gas revenues</i>	<i>9831</i>	<i>4.9</i>	<i>8393</i>	<i>4.0</i>	<i>–1438</i>	<i>–0.9</i>	<i>–19.1</i>
<i>Additional oil and gas revenues</i>	<i>1300</i>	<i>0.6</i>	<i>84</i>	<i>0.0</i>	<i>–1216</i>	<i>–0.6</i>	<i>–93.9</i>

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

The downward trend in oil and gas revenues observed since 2022 (7.4% of GDP) is primarily due to the impact of sanctions, as well as the strengthening of the ruble and the decline in market prices for hydrocarbons resulting from increased supply on global markets. The prospect of a shortfall in oil and gas revenues became apparent as early as the end of the first half of 2025, as the expected return of Russian oil prices to the \$62–65/barrel range did not materialize. In June 2025, the annual forecast for these revenues was revised downward by the Russian Ministry of Finance from the initial Rb10.9 trillion¹ to a more realistic figure of Rb8.3 trillion. This adjustment took into account both the emerging increase in oil production and exports—which Russia began ramping up as early as spring in accordance with the OPEC+ decision on a gradual production increase—and the potential growth in exports of Russian oil, other hydrocarbons, and refined products in the second half of the year. Due to the decline in export prices for Russian oil, the volume of the reverse excise tax at the end of 2025 also decreased—by 0.6 percentage points of GDP, or nearly 40% in 2024 prices.

Non-oil and gas revenues of the Federal Budget Revenue Program (FBRP) in 2025 increased by Rb7.3 trillion compared to 2024, equivalent to a rise of 1.8 p.p. of GDP, or 6.2% in real terms (*Table 4*). The only exception to this upward trend is revenue from import duties, which declined in line with import dynamics by 0.1 p.p. of GDP, or 19.4% in 2024 prices. Insurance premiums showed the strongest growth, rising to Rb16.7 trillion (by 0.7 p.p. of GDP, or by 9.8% in 2024 prices), largely due to changes in labor income, which, as a result of an unprecedentedly low unemployment rate,² rose at a rate outpacing inflation: according to Rosstat, the wage bill for January–November 2025 grew by 13.6% compared to the same period of the previous year.

Following insurance contributions, personal income tax showed steady growth (+0.4 percentage points of GDP), which was entirely expected, as a five-tier tax scale (ranging from 13% to 22%) came into effect in 2025. Moreover, based on the year's results, it can be concluded that the change in the tax's progressivity successfully addressed the fiscal challenge with minimal distortionary effects in the form of reduced labor supply or increased tax evasion.

Income tax ranked third in terms of growth rate, with total revenue to the budgetary system amounting to Rb9.2 trillion, which is Rb1.1 trillion more (or 8.3% in real terms and 0.3 p.p. of GDP) than in 2024. The main reason for the positive trend in revenue from this tax was the increase in its rate from 20% to 25% starting in early 2025. However, even despite this fact, the volume of corporate income tax in 2025 (4.3% of GDP) failed to match the 2023 result (4.5% of GDP). The trend toward a shrinking corporate income tax base began as early as 2024, when the net financial result (profit minus loss) of organizations (excluding SMEs, credit and non-credit fi-

1. In the initial version of the federal budget law, these volumes were projected to be nearly Rb11 trillion.

2. According to Rosstat, by the end of 2025, the unemployment rate in Russia had reached its lowest level (2.2%) since 1992.

Table 4

Structure of non-oil and gas enlarged government budget revenues in 2024–2025

	2024		2025		Change, 2025 on 2024		
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p.p. of GDP	%, in 2023 prices (CPI adjusted)
Non-oil and gas revenues — total, including	59 810	29.6	67 097	31.4	7 287	1.8	6.2
VAT	13 523	6.7	14 571	6.8	1048	0.1	2.0
Excises ^a	2 798	1.4	3 181	1.5	383	0.1	7.7
Profit tax	8 052	4.0	9 209	4.3	1 157	0.3	8.3
PIT	8 374	4.2	9 735	4.6	1 361	0.4	10.1
Import duties	1 231	0.6	1 047	0.5	–184	–0.1	–19.4
Premiums	14 033	6.9	16 273	7.6	2 240	0.7	9.8
Other receipts	11 799	5.8	13 081	6.1	1 282	0.3	5.0

^a Excluding reverse excise tax on crude oil (recognized in oil and gas revenues).

Sources: Russian Financed Ministry, Rosstat, own calculations.

financial institutions, and state (municipal) agencies) in current prices fell by nearly 7% compared to 2023 levels, which in real terms represents a decline of more than 16%. In 2025, the negative trend continued: according to Rosstat, in January–October 2025, the net financial result of organizations (excluding small businesses, credit institutions, state (municipal) agencies, and non-credit financial institutions) at current prices amounted to Rb21.6 trillion, or 90.1% of the January–October 2024 level, which in real terms means that the tax base continued to shrink at the same rate as in 2024. The fact is that the corporate income tax has a distorting effect on taxpayer behavior: an increase in the tax negatively affects companies' investment levels, decisions regarding the choice of financing sources, dividend policy, decisions regarding the choice of legal form, and more.¹ In other words, an increase in the corporate income tax worsens estimates of the long-term profitability of Russian companies operating under the general tax regime, which, in conditions of recession or near-zero economic growth in the country, may even lead to a contraction of the tax base in real terms — that is, at a rate *faster* than the increase in the tax rate can compensate for.

VAT revenues continued to show positive growth, with a slight increase of 0.1 p.p. of GDP, or 2.0% in real terms. The inclusion of small businesses operating under the simplified tax regime — which generated revenue exceeding Rb60 mn in 2024 — in the VAT base contributed in part to maintaining the accumulated growth rate of VAT. Revenue from excise taxes to the federal budget increased by 0.1 p.p. of GDP

1. Sokolov I.A., Kazakova Yu.E. Features and Risks of the Federal Budget for the Next Three Years // Russian Economic Development. 2024. No. 10 (31). P. 93–98.

in 2025, or by 7.7% in 2024 prices. Overall, in 2025, the fiscal burden increased more noticeably for direct taxes than for consumption taxes. However, the increase in the VAT rate to 22% starting in 2026 will, to some extent, offset this notional fiscal “imbalance” in the near future.

The positive trend in other non-oil and gas revenues in the revenue side of the BRP is driven both by measures taken by the Russian Ministry of Finance to expand opportunities for increasing non-oil and gas budget revenues and by regional authorities’ policies to boost budget revenues.

1.2.2. Characteristics of the federal budget

Federal budget revenue

Federal budget revenues for 2025 totaled Rb37.3 trillion (equivalent to 17.5% of actual GDP), compared with the initially approved annual target of Rb40.3 trillion (equivalent to 18.8% of projected GDP). Compared to the previous year, revenues decreased by 0.6 p.p. of GDP, or by 3.8% in 2024 prices, mainly due to a significant decline in oil and gas revenues (*Table 5*). The share of oil and gas revenues in total federal budget revenues decreased from 30.3% in 2024 to 22.7% in 2025.

The shortfall in oil and gas revenues at the federal budget level (as opposed to the Budget Revenue Program) was only partially offset by a 0.9 p.p. increase in non-oil and gas revenues (or 6.7% in 2024 prices).

Federal budget expenditure

Federal budget expenditures for 2025 were based on the primary structural deficit rule, according to which maximum non-interest expenditures must not exceed the sum of non-oil and gas revenues and base oil and gas revenues (taking into account the balance of budgetary and intergovernmental loans). The expenditure level of Rb41.5 trillion planned in the initial draft of the 2026 federal budget law was actually exceeded, reaching Rb42.9 trillion (20.1% of GDP), which is 0.3 p.p. of GDP, or 1.1% in real terms, higher than the 2024 figures. It is worth noting that the practice of exceeding the maximum budget expenditure limits set in accordance with the budget rule when drafting the budget law, without a corresponding increase in revenue sources to finance them, has become typical in recent years and, rather, does not speak in favor of budget discipline and the effectiveness of the rule.

The largest increase in expenditures occurred in the non-discretionary sector—by 0.7 p.p. of GDP, or 16.0% in real terms (*Table 6*), and its share of total federal budget expenditures by the end of 2025 increased to 28.6% compared to 15.1% in 2021. The main reason for the growth in classified expenditure items in 2025 compared to 2024 remains funding for national defense; this category accounts for more than one-third of all budget expenditures.

Table 5

Main parameters of the federal budget in 2024–2025

	2024		2025		Change, 2025 on 2024		
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p.p. of GDP	%, in 2024 prices (CPI adjusted)
Revenues, Including	36 709	18.1	37 284	17.5	575	–0.6	–3.8
— oil and gas revenues, including:	11 131	5.5	8 477	4.0	–2 654	–1.5	–27.9
Base quantity of oil and gas revenues	9 831	4.9	8 393	4.0	–1 438	–0.9	–19.1
Additional oil and gas revenues	1 300	0.6	84	0.0	–1 216	–0.6	–93.9
— non-oil and gas revenues	25 578	12.6	28 807	13.5	3 229	0.9	6.7
Expenditures	40 180	19.8	42 909	20.1	2 729	0.3	1.1
Deficit (–)/Surplus (+)	–3 471	–1.7	–5 625	–2.6	–2 154	–0.9	53.5
Oil and gas deficit	–14 602	–7.2	–14 102	–6.6	500	0.6	–8.5

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

Table 6

Dynamic and structure of the federal budget expenditures on the implementation of national projects in 2024–2025, Rb bn¹

	2024		2025		Deviation in the assessment, 2025 on actual 2024		
	actual		estimate				
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p.p. of GDP	%, in 2023 prices (CPI adjusted)
Expenditure	40 180	19.8	42 909	20.1	2 729	0.3	1.1
— closed part	10 019	5.0	12 269	5.7	2 250	0.7	16.0
— open part, including:	30 161	14.8	30 640	14.4	479	–0.4	–3.8
National issues	1 731	0.9	2 600	1.2	869	0.3	42.3
Defense	3 544	1.8	3 158	1.5	–386	–0.3	–15.6
Security and law enforcement	2 287	1.1	2 306	1.1	19	0	–4.5
National economy	4 543	2.2	4 413	2.1	–130	–0.1	–8.0
Housing and public utilities	1 645	0.8	2 161	1.0	516	0.2	24.4
Environment	453	0.2	904	0.4	451	0.2	89.0
Education	1 616	0.8	1 603	0.8	–13	0	–6.1
Culture and cinema	222	0.1	237	0.1	15	0	1.1
Health care	1 718	0.8	1 943	0.9	225	0.1	7.1
Social policy	8 439	4.2	6 544	3.1	–1 895	–1.1	–26.6
Physical culture and sport	66	0.0	69	0.0	3	0	–1.0
Mass media	141	0.1	140	0.1	–1	0	–6.0
Public debt servicing	2 329	1.1	3 182	1.5	853	0.4	29.4
Intergovernmental fiscal transfers	1 427	0.7	1 380	0.6	–47	–0.1	–8.4

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

1. Since data on federal budget expenditures have not been published since 2022, Table 5 presents the author's estimate based on the limited information available from various sources.

The open part of federal budget expenditures remained virtually unchanged in nominal terms compared to 2024; in relative terms, this represents a decline of 0.4 p.p. of GDP, or 3.8% in constant prices. This was partly the result of a “shift” of expenditures from the open to the closed portion (primarily concerning social policy expenditures), as well as a consequence of the optimization of expenditures on healthcare, education, the national economy, and intergovernmental transfers. Interest payments have become a steadily “growing” expenditure item: over the past 10 years, the share of interest payments in total federal budget expenditures has nearly doubled (from 3.8% in 2016 to 7.4% in 2025). This trend is expected to continue, which in turn not only worsens the structure of budget expenditures by reducing the share of functional areas of government demand but also exacerbates the existing vulnerabilities of the federal budget (once again highlighting the “weakness” of the current design of the budget rule).

Federal budget deficit

By the end of 2025, the federal budget had a deficit of 5.6 trillion rubles, or 2.6% of GDP, while the non-oil and gas deficit — which highlights the budget’s dependence on commodity revenues — decreased from 7.2% to 6.6% of GDP. The reduction in the non-oil and gas deficit increases the predictability and stability of budget revenues overall; however, the decline in additional oil and gas revenues (Rb84.0 bn in 2025 versus Rb1.3 trillion in 2024) deprives the National Welfare Fund of its main source of replenishment.

As in the previous year, the budget deficit was financed primarily through domestic government borrowing. In 2025, the Russian Ministry of Finance raised nearly Rb7 trillion from the market (the nominal value of OFZ bonds issued exceeded Rb8 trillion), while redemptions of debt securities denominated in the national currency totaled Rb1.4 trillion. As a result, the nominal volume of domestic government debt for the reporting year increased from Rb23.7 trillion to Rb30.6 trillion; as a share of GDP, the increase amounted to 2.6 p.p. (from 11.7% to 14.3% of GDP). Borrowing at these levels is not yet “dangerous” in terms of increasing the debt burden, provided that the projected economic growth rates are maintained. However, if the Russian economy continues to slow down, such a debt “appetite” could lead to a rapid increase not only in the volume of public debt but also in the cost of servicing it (with the key rate remaining in double digits). It is clear that the risks of chronic budget imbalances are only increasing year by year, which, given the ongoing geopolitical uncertainty and price volatility, requires the country’s financial leadership to implement a stricter policy regarding expenditures, which must be commensurate with the country’s revenue potential.

It should be understood, however, that relying solely on fiscal rules is far from sufficient to address the problem of procyclicality in budget expenditures or to reduce the debt burden. It is equally important to reorient the tax system toward non-

resource revenue sources, systematically improve the quality of tax administration, enhance the regularity of cash execution and budget discipline, and, even more importantly, preserve sufficient fiscal space for budgetary maneuvering in the event of external shocks. Given the limited availability of public funds, we believe that requirements for the efficiency of tax and budget expenditure should also be raised.

1.2.3. Interbudgetary relations and subnational finances

Revenues of the consolidated budgets of the RF budgets

The trends in key revenue indicators for the consolidated budgets of the constituent entities of the Russian Federation for 2025 are presented in *Table 7*.

According to data from the Federal Treasury on the execution of regional budgets, the total revenue of the consolidated budgets of the Russian Federation's constituent entities in 2025 increased by 5.0% in nominal terms compared to 2024, amounting to 25.8 trillion rubles. The growth in revenue did not keep pace with inflation. Taking the CPI into account, this figure decreased by 0.5%. The total revenues of Russian regions, expressed as a share of GDP, decreased by 0.2 p.p.

If we consider the dynamics of regional revenues excluding the reunited regions (the Donetsk People's Republic, the Luhansk People's Republic, and the Zaporizhzhia and Kherson oblasts), the growth in total revenues of the regions' consolidated budgets in 2025 amounted to 5.1% in nominal terms and –0.5% after adjusting for CPI. Revenues of the reunified regions in 2025 increased by Rb18.6 bn (3.3%) in nominal terms compared to 2024.

Tax and non-tax revenues of the regions showed growth in nominal terms (+5.4%) and a decline adjusted for CPI (–0.2%). Personal income tax (PIT) made the largest contribution to the growth of tax revenues in regional budgets (revenue growth amounted to Rb936.8 bn, or 11.7%). At the same time, corporate income tax revenues decreased by Rb493.4 bn, or 8.6%. Revenues from other significant types of taxes and non-tax revenues increased both in nominal terms and after adjusting for CPI. Regional tax and non-tax revenues as a share of GRP decreased by 0.1 p.p., with personal income tax increasing by 0.2 p.p. and corporate income tax decreasing by 0.4 p.p. Non-repayable transfers from budgets of other levels changed in roughly the same proportions as tax and non-tax revenues (5.3% in nominal terms, –0.3% adjusted for CPI, and –0.1 p.p. of GRP).

Revenue trends by region in 2025 compared to 2024 were uneven. Revenue growth was observed in 71 subjects of the Russian Federation, with revenue growth rates exceeding the inflation rate in 43 oblasts. The following constituent entities of the Russian Federation showed the highest growth in consolidated budget revenues: Kursk Oblast (+57.0% due to intergovernmental transfers), the Jewish Autonomous Oblast (+33.3% due to growth in revenues from corporate income tax, personal income tax, and subsidies), Magadan Oblast (+27.8% due to corporate income

Table 7

Revenues of the consolidated budgets of the Russian Federation in 2024–2025

	In nominal terms, Rb bn		in % of GDP ¹		Nominal growth, %	Change CPI adjusted, %	Change in shares of GDP, p.p.
	2025	2024	2025	2024	2025/2024	2025/2024	2025/2024
Revenues, total	25 853.5	24 616.1	12.1	12.3	5.0	−0.5	
<i>For reference: excluding the attached regions</i>	<i>25 267.1</i>	<i>24 048.3</i>	<i>–</i>	<i>–</i>	<i>5.1</i>	<i>−0.5</i>	<i>–</i>
Tax-generated and non-tax revenues	21 683.6	20 568.3	10.2	10.3	5.4	−0.2	−0.1
<i>Including: tax generated revenues:</i>	<i>19 621.4</i>	<i>18 654.9</i>	<i>9.2</i>	<i>9.3</i>	<i>5.2</i>	<i>−0.4</i>	<i>−0.1</i>
Corporate profits tax	5272.5	5765.9	2.5	2.9	−8.6	−13.4	−0.1
PIT	8970.5	8033.7	4.2	4.0	11.7	5.7	−0.4
Excises	1385.4	1301.3	0.6	0.7	6.5	0.8	0.2
Total income tax	1626.7	1457.8	0.8	0.7	11.6	5.7	0.0
Property taxes	1981.0	1843.0	0.9	0.9	7.5	1.8	0.0
<i>Non-tax revenues</i>	<i>2062.3</i>	<i>1913.5</i>	<i>1.0</i>	<i>1.0</i>	<i>7.8</i>	<i>2.1</i>	<i>0.0</i>
Fiscal transfers from budgets of other levels	3949.5	3750.7	1.8	1.9	5.3	−0.3	−0.1
Other revenues	220.3	297.1	0.1	0.1	−25.8	−29.8	0.0

Sources: Federal Treasury; Rosstat; own calculations.

tax and mineral extraction tax), Amur Oblast (+23.5%, mainly due to personal income tax, mineral extraction tax, and corporate income tax), and the Republic of Dagestan (due to personal income tax and subsidies). At the same time, 18 constituent entities of the Russian Federation saw a decline in revenues. The largest decreases were recorded in the following regions: Sakhalin Oblast (−16.4%), Tyumen Oblast (−15.0%), Kherson Oblast (−14.6%), Orenburg Oblast (−13.7%), Yamalo-Nenets Autonomous Okrug (−13.6%). The negative revenue trend in Kherson Oblast is due to a decrease in the volume of subsidies. For the other regions in this group, the decline in revenue is linked to a reduction in corporate income tax receipts.

1. Rosstat's GDP data for 2023 and 2024 do not include information on the Donetsk People's Republic, the Luhansk People's Republic, and the Zaporizhzhia and Kherson regions.

Thus, in 2025, the revenues of Russian regional budgets were largely determined by the trend in corporate income tax receipts. It can be concluded that revenues depended on the economic specialization of the regions and were closely correlated with the situation in commodity markets. Revenues declined most significantly in the oil- and gas-producing regions of the Russian Federation located in the Ural Federal District, while tax revenues in the gold-producing regions of the Far Eastern Federal District increased. The consistently positive trend in personal income tax is explained by rising household incomes due to the indexation of wages for public sector employees, the expansion of the population eligible for benefits, and increased social assistance in accordance with federal initiatives.

Expenditures of consolidated budgets of RF subjects

The trends in key indicators of the volume and structure of expenditures in the consolidated budgets of the subjects of the Russian Federation for 2025 are presented in *Table 8*.

Expenditures of the consolidated budgets of the subjects of the Russian Federation in 2025 amounted to Rb7.4 trillion, representing a 9.9% increase in nominal terms compared to 2024, which exceeds the revenue growth rate by 4.9 percentage points. The growth rate of expenditures outpaced the CPI by 4.1 percentage points. Expenditures, expressed as a share of GDP, rose from 12.5% to 12.8%. Excluding data on the reunited regions, the increase in expenditures amounted to 10.0% in nominal terms and 4.2% after adjusting for the CPI. Expenditures in the reunified regions increased by 43.9 billion rubles (8.2%).

In nominal terms, expenditures rose in virtually all sectors, with the exception of national security and law enforcement (–5.6%), housing and utilities (–8.4%), and environmental protection (–9.2%). The largest increases in spending were in transportation (+21.3%), secondary vocational education (+18.7%), culture and cinema (+14.6%), social policy (+18.0%), physical education and sports (+19.9%), and servicing of state and municipal debt (+41.7%). The trend in expenditures, adjusted for the CPI, was generally positive. In addition to the sectors listed above, there was a slight decrease in expenditures on agriculture and fisheries (–1.5%), healthcare (–1.3%), and the media (–0.6%).

The structure of expenditures changed only slightly compared to the previous period. The largest structural shifts are associated with an increase in the share of expenditures on the national economy as a whole (from 21.8% to 22.6%), transportation (from 5.6% to 6.2%), social policy (from 18.1% to 19.5%), as well as a decrease in the share of expenditures on housing and communal services (from 12.6% to 10.5%) and healthcare (from 9.0% to 8.5%). The expenditure structure of the reunited regions has come closer to the Russian average, indicating a deepening of these regions' integration into the overall budgetary system of the Russian Federation.

Table 8

Expenditures of the consolidated budgets
of RF subjects in 2024–2025

	In nominal terms, Rb bn		In % of GDP		Change			Structure of expen- ditures, % to total CPI adjusted, %
					Nominal, %	CPI adjusted, %	Nominal, %	
	2025	2024	2025	2024	2025/ 2024	2025/ 2024	2025/ 2024	2025
Expenditures, total	27 391.8	24 913.6	12.8	12.5	9.9	4.1	0.3	100
<i>Fore reference: without attached regions</i>	<i>26 813.2</i>	<i>24 378.8</i>	<i>–</i>	<i>–</i>	<i>10.0</i>	<i>4.2</i>	<i>–</i>	<i>–</i>
Nationwide issues	1753.4	1564.7	12.8	12.5	12.1	6.1	0.4	6.4
National security and law enforcement	392.8	416.2	0.8	0.8	–5.6%	–10.6	0.0	1.4
National economy	6 179	5428.1	0.2	0.2	13.8	7.8	0.0	22.6
Including: <i>Agriculture and fisheries</i>	<i>321.3</i>	<i>309.0</i>	<i>2.9</i>	<i>2.7</i>	<i>4.0</i>	<i>–1.5</i>	<i>0.2</i>	<i>1.2</i>
<i>Transportation</i>	<i>1697.4</i>	<i>1399.2</i>	<i>0.2</i>	<i>0.2</i>	<i>21.3</i>	<i>14.9</i>	<i>0.0</i>	<i>6.2</i>
<i>Motor road system (road funds)</i>	<i>2455.0</i>	<i>2184.3</i>	<i>0.8</i>	<i>0.7</i>	<i>12.4</i>	<i>6.4</i>	<i>0.1</i>	<i>9.0</i>
<i>other national economy issues</i>	<i>1705.9</i>	<i>1535.6</i>	<i>1.1</i>	<i>1.1</i>	<i>11.1</i>	<i>5.2</i>	<i>0.1</i>	<i>6.2</i>
Housing and community amenities	2868.5	3132.4	0.8	0.8	–8.4	–13.3	0.0	10.5
Environment	110.0	121.1	1.3	1.6	–9.2	–14.0	–0.2	0.4
Education	6416.6	5763.6	0.1	0.1	11.3	5.4	0.0	23.4
Including: <i>Preschool education</i>	<i>1495.4</i>	<i>1351.9</i>	<i>3.0</i>	<i>2.9</i>	<i>10.6</i>	<i>4.8</i>	<i>0.1</i>	<i>5.5</i>
<i>General education</i>	<i>3392.7</i>	<i>3095.8</i>	<i>0.7</i>	<i>0.7</i>	<i>9.6</i>	<i>3.8</i>	<i>0.0</i>	<i>12.4</i>
<i>Additional education for children</i>	<i>411.5</i>	<i>377.0</i>	<i>1.6</i>	<i>1.5</i>	<i>9.1</i>	<i>3.4</i>	<i>0.0</i>	<i>1.5</i>
<i>Secondary vocational education</i>	<i>471.6</i>	<i>397.2</i>	<i>0.2</i>	<i>0.2</i>	<i>18.7</i>	<i>12.4</i>	<i>0.0</i>	<i>1.7</i>
<i>Other issues in education</i>	<i>645.5</i>	<i>541.6</i>	<i>0.2</i>	<i>0.2</i>	<i>19.2</i>	<i>12.9</i>	<i>0.0</i>	<i>2.4</i>
Culture, cinema	1049.1	915.9	0.3	0.3	14.6	8.5	0.0	3.8
Healthcare	2337.2	2241.7	0.5	0.5	4.3	–1.3	0.0	8.5
Social policies	5331.1	4518.6	1.1	1.1	18.0	11.7	0.0	19.5
Physical culture and sports	703.3	586.3	2.5	2.3	19.9	13.6	0.2	2.6
Mass media	76.9	73.3	0.3	0.3	5.0	–0.6	0.0	0.3
Government and municipal debt servicing	121.7	85.9	0.0	0.0	41.7	34.2	0.0	0.4

Sources: Federal Treasury; own calculations.

An analysis of budget expenditure trends by region shows that in 2025, consolidated budget expenditures increased in 79 regions, while only 10 federal subjects saw a decrease. The largest increases in spending were recorded in Kursk Oblast (+64.0%), the Jewish Autonomous Oblast (+34.6%), Magadan Oblast (+31.6%), Ryzan Oblast (+26.6%), and Perm Krai (+25.6%). The largest reductions in expenditures occurred in the Kherson Oblast (−9.9%), the Kemerovo Oblast (Kuzbass) (−9.2%), and the Sakhalin Oblast (−7.3%). Thus, the dynamics of regional budget expenditures in 2025 generally followed the dynamics of revenues.

Financial assistance to regions

By the end of 2025, the volume of transfers to the regions increased in nominal terms (+5.3%) compared to 2024, but decreased in real terms (−3.1%) (*Table 9*). Of all types of transfers, only balancing grants (+2.3%) and other intergovernmental transfers (+11.5%) increased in real terms. Equalization grants, subsidies, and subventions increased in nominal terms (+6.1%, +5.8%, and +7.4%, respectively), but decreased in real terms (−2.4%, −2.6%, and −1.1%, respectively). At the same time, the total volume of grants also decreased in nominal terms, causing the share of non-targeted financial assistance to decline by 1.8 p.p. to 33.9%.

As a share of GDP, the total volume of transfers provided to the regions in 2025 remained virtually unchanged compared to 2024 and was the lowest for the 2017–2024 period (*Fig. 10*). At the same time, the volumes of certain types of intergovernmental transfers changed significantly over the 2016–2024 period. Thus, by the end of 2025, the real level of other subsidies reached a low of 0.11% of GDP. The volume of subsidies remained substantial (0.87% of GDP), while the volume of equalization grants, although it increased compared to 2023, remained low in real terms (0.51% of GDP).

Interregional differentiation of per capita tax revenues, as measured by the coefficient of variation, decreased significantly in 2025 compared to 2024 (*Table 10*). Differentiation in per capita tax and non-tax revenues also decreased. The equalization of budgetary support in 2025 proved to be slightly more effective than in 2024: while in 2024 the differentiation in tax and non-tax revenues decreased by 9.6% after equalization, by the end of 2025 it had decreased by 9.2%. The provision of other types of transfers also had an equalizing effect; however, excluding the federal territory “Sirius,” interregional differentiation increased slightly after the provision of other interbudgetary transfers.

Deficit and the regional debt

By the end of 2025, consolidated regional budgets were executed with a deficit of Rb1,538.4 bn, which is significantly higher than the 2024 figure (a deficit of Rb297.5 bn). At the same time, the number of regions with a budget deficit rose

Table 9

Fiscal transfers to the consolidated budgets of the subjects of the Russian Federation

	2024		2025		Change, 2025 on 2024	
	Rb bn	% to total	Rb bn	% to total	nominal, %	Actual, CPI adjusted, %
Transfers to regions, total	3750.7	100.0	3949.5	100.0	5.3	−3.1
Grants	1339.8	35.7	1338.1	33.9	−0.1	−8.1
Including:						
Equalization transfers	1035.8	27.6	1098.9	27.8	6.1	−2.4
To support measures designed to ensure fiscal balance	71.9	1.9	79.9	2.0	11.2	2.3
Subsidies	1753.3	46.7	1855.7	47.0	5.8	−2.6
Subventions	301.0	8.0	323.4	8.2	7.4	−1.1
Other intergovernmental fiscal transfers	356.6	9.5	432.2	10.9	21.2	11.5

Sources: Federal Treasury; Rosstat; own calculations.

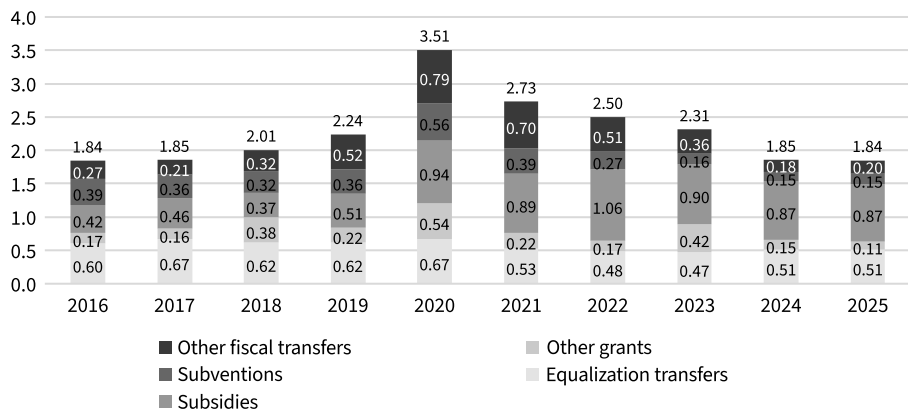


Fig. 10. Fiscal transfers to the regions, % of GDP

Sources: Federal Treasury; Rosstat; own calculations.

from 49 to 73, the highest level in the past decade (Table 11). The aggregate deficit amounted to 7.1% of tax and non-tax revenues of consolidated regional budgets, compared to 1.4% in 2024. In 24 regions, the consolidated budget deficit exceeded 10% of tax and non-tax revenues (in 2024, there were 10 such regions).

As of January 1, 2026, the public debt of the subjects of the Russian Federation stood at Rb3,481.1 bn, an increase of Rb333.4 bn over the year. The debt-to-revenue ratio — measured as the ratio of debt to tax and non-tax revenues of the subjects' budgets — also rose over the year, from 17.8% to 18.9%. The debt burden

Table 10

**The variation coefficient of consolidated regional budget revenues
(per capita, adjusted to the index of budget expenditures)**

Year	Tax-generated revenues	Tax-generated and non-tax revenues	Tax and non-tax revenues, fiscal equalization transfers	Tax and non-tax revenues, grants	Tax and non-tax revenues, subsidies	Tax and non-tax revenues, grants, subsidies, other intergovernmental transfers
2016	0.549	0.568	0.442	0.423	0.391	0.391
2017	0.548	0.572	0.437	0.422	0.394	0.401
2018	0.572	0.590	0.458	0.429	0.398	0.405
2019	0.593	0.620	0.489	0.459	0.415	0.405
2020	0.552	0.570	0.437	0.391	0.322	0.318
2021	0.549	0.562	0.448	0.415	0.339	0.325
2022	1.470	1.384	1.253	1.214	1.039	0.984
2023	1.930	1.909	1.758	1.723	1.526	1.476
2024	1.283	1.576	1.425	1.382	1.218	1.200
2025	1.125	1.678	1.524	1.492	1.324	1.301
2022 ^a	0.591	0.614	0.505	0.479	0.382	0.373
2023 ^a	0.537	0.553	0.446	0.429	0.345	0.343
2024 ^a	0.522	0.548	0.432	0.409	0.339	0.345
2025 ^a	0.471	0.479	0.371	0.354	0.302	0.316

^a Minus federal territory “Sirius”.

Sources: Finance Ministry of Russia; Federal Treasury; own calculations.

Table 11

**Execution (deficit/surplus) of the consolidated budgets of the subjects
of the Russian Federation**

Year	Number of RF subjects that have executed the budget	
	With deficit	With surplus
2016	56	29
2017	47	38
2018	15	70
2019	35	50
2020	57	28
2021	19	66
2022	50	36
2023	55	35
2024	49	41
2025	73	17

Sources: Federal Treasury; own calculations.

Russian economy in 2025

Trends and outlooks

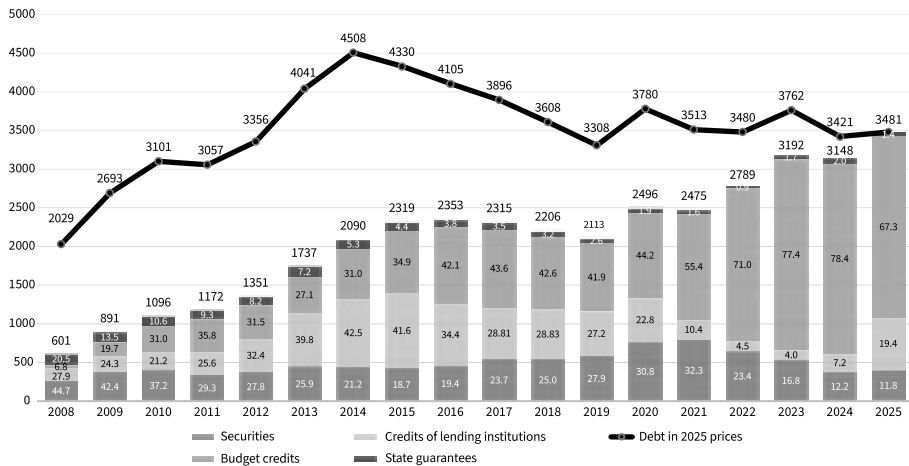


Fig. 11. Nominal volume (Rb bn) and structure (%) of public debt of RF subjects in 2008–2025

Sources: Ministry of Finance of Russia; Rosstat; own calculations.

on the budgets of individual regions also changed: the debt-to-revenue ratio decreased in 57 regions and increased in 32. In 15 regions, the increase in the debt burden exceeded 10 p.p. A high level of debt burden (over 50%) was recorded in 15 regions (in 2024 — in 21).

Although in nominal terms the debt volume as of January 1, 2026, was quite significant, in real terms it came very close to the 2019 level — the lowest in the past decade (Fig. 11). However, the debt structure changed sharply in 2025: the share of budget loans decreased by 11.1 p.p. to 67.3%, while in nominal terms, the volume of budget loans decreased by Rb124 bn, or 5.0%. The share of loans from credit institutions rose by 12.2 p.p. to 19.4%, with a nominal increase of Rb448 bn. Debt in the form of securities issued by Russian Federation constituent entities increased by Rb25 bn (+6.4%). The volume of state guarantees decreased by Rb15 bn (–24.1%).

Consequently, by the end of 2025, the deficit in consolidated regional budgets had grown significantly; given that intergovernmental transfers remained virtually unchanged, this led to a nominal increase in regional public debt, primarily due to a sharp rise in loans from financial institutions and securities. At the same time, the real volume of debt decreased, as did the debt burden in most regions. It follows that many regions maintained fiscal sustainability in 2025 despite the increased budget deficit, although a number of regions were forced to resort to market-based debt financing. Increased pressure on regional budgets from budget expenditures, amid slowing growth in tax revenues and the stabilization of intergovernmental transfers, heightens risks to the debt sustainability of the constituent entities of the Russian Federation in 2026.

Section 2

Financial markets and financial institutions

2.1. Trends in the global financial market¹

2.1.1. Risks of a financial bubble

In 2025, despite an extraordinary increase in customs tariffs in the United States, when the average rate amounted to 11% of the value of imported goods — the highest value since the 1940s (Morningstar, 2026)² — according to World Bank experts (2025)³ this did not lead to the expected slowdown in economic growth and an increase in the rates of inflation and unemployment. According to the US Bureau of Economic Analysis, GDP growth rates of the US economy in 2025 were equal to 2.1%, and according to Goldman Sachs forecasts as of January 16, 2026 they will reach 2.5% in 2026, since the disincentive effect of tariffs is going to be replaced by the stimulating effect of tax cuts provided for by the One Big Beautiful Bill Act of 2025.⁴ Economic growth in 2025 was facilitated by investments in the technology sector and a moderately high level of consumption on the part of predominantly wealthier citizens.⁵

However, heightened geopolitical tensions in the world and restrictions on international trade due to US tariff policies and sanctions have led to the expected GDP growth rates of the world's largest economies in 2025 being lower than their average annual growth rate in the previous decade. As shown in *Fig. 1*, the average an-

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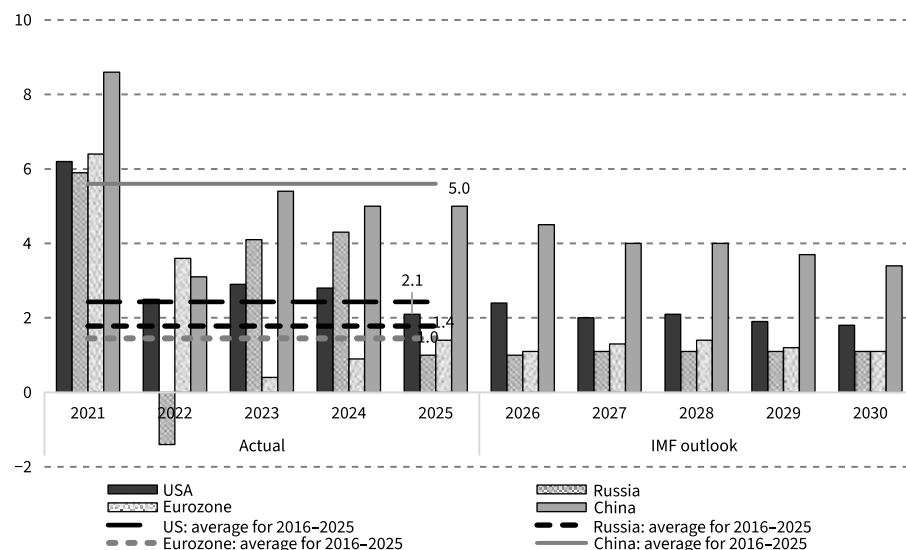
2. URL: <https://www.morningstar.com/business/insights/research/markets-observer>

3. URL: <https://blogs.worldbank.org/en/developmenttalk/economic-growth-in-2025-has-defied-the-gloomy-expectations>

4. URL: https://www.wsj.com/economy/global/the-world-economy-is-hooked-on-government-debt-71491482?mod=hp_lead_pos2

5. URL: https://www.barrons.com/articles/k-shaped-economy-wages-consumers-federal-reserve-e6171791?mod=hp_SP_A_2

nual growth rates in 2016–2025 in the United States, the eurozone countries, China and Russia were equal to 2.4%; 1.5%; 5.6% and 1.8%, respectively, while in 2025 they are estimated at 2.1%; 1.4%; 5.0%, and 1.0%, respectively.



Note. The countries' GDP growth rates for 2026 and 2027 have been adjusted in accordance with the International Monetary Fund's Global Economic Outlook for January 2026.

Fig. 1. Real GDP growth rates in the US, the eurozone, China and Russia in 2021–2030, %

Source: own calculations according to the International Monetary Fund (URL: <https://www.imf.org/ru/home>); U.S. Bureau of Economic Analysis (URL <https://bea.gov/data/gdp>); Rosstat and the RF Ministry of Economic Development.

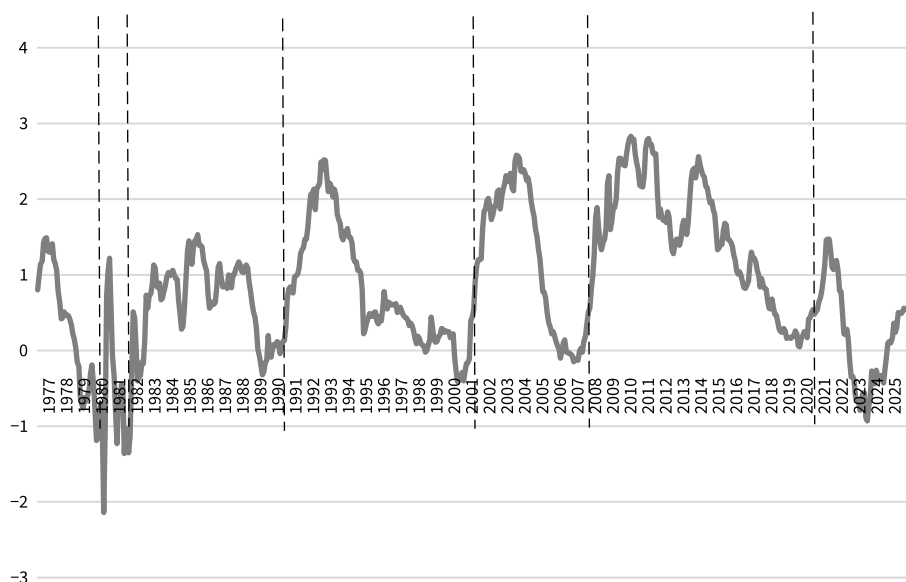
Despite various risks, in 2025, stock markets in the US and many countries around the world kept growing, which gave reason to assume the emergence of a financial bubble, primarily in the US stock market, as evidenced by many classic predictors of financial shocks.

One popular predictor of recessions and financial bubbles is the yield-to-maturity spread between 10-year and 2-year US government bonds. The break-out of a yield curve inversion, when the yield on long-term 10-year bonds equals the yield on 2-year bonds, is often accompanied by the onset of an economic recession within three to seven months of the event.¹ This occurs because the break-out of a yield curve inversion typically signifies that the central bank has completed its cycle of central bank interest rate increases, and a subsequent rate cut can,

1. The predictive power of this indicator was first substantiated by economist Harvey Campbell in his doctoral dissertation, defended at the University of Chicago (USA) in 1986.

at best, occur simultaneously with a “soft landing” (slowdown) in the economy and, at worst, a recession with negative GDP growth for at least two consecutive quarters.

As shown in *Fig. 2*, the moment of exit from inversion was observed in April 1990 with the onset of the recession in July 1990 after three months, in December 2000 with the recession in March 2001 after three months, in June 2007 with the recession from January 2008 after seven months, in September 2019 with the recession from March 2020 after six months. The most recent episode of exit from inversion in the United States was observed in September 2024. Since then, as of January 2026, 17 months have passed, but no signs of recession were observed in the US economy at this point.



Note. The vertical lines in the figure mark the beginning of the recession in the US economy in February 1980, July 1981, July 1990, March 2001, January 2008 and March 2020.

Fig. 2. Monthly yield to maturity spread between 10-year and 2-year US government bonds from June 1976 to December 2025, p.p.

Source: own calculations according to the Federal Reserve Bank of St. Louis (URL: <https://www.stlouisfed.org/>) and multpl Market, financial, and economic data (URL: <https://www.multpl.com/s-p-500-dividend-yield/table/by-year>).

Other predictors of financial crisis include Robert Shiller’s CAPE ratio¹ in combination with the Campbell dividend yield. If the current CAPE is high compared to long-term historical data and the dividend yield is low, indicating that the stock

1. The company’s market capitalization divided by its average annual net income over the past 10 years.

is overvalued, this may foreshadow a downturn in the market. In the late 1990s, this indicator reliably predicted the crisis of internet companies in the early 2000s. As shown in *Fig. 3*, by the end of 2025, the CAPE ratio reached 39.9, which was only slightly lower than the value of 44.2 in December 1999, and the dividend yield of 1.17% was almost comparable to 1.11% in August 2000. However, there were no obvious signs of a downturn in the US stock market as of February 2026.

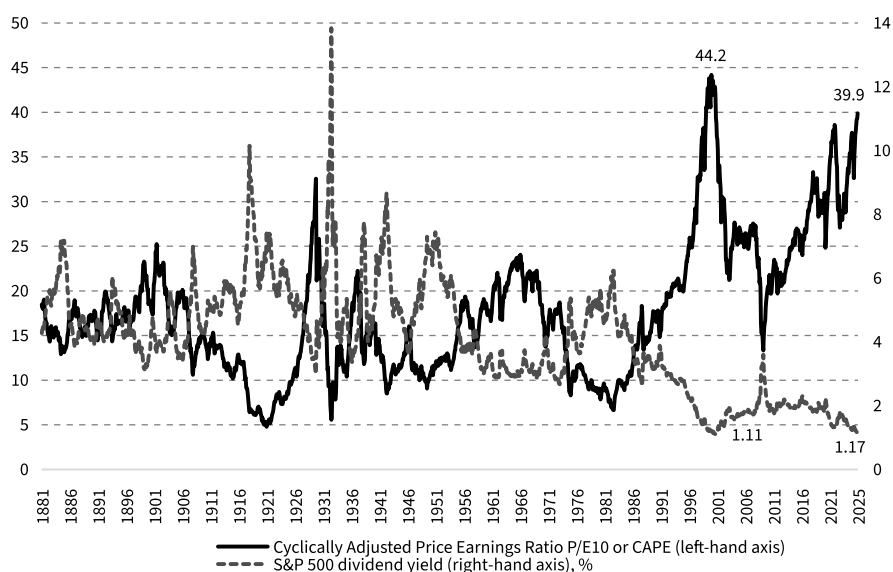


Fig. 3. Robert Shiller's CAPE ratio and dividend yield of S&P 500 stocks from January 1881 to December 2025

Source: own calculations according to the Federal Reserve Bank of St. Louis (URL: <https://www.stlouisfed.org/>) and multpl Market, financial, and economic data (URL: <https://www.multpl.com/s-p-500-dividend-yield/table/by-year>).

The third indicator of projected stock returns is Excess CAPE Yield¹: its low value reflects overvaluation of stocks, predicting a small risk premium on stocks over the yield on 10-year government bonds over the next 10 years (*Fig. 4*). For example, according to Morningstar's January 2026 forecast², over a 10-year forecast period, the annual nominal yield on US stocks is expected to be 5.3%, compared to a nominal yield of 4.5% on 10-year Treasuries. This means the equity risk premium could be equal only to 0.8 p.p. However, there are no signs yet of a long-term decline in US stocks.

1. One unit divided by the CAPE ratio minus the average annual real yield on 10-year government bonds over a 10-year period.

2. URL: <https://www.morningstar.com/markets/experts-forecast-stock-bond-returns-2026-edition>

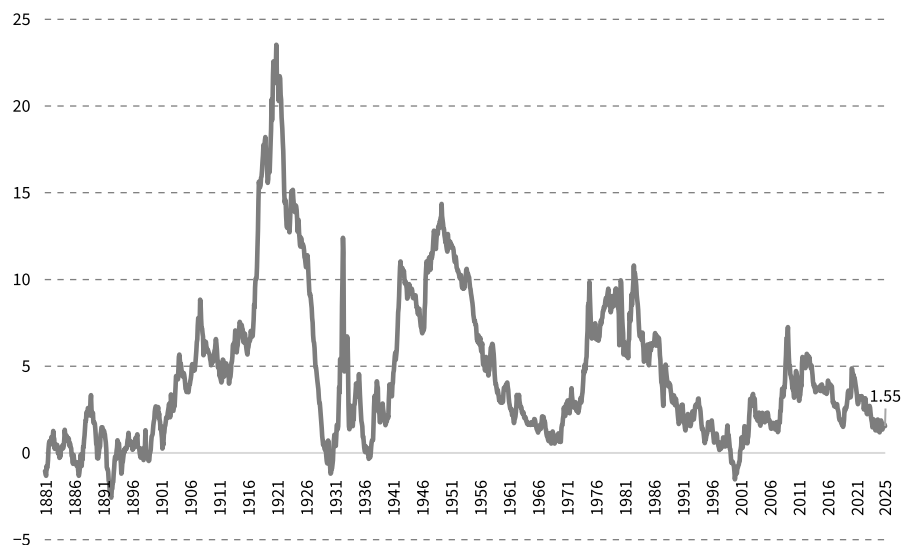


Fig. 4. Excess CAPE Yield from January 1881 to December 2025, p.p.

Source: own calculations according to the Federal Reserve Bank of St. Louis (URL: <https://www.stlouisfed.org/>) and multpl Market, financial, and economic data (URL: <https://www.multpl.com/s-p-500-dividend-yield/table/by-year>).

Finally, public debt growth, especially in developed countries and, to some extent, in China, could raise significant concerns about financial stability.

As shown in Fig. 5, based on IMF data, the estimated US public debt level in 2025 at 125.0% exceeded its average annual level over the past ten years by 6.5 p.p., while in the eurozone, China, and Russia the similar indicators were equal to 1.1 p.p.; 37.5 p.p.; and 32.9 p.p., respectively. That is, the level of public debt in the US and the eurozone was significantly closer to its historical average values than in China. As for Russia, if instead of the IMF estimate of the public debt in 2025 at 23.1% of GDP, we take into account its actual size according to the RF Ministry of Finance at 17.3%, this figure will almost completely correspond to the average annual debt level over the past ten years. According to IMF forecasts, in 2026–2030 compared to 2025, the relative size of government debt will increase by 14.5% in the United States, by 5.0% in the eurozone, by 20.6% in China and by 42.3% in Russia.

Thus, by historical standards and in accordance with the five-year forecast, the public debt situation in the US and the eurozone will not change significantly, while China is seeing a higher rate of public debt growth. In any case, the public debt situation in these countries is far from being critical: they have experienced no debt servicing problems.

Despite heightened volatility in global financial markets and alarming levels of several financial shock predictors, global investors remained skeptical about

Russian economy in 2025

Trends and outlooks

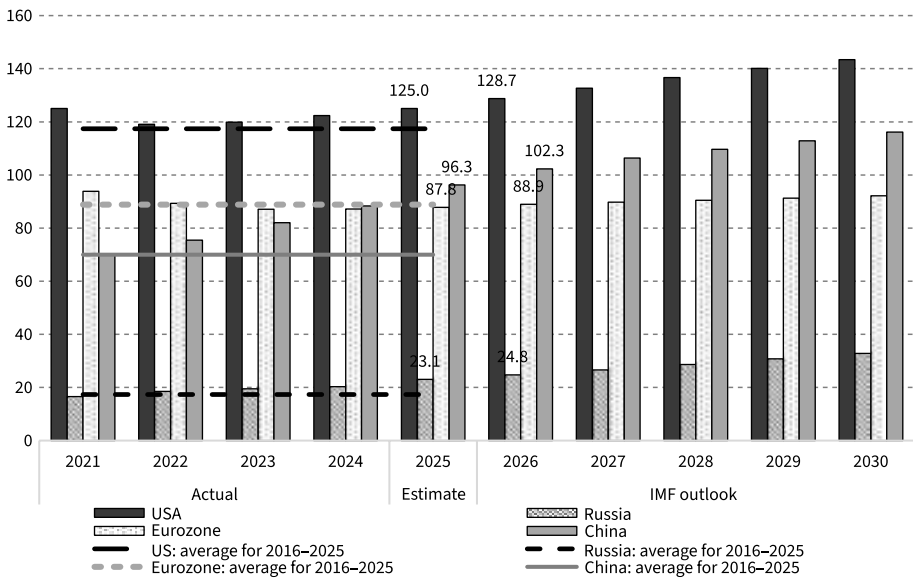


Fig. 5. The share of public debt to GDP in the US, the Eurozone, China and Russia in 2021–2030, %

Source: own calculations according to the IMF data. URL: <https://www.imf.org/ru/home>

the risks of a stock market downturn in early 2026. A survey of 1,300 experts conducted for the World Economic Forum's 2026 Global Risks Report¹ found that the threats of a financial bubble and a debt crisis ranked only 16th and 17th, respectively, in descending order of importance among the most important risks of a major crisis in 2026, significantly behind factors such as geopolitical confrontation, interstate conflicts, extreme weather events, social polarization, and disinformation.

In an article by Patricia Cohen in the New York Times (2026)², citing authoritative economists she argued that conventional macroeconomic and financial indicators predicting the direction of the economy (consumer sentiment indicators, unemployment, the yield spread between long-term and short-term government bonds, the dollar index, etc.) have proven extremely unreliable in recent years. The article cites the opinion of US economist Kenneth Rogoff that, despite the current unfavorable geopolitical and foreign trade circumstances, attempts to limit central

1. World Economic Forum (2026). Global Risks Report 2026. 21st Edition. Switzerland. 14 January 2026. URL: <https://www.weforum.org/publications/global-risks-report-2026/>

2. Cohen P. (2026). The Global Economy's Warning Signals Are Broken. From markets to spending to debt, usually reliable indicators that forecast where the economy is headed are proving deeply fallible. NYT online. February 3, 2026. URL: <https://www.nytimes.com/2026/02/03/business/economy/global-economy-forecasts.html>

bank independence, growing doubts about the rationale for investing in technology companies, the risks of a financial bubble, and the buildup of public debt, the stock market is showing growth and “it is surprising that we haven’t seen more dramatic fluctuations.” Another authoritative US economist Barry Eichengreen, commenting on the loss of effectiveness of traditional predictors of financial shocks, noted that “the economy is an incredibly complex system, and we are in a period of structural change, so it is not surprising that simple empirical rules are increasingly proving ineffective.”

Research by US economists at the Federal Reserve Bank of Minneapolis, A. Atkinson et al. (2025, 2026),¹ based on statistics disclosed by the Federal Reserve, substantiates the thesis that inflated multiples used to value US companies’ stocks are normal and that their values are unlikely to return to average levels in the foreseeable historical future. The authors attribute these trends to the sharp decline in the share of labor compensation in GDP observed in the United States since the 1980s, as well as the peculiarities of statistics, which do not fully account for the impact of investments in intangible assets, bonus payments to employees from company profits and other factors on company performance.

Morningstar’s 2026 forecasts² indicate that by the end of 2025, the capitalization of US stocks had a discount of 4% compared to the fair value of companies according to Morningstar calculations, i.e. this indicator was undervalued, which also calls into question the existence of a financial bubble.

2.1.2. Investment strategies’ key trends

In 2025 and early 2026, the following key patterns can be identified in the area of global investment strategies.³

1. The Trump administration’s reforms in the United States have led to a considerable weakening of the US dollar compared to other currencies. As shown in *Fig. 6*,

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1. Atkeson A., Heathcote J., Perri F. (2025). Reconciling macroeconomics and finance for the U.S. corporate sector: 1929 to present. NBER Working Paper 33459, February 2025 (URL: <http://www.nber.org/papers/w33459>); Atkeson A., Heathcote J., Perri F. (2026). A macroeconomic perspective on stock market valuation ratios. Federal Reserve Bank of Minneapolis Staff Report No. 682 (URL: <http://doi.org/10.21034/sr.682> <https://researchdatabase.minneapolisfed.org/concern/publications/5x21tf60n>).
 2. Sekera D. (2026). 2026 US Stock Market Outlook: Where to Find Investing Opportunities? High valuations, higher stakes: Expecting a volatile 2026 // Morningstar-online. January 9, 2026. URL: <https://www.morningstar.com/markets/2026-us-stock-market-outlook-where-find-investing-opportunities>
 3. Our analysis of global investment trends is based on a selection of 276 strategies popular in business media, with a 15-year horizon as of December 31, 2025, based on Morningstar data. In addition to financial market indices, the sample also reflects the performance of mutual fund and exchange-traded fund portfolios in the United States, with total assets of \$7.1 trillion, or 15.9% of the total asset value of these funds in the United States in 2025.

the period after the 2008 global financial crisis (GFC) till 2024 was characterized by a strengthening of the US dollar: its index to a basket of currencies, the U.S. Dollar Index (DXY), rose from 73.90 points in July 2011 to 108.49 points in December 2024, or by 46.8%, and then fell in December 2025 to 98.32 points, i.e., by 9.4%. The strengthening of the US dollar in the past contributed to the inflow of funds from global investors into US issuers' securities and higher returns on US company stocks compared to indices of other countries.

Between 2000 and 2025, the MSCI-US index of US stocks grew by 351.8%, the MSCI World ex USA index of stocks of the rest of the world except the US increased by 74.9%, and the MSCI Emerging Markets index of stocks of developing countries, by 186.9%.

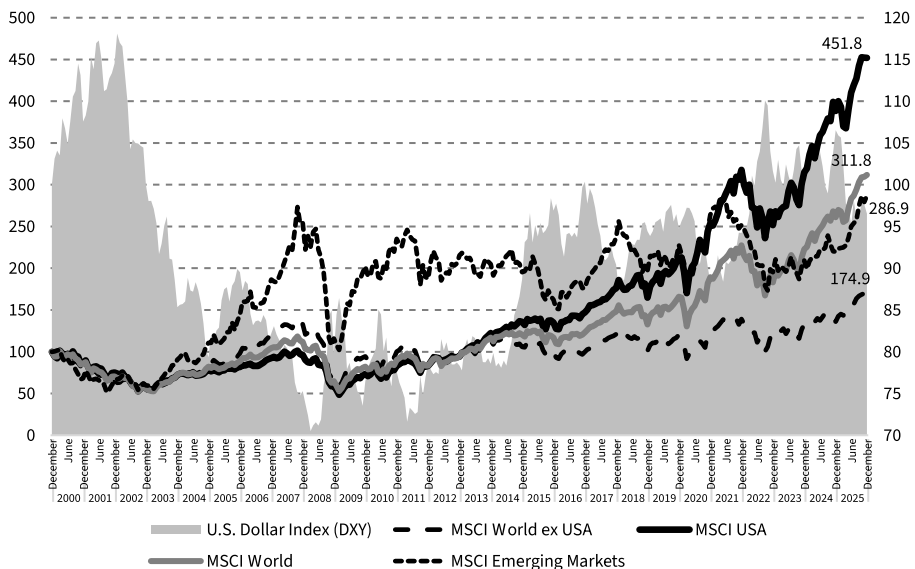


Fig. 6. Cumulative growth of global stock indices and the dollar index from December 1999 to December 2025 (December 1999=100%)

Source: own calculations according to MSCI (URL: <https://www.msci.com/end-of-day-data-country>) and The Wall Street Journal (URL: <https://www.wsj.com/>).

However, in 2025, the situation changed (Fig. 7). While the dollar index declined by 9.4% over the year, the MSCI-US stock index rose by 16.3%, and the MSCI World Ex USA and MSCI Emerging Markets indices increased by 28.6% and 30.6%, respectively. The weakening dollar trend is likely to continue in the future, making the outflow of global investors from US stocks and the outperformance of diversified portfolios of non-US stocks, including emerging market stocks, sustainable in the mid-term.

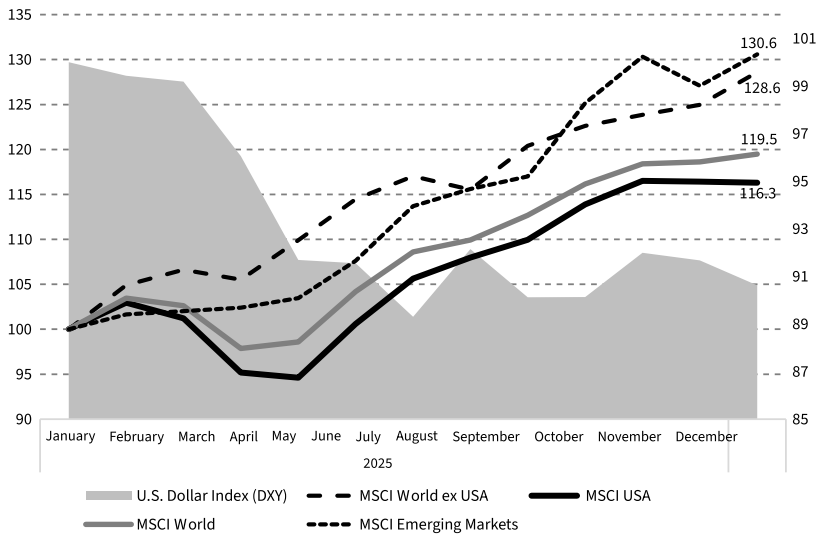


Fig. 7. The cumulative growth of global stock indices and the dollar index from December 2024 to December 2025 (December 2024 = 100%)

Source: own calculations according to MSCI (URL: <https://www.msci.com/end-of-day-data-country>) and The Wall Street Journal (URL: <https://www.wsj.com/>).

2. Investments in gold achieved the most impressive returns in 2025, while leading cryptocurrencies, long considered technological analogues of gold, on the contrary, showed negative returns.

The primary driver of appreciation of prices for gold in 2025 and early 2026 was that, amid high global economic uncertainty and a weakening dollar, gold became a key hedging asset for central banks and large institutional investors in many countries. At the same time, given the lack of robust financial regulation of the cryptocurrency market, significant fraud risks and government restrictions on its circulation, as well as public attention shifting to other technological innovations (AI, quantum computing, etc.), major investors' confidence in cryptocurrencies has declined considerably. This occurred despite measures taken by the Trump administration to stimulate the development of this market segment in the US in 2025 (relaxing enforcement, allowing cryptocurrency investments for retirement savings, promoting dollar-denominated stablecoins, etc.).

As shown in Table 1, returns on gold in 2025 were equal to 149.8%, while the Bitcoin Index declined by 6.3%. However, over a ten-year horizon, with a return of 70.1% per annum, the S&P Bitcoin Index still outperforms the Morningstar Global Gold GR USD Index, with a return of 19.8%. Over the same period, the Sharpe ratio, which takes into account not only the return but also the risk of financial investments, was equal to 0.90 for cryptocurrency, higher than 0.67 for gold.

Table 1

**Performance and risk indicators of underlying investment strategies
in the global financial market as of December 31, 2025**

Strategy	Benchmark	Return, % per annum					Sharpe ratio		
		2025	2022	3 years	5 years	10 years	3 years	5 years	10 years
Broad global stock market	Morningstar Global Markets	23.3	-17.9	20.7	11.3	11.9	1.1	0.65	0.68
Broad US stock market	Morningstar US Market	17.4	-19.4	22.6	13.3	14.4	1.1	0.73	0.79
NASDAQ-100 Index Shares	Invesco QQQ Trust (QQQ)	20.8	-32.6	32.9	15.1	19.5	1.32	0.72	0.94
Broad market of U.S. issuers' bonds	Morningstar US Core Bond	7.4	-13.0	4.7	-0.4	2.0	-0.05	-0.56	-0.04
US government bonds	Morningstar US Treasury Bond	6.4	-12.4	3.7	-0.9	1.4	-0.23	-0.75	-0.15
Short-term US government bonds (risk-free rate)	Morningstar US 1-3 Month Treasury Bill GR USD (MSUSTBGU)	4.3	1.5	4.9	3.3	2.2	-0.75	-1.41	-0.98
U.S. government bonds with a duration of 5-10 years	Morningstar US 5-10 Yr Treasury Bond	8.4	-12.6	4.2	-0.8	1.7	-0.13	-0.61	-0.08
US Money Market Fund	Vanguard Cash Rsrv Federal MnyMktAdmiral (VMRXX)	4.2	1.6	4.9	3.2	2.3	-2.35	-2.57	-0.42
Gold	Morningstar Global Gold GR USD	149.8	-9.2	43.3	19.8	21.7	1.15	0.62	0.67
Real estate	Vanguard Real Estate ETF (VNQ)	3.3	-26.2	6.6	4.6	5.1	0.11	0.21	0.27
Cryptocurrency	S&P Bitcoin Index	-6.3	-63.9	74.2	24.6	70.1	1.4	0.4	0.9
S&P Commodity Asset Index	iShares S&P GSCI Commodity-Indexed Trust (GSG)	5.9	24.1	2.8	13.3	5.0	-0.14	0.7	0.19

Source: our compilation based on the Morningstar data.

According to Morningstar analyst Amy Arnott (2026),¹ gold was the best-performing major asset class over the past twenty years, returning 11.3% annually as of January 21, 2026, ranking first compared to many other assets over most rolling

1. Arnott A.C. (2026). Gold Keeps Reaching New Heights. Here's Why Investors Should Proceed With Caution // Morningstar online. January 23, 2026. URL: <https://www.morningstar.com/markets/gold-keeps-reaching-new-heights-heres-why-investors-should-proceed-with-caution>

periods. For this reason, it can be an important asset for diversified retirement portfolios. In September 2025, Morgan Stanley Chief Investment Officer (CIO) Michael Wilson recommended a retirement portfolio allocation of 60% stocks, 20% bonds, and 20% gold. However, Morningstar analysts warned that the share of gold in retirement portfolios should not exceed 5% of their value.

In terms of the risks of investing in gold, it is important to take into account that its price is characterized by a tendency to revert to the mean, which is substantiated, for example, in the study of Claude Erb and Campbell Harvey in 2013.¹

3. Following the 2022 crisis caused by the rapid rise in the US Federal Reserve's central interest rates and geopolitical instability, the US equity market has grown for three consecutive years by 2025: the Morningstar US Market's broad US equity index returned 26.3% in 2023, 25.0% in 2024, and 17.4% in 2025. As shown in *Table 1*, over the past ten years, these stocks have returned 14.4% per annum, i.e., lower than gold and cryptocurrencies, but higher than most other assets. In addition, their Sharpe ratio over this period of 0.79 outperformed gold's 0.67. The index was driven by the strengthening of the dollar, the growing US economy and the high attractiveness of large technology companies' stocks for investors.

Technology stocks, particularly the Big Seven (Apple, Microsoft, Amazon, Alphabet, Nvidia, Tesla, and MetaTrader), outperformed the broader U.S. stock index, with the NASDAQ-100 returning 20.8% in 2025 compared to 17.4% for the Morningstar US Market. The tech index's performance and Sharpe ratio advantage also remained over the 10-year horizon (see *Table 1*). Given the rapid growth of AI stock investment in 2025 and early 2026, investor speculation about a bubble in AI stocks has increased.

4. In 2025, despite the risks of high government debt, investors saw a significant increase in the attractiveness of bond investments, viewed as a safe haven amid the growing risks of a financial bubble in the US stock market. Furthermore, the trend toward a gradual reduction in central interest rates by the US Federal Reserve and the European Central Bank, which began in 2025, became an additional factor in increasing the market value of bonds on the global market. According to Morningstar (2026)², of the record \$765.0 bn in net cash inflows into long-term mutual funds and ETFs in the US in 2025 after 2021, \$602.7 bn came from US bond funds, while investors withdrew \$32.3 bn from US equity funds. Following the severe crisis of 2022, when the US government bond portfolio declined by 12.4%, the geometric average return of most bond strategies in the US turned positive over a three-year historical horizon (*Table 2*).

1. Erb Claude B., Harvey Campbell R. (2013). The Golden Dilemma (January 2013). Available at SSRN. URL: <https://ssrn.com/abstract=2202645>

2. Carter D., Bullard J. (2026). 8 Charts on US Fund Flows in 2025: Highest Net Inflows Since 2021. Passives, ETFs, bonds, and gold were among the big winners for the year // Morningstar online. January 16, 2026. URL: <https://www.morningstar.com/funds/8-charts-us-fund-flows-2025-highest-net-inflows-since-2021>

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Table 2

Global Bond and Hybrid Strategies Performance and Risk as of December 31, 2025

Strategy	benchmark	Return, % per annum					Sharpe coefficient		
		2025	2022	3 years	5 years	10 years	3 years	5 years	10 years
Broad US stock market	Morningstar US Market	17.4	-19.4	22.6	13.3	14.4	1.10	0.73	0.79
US Money Market Fund	Vanguard Cash Rsrv Federal MnyMktAdmiral (VMRXX)	4.2	1.6	4.9	3.2	2.3	-2.35	-2.57	-0.42
Broad bond market	Morningstar US Core Bond	7.4	-13.0	4.7	-0.4	2.0	-0.05	-0.56	-0.04
U.S. Government bonds	Morningstar US Treasury Bond	6.4	-12.4	3.7	-0.9	1.4	-0.23	-0.75	-0.15
Government bonds with duration of 5–10 years	Morningstar US 5–10 Yr Treasury Bond	8.4	-12.6	4.2	-0.8	1.7	-0.13	-0.61	-0.08
Municipal bond ETF	iShares National Muni Bond ETF (MUB)	3.8	-7.4	3.5	0.8	2.1	-0.24	-0.44	-0.01
Mortgage bonds	Morningstar US Asset-Backed Securities	5.8	-4.4	5.9	2.7	2.7	0.59	-0.36	0.19
Corporate bonds	Morningstar US Corporate Bond	7.9	-15.7	6.1	-0.1	3.2	0.17	-0.39	0.16
Fallen Angels Bond ETFs	VanEck Fallen Angel High Yield Bond (FALN)	8.9	-13.8	10.0	3.9		0.87	0.20	
High-yield bonds	Morningstar US High-Yield Bond	8.6	-11.1	10.1	4.6	6.5	0.91	0.24	0.55
ESG US corporate bonds	iShares ESG USD Corporate Bond ETF (SUSC)	7.6	-16.0	6.0	-0.3		0.15	-0.41	
Broad bond market of developing countries	Morningstar Emerging Markets Composite Bond	10.9	-15.7	8.1	0.8	4.0	0.55	-0.27	0.24
60% stocks/40% bonds is largest fund	American Funds American Balanced A (ABALX)	18.5	-12.1	15.8	9.6	9.8	1.21	0.62	0.79
Global Strategy 60/40	BlackRock Global Allocation Instl MALOX	19.6	-15.8	13.8	5.7	7.5	0.92	0.27	0.54
Life Cycle Fund 2025 (50%/50%)	Fidelity Freedom® 2025 (FFTWX)	16.5	-16.7	12.9	5.7	7.9	0.70	0.32	0.56
Life Cycle Fund 2040 (85%/15%)	Fidelity Freedom® 2040 (FFFFX)	22.6	-18.3	18.5	9.7	10.9	0.94	0.55	0.64

Source: own compilation based on the Morningstar data.

The return of investor confidence in the protective properties of bonds is also entailing a gradual restoration of the investment attractiveness of mixed investment strategies — 60% stocks/40% bonds — and others widely used by large institutional investors. As shown in *Table 2* using the example of the largest US mixed investment fund with a 60/40 strategy, American Funds Balanced A (ABALX), its return in 2025 of 18.5% per annum exceeded the return of the broad stock market index Morningstar US Market (17.4%) and the return of government bonds (6.4%). The fund also outperformed the aforementioned benchmarks in terms of the Sharpe ratio over a three-year time horizon. However, over longer horizons — 5 and 10 years — mixed investment funds still lag behind the return-to-risk ratio of broad stock indices.

Unlike many bond portfolios with sTable investment ratings, the highest returns and high Sharpe ratios in 2025 across all considered horizons — from 3 to 10 years — were demonstrated by investments in high-risk bonds (Morningstar US High-Yield Bond) and fallen angel bonds¹ (VanEck Fallen Angel High Yield Bond).

The growing attractiveness of the global corporate bond market led to the fact that in February 2026, credit spreads between the indices of corporate bonds in the US and the eurozone countries (Ice BofA US Corporate Index and Ice BofA Euro Corporate Index) and the government bond index, according to the Financial Times (2026)², reached the lowest level since the GFC-2008, which indicates that investors underestimate the credit risks of investing in corporate bonds and the emergence of signs of a financial bubble in this segment of the financial market.

5. In the field of value (factor) investment in stocks in 2025, as in previous years, the four main portfolio strategies — investing in shares of large companies, in growth stocks and quality stocks, as well as the momentum strategy — continued to outperform broad equity market indices in terms of return and risk. Actively managed ETFs with multi-factor strategies have emerged, which also manage to earn a premium to equity returns. As shown in *Table 3*, in 2025, the returns of Vanguard US Growth (VUG), Vanguard Large Cap Index/ETF (VV), iShares U.S. Equity Fac Rotation Act ETF (DYNF), and the Morningstar US Momentum Factor TR USD index were equal to 19.4%; 18.1%; 20.0% and 21.9% per annum, respectively, compared to 17.4% for the Morningstar US Market index. Only the Morningstar US Quality Factor TR USD index, with a return of 16.2% per annum, slightly underperformed the market portfolio. However, over the ten-year historical period, the quality fund's return of 15.3% per annum, along with 17.5% for growth stocks, 14.8% for large-cap stocks, and 17.1% for the momentum portfolio, significantly outperformed the broad market stock index's return of 14.4% per annum.

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1. Fallen angels are bond issues or issuers that have the lowest investment rating and are at risk of losing their investment rating.
 2. Smith I., Chan M. (2026). Rally in corporate bonds prompts "bubble" fears // Financial Times Weekend online. 14–15 February, 2026. URL: <https://www.ft.com/content/e87f04d5-9a19-4776-b0bc-3a78770be894>

Table 3

**Return and risk indicators of factor investment strategies
in stocks as of December 31, 2025**

Strategy	Benchmark	Return, % per annum					Sharpe coefficient		
		2025	2022	3 years	5 years	10 years	3 years	5 years	10 years
Broad US stock market	Morningstar US Market	17.4	-19.4	22.6	13.3	14.4	1.10	0.73	0.79
Stocks of the S&P 500 index	Vanguard S&P 500 ETF (VOO)	17.8	-18.2	23.0	14.4	14.8	1.16	0.80	0.83
Stocks of the S&P 500 index with the same weights in the portfolio	Invesco S&P 500® Equal Weight ETF (RSP)	11.2	-11.6	12.6	10.3	11.5	0.44	0.54	0.59
Value shares	Vanguard US Value (VTV)	15.3	-2.1	13.5	12.6	11.7	0.60	0.72	0.66
Growth stocks	Vanguard US Growth (VUG)	19.4	-33.2	32.5	14.6	17.5	1.32	0.69	0.86
Shares of largest companies	Vanguard Large Cap Index/ETF (VLCAX) (VV)	18.1	-19.9	23.5	13.9	14.8	1.18	0.77	0.83
Shares of small companies	Vanguard Small-Cap ETF (VB)	8.9	-17.5	13.7	7.3	10.4	0.41	0.37	0.47
Morningstar Momentum Strategy	Morningstar US Momentum Factor TR USD	21.9	-18.1	24.2	13.9	17.1	0.96	0.66	0.84
Morningstar—Equity Quality Strategy	Morningstar US Quality Factor TR USD	16.2	-26.8	27.1	14.8	15.3	1.16	0.72	0.80
ESG stocks	Morningstar US Sustainability	14.2	-18.9	20.6	12.9	13.9	0.95	0.68	0.77
US Multi-Factor Strategy (Active ETF)	iShares U.S. Equity Fac Rotation Act ETF (DYNF)	20.0	-20.3	28.7	16.3		1.39	0.88	
Dividend stocks—broad diversification	Schwab U.S. Dividend Equity ETF (SCHD)	4.3	-3.2	6.8	8.9	11.5	0.10	0.47	0.65
Wide portfolio of high dividend stocks	Morningstar US High Dividend Yield	15.7	-1.0	12.9	12.6	11.3	0.59	0.74	0.66
Shares of companies with high dividends	WisdomTree US High Dividend ETF (DHS)	12.9	8.0	10.0	12.1	9.6	0.33	0.66	0.54
Index of dividend stocks and shares with repurchase (USA)	Morningstar US Dividend and Buyback TR USD MSDIBUGU	15.2	-10.2	15.7	12.9	13.3	0.64	0.71	0.71

Source: own compilation based on the Morningstar data.

At the same time, in 2025, the returns of such strategies as investing in value stocks, small companies, and dividend stocks continued to lag the market. This is due to the outperformance of large technology stocks, characterized by high financial multiples, significant capitalization and high yields due to the stock price, rather than dividends. In 2025, the returns of the Vanguard US Value ETF (VTV), Vanguard Small-Cap ETF (VB), Schwab U.S. Dividend Equity ETF (SCHD), and the Morningstar US High Dividend Yield Index of dividend stocks amounted to 15.3%; 8.9%; 4.3% and 15.7% per annum, respectively, being lower than the 17.4% of the Morningstar US Market Index. These funds and indices also underperformed the market equity index over five- and ten-year time horizons. In this case, the most interesting phenomenon is the low returns on small-cap stocks, which may indicate a disruption in the innovation elevator in exchange-traded financing of US companies' stocks and an excessive increase in business concentration across various sectors.

6. By sector, only the telecommunications and communications, technology and AI stocks sectors demonstrated a consistent ability to outperform broad equity indices (*Table 4*). In 2025, the Morningstar US Communication Services, Morningstar US Technology Sector and Alger Focus Equity Fund (ALZFX), which invests in AI-related stocks, exceeded considerably the Morningstar US Market index by 33.9%, 21.4%, and 41.8% per annum, respectively. These sector strategies significantly outperformed the market index over 3-, 5-, and 10-year horizons. All other sector strategies, as a rule, underperformed the broad equity index in 2025 over most investment horizons. The Sector Rotation Fund (NAVFX), a multi-sector strategy that involves rotating sector stocks in a portfolio at different stages of the economic cycle, also underperformed the market index.

The Renaissance IPO ETF (IPO), which invests in companies at the public offering stage, demonstrated significantly lower returns than the Morningstar US Market Index over most time horizons. Its performance supports the assumption that only actively managed funds with the ability to select stocks with the best post-IPO growth prospects have a chance of achieving returns above the market by investing in IPO companies.¹

7. In 2025, the weakening dollar led to a more active switch of global investments to emerging equity markets. As shown in *Table 5*, in 2025, with the US stock index returning 17.4% per annum, a similar indicator of the broad market of stocks of Morningstar Emerging Markets was equal to 30.1%. The highest dollar returns during this period were earned by funds investing in Poland, South Africa, Vietnam, Chile, Mexico and Brazil in the amounts of 77.4%; 75.2%; 66.5%; 65.1%; 53.7% and 48.4%, respectively. Investments in shares of companies from China and Russia brought

1. Abramov A.E., Chernova M.I. IPO of shares of Russian companies: theory, indicators, trends and prospects // *Financial Journal*. 2024. Vol. 16. No. 6. P. 42–60. URL: <https://doi.org/10.31107/2075-1990-2024-6-42-60>

Table 4

Performance and risk indicators of sector and thematic equity investment strategies as of December 31, 2025

Strategy	Benchmark	Return, % per annum					Sharpe coefficient		
		2025	2022	3 years	5 years	10 years	3 years	5 years	10 years
Broad US stock market	Morningstar US Market	17.4	-19.4	22.6	13.3	14.4	1.10	0.73	0.79
Stocks of the S&P 500 index	Vanguard S&P 500 ETF (VOO)	17.8	-18.2	23.0	14.4	14.8	1.16	0.80	0.83
NASDAQ-100 Index Shares	Invesco QQQ Trust (QQQ)	20.8	-32.6	32.9	15.1	19.5	1.32	0.72	0.94
Telecommunications and communications sector	Morningstar US Communication Services	33.9	-40.9	42.2	14.5	15.1	1.91	0.62	0.75
Cyclical consumer goods sector	Morningstar US Consumer Cyclical Sector	5.7	-35.5	22.8	8.1	1.9	0.91	0.31	0.62
Countercyclical consumer goods sector	Morningstar US Consumer Defensive Sector	1.1	-2.6	5.7	6.3	8.2	0.12	0.28	0.51
Energy	Morningstar US Energy	7.6	62.5	4.5	23.6	7.9	0.06	0.82	0.33
Financial services	Morningstar US Financial Services Sector	16.9	-12.3	21.2	14.7	13.9	0.97	0.66	0.66
Medicine and healthcare	Morningstar US Healthcare Sector	15.2	-5.2	6.5	6.8	9.5	0.17	0.29	0.54
Manufacturing	Morningstar US Industrials Sector	18.7	-8.1	18.7	13.4	13.4	0.85	0.60	0.65
Public utilities	Morningstar US Utilities Sector	19.4	1.7	12.1	10.9	11.1	0.51	0.50	0.63
Technology sector	Morningstar US Technology Sector	21.4	-31.6	38.0	19.3	23.3	1.58	0.78	1.04
Basic Materials Sector	Morningstar US Basic Materials Sector	15.3	-11.4	9.2	8.5	10.7	0.31	0.34	0.50
Real estate transactions	Morningstar US Real Estate Sector	4.1	-25.6	6.9	4.7	5.4	0.19	0.16	0.26
Rotation of industries depending on business cycle	Sector Rotation Fund (NAVFX)	13.3	-17.8	19.7	10.3	10.2	1.09	0.53	0.59
AI-powered stock fund	Alger Focus Equity Fund ALZFX	41.8	-35.8	46.2	19.2	20.5	1.62	0.80	0.96
Investing in IPO shares	Renaissance IPO ETF (IPO)	5.5	-57.3	23.0	-6.5	8.4	0.73	-0.22	0.35

Source: own compilation based on the Morningstar data.

Table 5

Return and risk indicators of investments in shares of companies in emerging markets as of December 31, 2025

Strategy	Benchmark	Return, % per annum					Sharpe coefficient		
		2025	2022	3 years	5 years	10 years	3 years	5 years	10 years
Broad stock market	Morningstar Global Markets	23.3	-17.9	20.7	11.3	11.9	1.10	0.65	0.68
Shares of companies from developed countries	Morningstar Developed Markets	22.5	-17.9	21.3	12.2	12.3	1.11	0.68	0.69
Shares of companies from developed countries, excluding the United States	Morningstar Developed Markets ex-US	33.7	-14.8	18.2	9.5	9.0	0.94	0.51	0.48
Broad US stock market	Morningstar US Market	17.4	-19.4	22.6	13.3	14.4	1.10	0.73	0.79
Emerging Markets Broad Market Index	Morningstar Emerging Markets	30.1	-17.9	16.1	5.1	9.1	0.86	0.19	
Emerging Markets ETFs	iShares MSCI Emerging Markets	34.0	-20.6	15.9	3.6	7.8	0.80	0.08	
Developing countries in Europe	Morningstar Emerging Markets Europe	31.4	-65.1	18.8	-7.3	1.7	0.88	-0.05	
Dividend stocks in emerging markets	Morningstar Emerging Markets Dividend Yield Focus	20.4	-19.9	13.6	5.6	8.3	0.87	0.24	
Developing countries excluding China	iShares MSCI Emerging Mkts ex China ETF	35.1	-19.3	18.2	7.6		0.96	0.35	
China	iShares MSCI China ETF	31.0	-22.8	11.0	-3.7	4.9	0.36	-0.12	
Brazil	iShares MSCI Brazil ETF	48.4	12.4	11.0	4.9	9.9	0.35	0.19	
India	iShares MSCI India ETF	2.8	-8.9	9.3	7.7	8.2	0.41	0.38	
South Africa	iShares MSCI South Africa ETF	75.2	-5.1	24.0	14.2	9.2	0.86	0.55	
Saudi Arabia	iShares MSCI Saudi Arabia	-8.2	-6.1	1.8	5.8	6.7	-0.16	0.22	
Poland	iShares MSCI Poland ETF	77.4	-24.6	37.7	17.2	9.8	1.31	0.58	
Argentina	Global X MSCI Argentina ETF	11.5	11.8	41.0	26.6	18.9	1.00	0.78	
Indonesia	iShares MSCI Indonesia ETF	4.9	-0.2	-2.2	-1.4	1.3	-0.33	-0.21	
Chile	iShares MSCI Chile ETF	65.1	25.2	18.0	10.6	5.7	0.73	0.40	
Turkey	iShares MSCI Turkey ETF	-1.6	105.8	0.5	8.7	2.4	-0.07	0.30	
Mexico	iShares MSCI Mexico ETF	53.7	1.3	15.7	13.5	6.1	0.56	0.54	
Malaysia	iShares MSCI Malaysia ETF	15.7	-6.0	10.1	3.0	2.8	0.40	0.06	
Vietnam	VanEck Vietnam ETF	66.5	-43.7	19.4	3.2	3.9	0.63	0.10	
Russia	RTS Index— Total Return	33.8	-32.9	12.9	3.3	11.2			

Source: own compilation based on the data of Morningstar and the Moscow Exchange.

Russian economy in 2025

Trends and outlooks

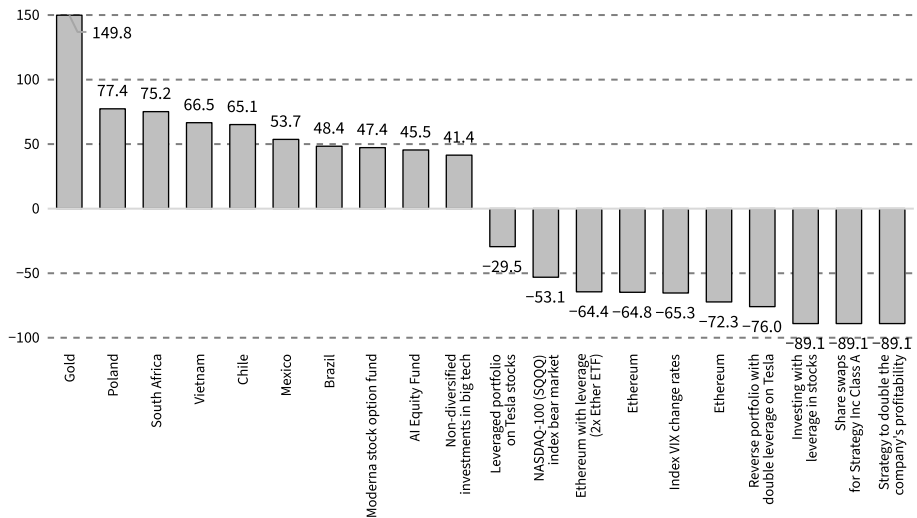


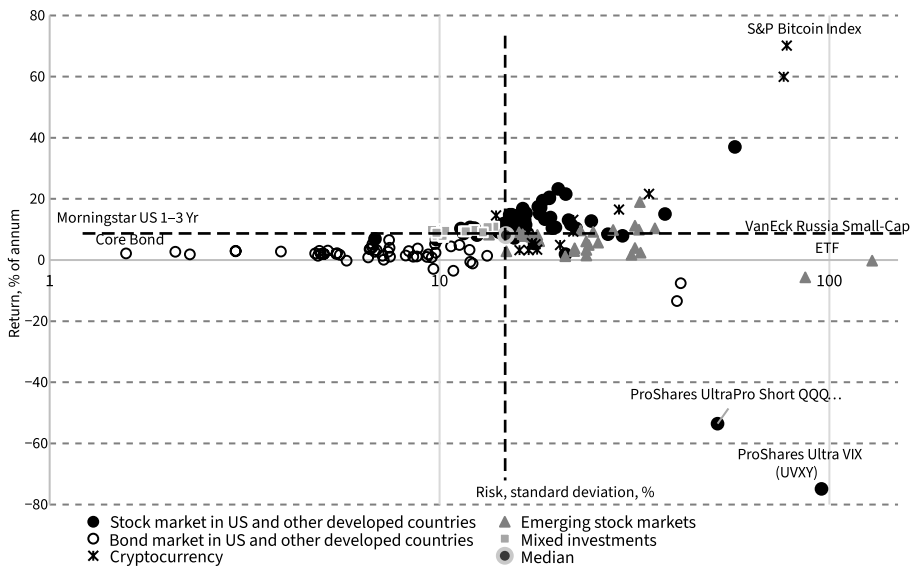
Fig. 8. Top 10 and 10 worst performing investment strategies in 2025 out of 276 global investment strategies, % per annum

Source: own calculations based on the Morningstar data.

returns of 31.0% and 33.8%, respectively. Negative returns were recorded for portfolios of shares of companies from Saudi Arabia and Turkey. However, over three-, five-, and ten-year horizons, the vast majority of emerging market equity strategies underperformed the US equity index. The only exceptions were the Global X MSCI Argentina ETF, which outperformed the Morningstar US Market Index over all three-, five-, and ten-year horizons, and the iShares MSCI Poland ETF, which delivered superior returns over three- and five-year horizons. The high stock returns in Argentina were driven by domestic investors, for whom local stocks were virtually the only means of protecting their savings from high inflation. The rise in Polish stocks was driven by their high attractiveness to foreign investors and the sustained growth of the national economy.

In conclusion of the international market review, let us look at its more general characteristics in 2025 and over a ten-year time horizon.

As shown in Fig. 8, the most profitable investments in 2025 from the considered sample of 276 strategies were investments in gold (Morningstar Global Gold GR USD Index), in the line of exchange-traded funds of BlackRock and VanEck companies investing in shares of companies from Poland, South Africa, Vietnam, Chile, Mexico and Brazil, as well as investments in shares of issuers in the AI sector (Morningstar Global Next Generation Artificial Intelligence Index) and in a poorly diversified portfolio of big tech (mutual fund Alger Focus Equity Fund Class I



Note. The x-axis is shown on a logarithmic scale.

Fig. 9. Returns and risks of 182 investment strategies in the global market, 2016–2025

Source: own calculations based on the Morningstar data.

with ticker ALGRX). The largest losses were incurred by the exchange-traded funds of the management company Defiance, which invested with leverage in shares of the only company Strategy, whose portfolio, in turn, consists of investments in cryptocurrency; funds that invested with leverage in the cryptocurrency Ethereum (Proshares UltraShort Ether ETF and Proshares Ultra Ether ETF); Speculative funds betting on changes in the VIX index (ProShares Ultra VIX) and on a decline in the NASDAQ-100 index (ProShares UltraPro Short QQQ ETF with the ticker SQQQ); a fund with a strategy for a decline in Tesla shares (T-REX 2X Long Tesla Daily Target ETF). The most profitable asset in 2025 — gold — returned 149.8% per annum, while the strategy turned out to be the most unprofitable of the sample of indices and funds, showing a loss of 89.1%.

As Fig. 9 shows, 182 randomly selected strategies with available return and risk information for ten years — from 2016 to 2025 — provided a wide range of investment options for investors with different risk profiles. The highest return of 70.13% per annum was achieved by investments in the S&P Bitcoin Index; the largest loss of 74.90% per annum was demonstrated by the ProShares Ultra VIX (UVXY) ETF,¹ which bets on the rise in the VIX stock volatility index. The lowest-risk investments in terms of the ave-

1. Investments in such a fund allow for high speculative returns in the event of a sharp rise in the VIX index, but long-term investments in such a fund are, with a high probability, clearly unprofitable.

range standard deviation of 0.54% per annum were in two money market funds — Vanguard Cash Rsrv Federal Money Market Admiral and Fidelity® Treasury Money Market (FZFX),¹ while the maximum annual risk of 128.72% was registered in the VanEck Russia Small-Cap ETF, which invested in shares of small Russian companies.

The median return for portfolios over a ten-year time horizon was 8.17% per annum, with a median standard deviation of 14.81% (see *Fig. 9*, the dotted line dividing the graph into four planes). The majority of investment strategies exhibit risks of around 40%. Against this backdrop, the geometric mean return of the Russian RTS-Full Index, at 11.20% per annum, exceeds the average, and the risk indicator, at 31.77%, is more than twice the average.²

To illustrate the efficient set of global portfolios of 182 strategies over a ten-year horizon, *Fig. 10* shows the 25 portfolios with the highest return-to-risk ratios. The five strategies with the highest ratios, ranging from 3.50 to 4.17, are money market funds and investments in low-duration US government bonds, including the BlackRock Liquidity Funds FedFund Institutional Shares, a digital asset fund managed by BlackRock. Technology funds and indices with return-to-risk ratios ranging from 1.05 to 1.16 occupy places 8 through 11 in the ranking. The SPDR® Gold Shares (GLD), an exchange-traded fund investing in gold with a ratio of 1.05, ranks only 12th.

Among the following leading strategies, we highlight the 60/40 mixed investment portfolios of American Funds American Balanced A (ABALX), the largest mixed-asset fund in the US, with a ratio of 1.02 (14th place), and Vanguard Wellington™ Inv (VWELX), the oldest fund with a nearly century-long history, with a risk-return ratio of 0.99 (17th place). This indicates a return to investment appeal for the previously most popular mixed investment strategy among institutional investors, which suffered greatly from the simultaneous decline of the US stock and bond markets in 2022.

Among the 25 most attractive portfolio management strategies for the 2016–2025 period, in 19th, 24th, and 25th place with return-to-risk ratios of 0.98, 0.93, and 0.92, respectively, one can see funds and indices of the broad stock market — the Vanguard S&P 500 ETF (VOO), the SPDR® Port S&P 1500 Comps Stk Mkt ETF (SPTM), and the Morningstar US Market index, respectively.

Thus, a distinctive feature of the global financial asset market in 2025 is the availability of a wide range of strategies for investors with varying risk profiles and strategies that allow them to hedge the risk of investment losses during financial crises, as well as manage portfolios during periods of market growth. This largely explains the trend of continued growth in financial market investment that emerged in 2025 and early 2026, despite uncertainties in the global economy and politics in various

1. They are not shown in *Fig. 9* because the X-axis with standard deviation values is given on a logarithmic scale starting from a value of 1.

2. Comparative characteristics of the return and risk of the RTS index are conditional, since, amid ongoing sanctions, global investors are practically not participating in transactions with Russian securities on Russian exchanges and the domestic over-the-counter market.

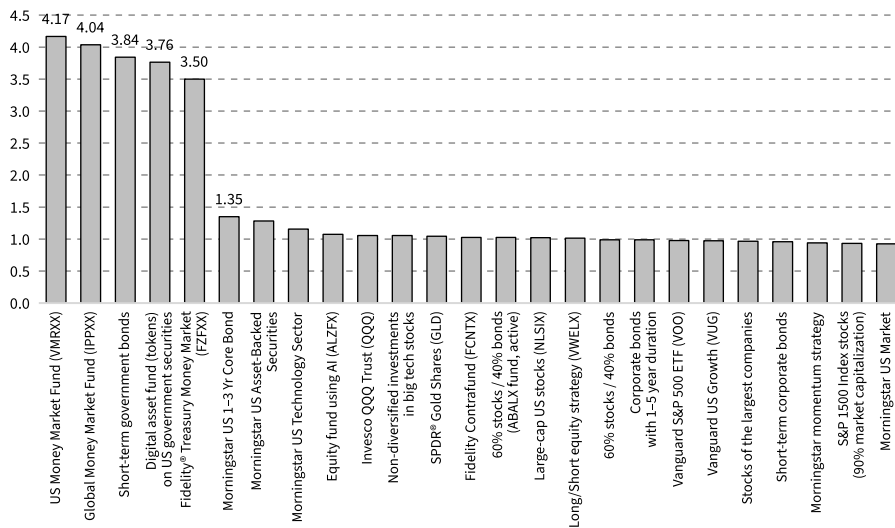


Fig. 10. Top 25 investment strategies by risk/return ratio over a ten-year time horizon from a sample of 182 portfolios in the global market in 2016–2025

Source: own calculations based on the Morningstar data.

countries, as well as the emergence of signs of market overheating and a growing financial bubble. Difficulties in the US economy and the weakening dollar are opening up new opportunities for stock market expansion in many countries, particularly in developing countries.

2.1.3. Specifics of the global financial market in January-February 2026

Between January and mid-March 2026, the global financial market experienced a reversal in the returns of many investment portfolios, driven by the impact of AI proliferation, investor concerns about a potential bubble in technology stocks, and a shock in the energy market following the outbreak of armed conflict in the Middle East.

In the first two months of 2026, many high-yield strategies from the previous year began to show low or even negative returns, while low-yield portfolios, conversely, became profitable. Morningstar analyst John Rekenthaler (2026)¹ described the essence of these changes most eloquently. According to his comments, so-

1. Rekenthaler J. (2026). AI Can Do Many Things. Market Analysis Isn't One of Them (Yet) // Morningstar online, February 26, 2026. URL: <https://www.morningstar.com/markets/ai-can-do-many-things-market-analysis-isnt-one-them-yet>

metimes all stocks fall, as in 2008; in other situations, a particular investment style ceases to work, as happened with growth companies in 2022; in still other cases, as with energy in 2015, the shares of an entire industry decline. A distinctive feature of the first six weeks of 2026 was the synchronized decline in the share prices of dozens of seemingly unrelated issuers, caused by global investors' fears that the rise of artificial intelligence could undermine the financial stability of software companies or asset managers. Another trend has been growing concerns about the accumulation of toxic debt in private lending firms (such as Blue Owl Capital) and the collapse of mortgage lending firms Market Financial Solutions (MFS) in the UK.

The reversal in portfolio returns intensified with the onset of armed conflict in the Middle East in early March 2026. MarketWatch analysts Gordon Gottsegen and Joseph Adinolfi (2026)¹ write about an unusual phenomenon in the returns of investment assets on the US market during the four weeks following its onset, due to the rise in oil prices to \$120 per barrel. During this time, contrary to analysts' expectations, broad indices of US companies' stocks declined very moderately, generally by no more than 10%. Gold and US government bonds did not act as a "safe haven": the price of gold fell, while the yield to maturity of government bonds, on the contrary, rose, which in both cases indicated weak investor demand for these assets in the face of instability in financial markets. Conversely, the value of cryptocurrencies, such as Bitcoin, increased, despite the traditional correlation between these assets' returns and stocks. According to the authors, investors' moderate demand for gold and government bonds was driven by their expectations of rising inflation and rising interest rates from the US Federal Reserve. In the stock market, investors expected the conflict to end quickly and were less concerned with hedging against stock price declines than with the opportunity to buy additional shares at a time when the conflict was over.

As shown in *Table 6*, in January-March 2026, there was a reversion of the returns of many investment portfolios compared to their value in 2025. For example, the return of the S&P 500 Vanguard S&P 500 ETF portfolio decreased from 17.8% in 2025 to -4.7% since the beginning of 2026 (as of March 20), the return of the NASDAQ-100 portfolio — from 20.8% to -5.3%, respectively, the Vanguard Large Cap Index/ETF portfolio of large companies — from 18.1% to -5.0%, the index of shares of companies in the telecommunications and communications sector — from 33.9% to -5.5%, the financial sector — from 16.9% to -10.4%, the Morningstar Global Next Generation Artificial Intelligence index — from 45.5% to -4.8%, gold — from 148.9% to -4.6%. The ProShares UltraPro QQQ ETF (TQQQ) NASDAQ-100 Index bullish portfolio declined from 34.4% to -18.3%, US government bonds from 6.4% to -0.4%, eurozone government bonds from 14.3% to -2.6%, Chinese company stocks from

1. *Gottsegen G., Adinolfi J. (2026). Financial markets are responding to the Iran conflict in unexpected ways — leaving some investors puzzled* // MarketWatch online, March 21, 2026. URL: https://www.marketwatch.com/story/financial-markets-are-responding-to-the-iran-conflict-in-unexpected-ways-leaving-some-investors-puzzled-0ce070d9?mod=home_lead

Table 6

Return in US dollars of various investment portfolios in the global financial market from January to March 20, 2026 compared to the return of the specified strategies for individual periods in 2016–2025, % per annum

Investment strategy	Benchmark: Morningstar Index and Exchange Traded Funds (ETFs)	Profitability since the beginning of 2026		CAGR as of December 31, 2025		
		As of March 20, 2026, after the start of the conflict with Iran	As of February 28, 2026, before the US-Iran war	2025	2022	10 years
S&P 500 stocks	Vanguard S&P 500 ETF (VOO)	-4.7	0.6	17.8	-18.2	14.8
Equally weighted S&P 500 stocks in the portfolio	Invesco S&P 500® Equal Weight ETF (RSP)	-0.6	7.0	11.2	-11.6	11.5
NASDAQ-100 Index Shares	Invesco QQQ Trust (QQQ)	-5.3	-1.1	20.8	-32.6	19.5
Value stocks	Vanguard US Value (VTI)	1.9	8.5	15.3	-2.1	11.7
Growth stocks	Vanguard US Growth (VUG)	-9.8	-5.5	19.4	-33.2	17.5
Shares of largest companies	Vanguard Large Cap Index/ETF (VLCAX)	-5.0	0.1	18.1	-19.9	14.8
Small company stocks	Vanguard Small-Cap ETF (VB)	-0.3	7.4	8.9	-17.5	10.4
ESG stocks	Morningstar US Sustainability	-5.6	-0.3	14.2	-18.9	13.9
Dividend stocks — broad diversification	Schwab U.S. Dividend Equity ETF (SCHD)	10.8	15.8	4.3	-3.2	11.5
Telecommunications and communications	Morningstar US Communication Services	-5.5	-0.9	33.9	-40.9	15.1
Energy	Morningstar US Energy	32.8	25.0	7.6	62.5	7.9
Financial services	Morningstar US Financial Services Sector	-10.4	-6.0	16.9	-12.3	13.9
Global AI Stock Investing Index	Morningstar Global Next Generation Artificial Intelligence	-4.8	-0.4	45.5	-40.2	
Investing in IPO shares	Renaissance IPO ETF (IPO)	-6.8	-4.6	5.5	-57.3	8.4
Gold	Morningstar Global Gold GR USD	-4.6	32.8	149.8	-9.2	21.7
Cryptocurrency	S&P Bitcoin Index	-19.2	-22.1	-6.3	-63.9	70.1
NASDAQ-100 Index Short Selling	ProShares UltraPro Short QQQ ETF (SQQQ)	17.2	3.4	-53.1	82.4	-53.5
NASDAQ-100 Index bull run	ProShares UltraPro QQQ ETF (TQQQ)	-18.3	-6.1	34.4	-79.1	37.0
VIX Index Change Bets	ProShares Ultra VIX (UVXY)	50.6	10.4	-65.3	-44.8	-74.9

Table 6, end

Investment strategy	Benchmark: Morningstar Index and Exchange Traded Funds (ETFs)	Profitability since the beginning of 2026		CAGR as of December 31, 2025		
		As of March 20, 2026, after the start of the conflict with Iran	As of February 28, 2026, before the US-Iran war	2025	2022	10 years
Promotions popular on social media	VanEck Social Sentiment ETF (BUZZ)	-8.7	-5.5	30.6	-47.7	
Doubling Return on Tesla Stock Investments	Direxion Daily TSLA Bull 2X Shares (TSLU)	-36.6	-23.1	-26.9		
Tesla Inverse Portfolio with Double Leverage	T-REX 2X Inverse Tesla Daily Target ETF (TSLZ)	38.9	18.3	-76.0		
US Money Market Fund	Vanguard Cash Rsrv Federal MnyMktAdmiral (VMRXX)	0.8	0.6	4.2	1.6	2.3
US government bonds	Morningstar US Treasury Bond	-0.4	1.8	6.4	-12.4	1.4
Bonds with duration of 5–10 years	Morningstar US 5–10 Yr Treasury Bond	-0.6	2.0	8.4	-12.6	1.7
Corporate bonds with duration of 5–10 years	Morningstar US 5–10 Yr Corporate Bond	-1.0	1.7	9.6	-13.7	3.7
High-yield bonds in US	Morningstar US High-Yield Bond	-0.8	0.6	8.6	-11.1	6.5
Government bonds of Eurozone countries	Morningstar Eurozone Treasury Bond	-2.6	2.7	14.3	-23.2	0.9
Japanese government bonds	Morningstar Japan Treasury Bond	-2.3	0.6	-6.0	-17.6	-3.6
65/35 global distribution	Vanguard Global Wellington (VGWLX)	1.0	8.0	17.8	-7.2	
Emerging Markets ETFs	iShares MSCI Emerging Markets	1.7	14.4	34.0	-20.6	7.8
China	iShares MSCI China ETF	-8.1	-1.7	31.0	-22.8	4.9
Brazil	iShares MSCI Brazil ETF	10.4	21.9	48.4	12.4	9.9
India	iShares MSCI India ETF	-13.8	-3.3	2.8	-8.9	8.2
Poland	iShares MSCI Poland ETF	-2.0	8.4	77.4	-24.6	9.8
Argentina	Global X MSCI Argentina ETF	-6.4	-1.8	11.5	11.8	18.9
Turkey	iShares MSCI Turkey ETF	11.5	18.0	-1.6	105.8	2.4
Mexico	iShares MSCI Mexico ETF	0.8	16.8	53.7	1.3	6.1
Russia	RTS Index – Total Return	-1.9	-0.5	33.8	-32.9	11.2

Note. The 2025 yield is highlighted in grey for comparison with the period from January 1 to March 20, 2026.

Source: own compilation based on the data released by Morningstar and the Moscow Exchange.

31.0% to –8.1%, Polish companies from 77.4% to –2.0%, and Mexican issuers from 53.7% to 0.8%. The negative or low positive returns of many portfolios observed since the beginning of 2026 were in many ways similar to the similar results of these portfolios during the crisis year of 2022 when the value of many investment assets around the world simultaneously declined.

At the same time, the events of early 2026 led to increased returns for a number of defensive strategies that had demonstrated weak results in previous years. This primarily concerns investments in dividend stocks (Schwab U.S. Dividend Equity ETF), energy stocks (Morningstar US Energy), value stocks (Vanguard US Value), small-cap stocks (Vanguard Small-Cap ETF), speculative strategies betting on the downside of the NASDAQ-100 index and the upside of the VIX index (ProShares UltraPro Short QQQ ETF and ProShares Ultra VIX), and some other speculative strategies, as well as stocks of companies from Brazil and Turkey. (The data presented in *Table 6* does not show an exhaustive list of defensive strategies available to different categories of investors.)

Thus, the severe turmoil in commodity and financial markets in Q1 2026 does not yet pose systemic risks to the financial system, as was the case in the 1970s and in 2008, partly due to the post-GFC 2008 measures in the area of regulation of financial institutions, as well as owing to the availability of a wide range of diversified defensive portfolio strategies that operate even in the face of declining prices of many popular financial assets.

2.2. The situation on the Russian financial market

In 2025, the Russian financial market was solving the problem of restoring growth, still under pressure from sanctions and exposed to a high key interest rate, mainly through domestic long-term savings.

2.2.1. Anti-sanctions policies

In the area of relations with foreign investors, efforts were made to ensure the safety of Russian assets blocked in foreign depositories, the partial unblocking of assets of private investors and the creation of mechanisms for attracting new funds from foreign investors.

According to the data of the EU Council (2024), Euro 260 bn worth of assets of the RF Central Bank have been blocked in the G-7 countries.¹ On December 12,

1. Immobilised Russian assets: Council decides to set aside extraordinary revenues// Press release Council of the EU. February 12, 2024. URL: <https://www.consilium.europa.eu/en/press/press-releases/2024/02/12/immobilised-russian-assets-council-decides-to-set-aside-extraordinary-revenues/>

2025, the European Union adopted a decision to freeze Russia's assets indefinitely, eliminating the need to renew the freeze every six months. However, the risk of these assets being used to issue a so-called reparations loan to Ukraine remains.

In 2024, the total value of assets of Russian private investors blocked in foreign depositories was estimated at Rb5.7 trillion.¹

In turn, in Russia, according to our estimates, non-resident assets, primarily those of foreign institutional investors, amounting to approximately Rb10–15 trillion, primarily the shares of Russian issuers, are blocked in “C”-type accounts.² A selloff of these shares and the withdrawal of corresponding funds by non-residents can not only reduce sharply the value of Russian companies, but also lead to a considerable weakening of the ruble.

In 2024 and 2025, transactions to unblock private investors' foreign assets were carried out directly by financial institutions, with state legal support. In accordance with Executive Order No. 844 of November 8, 2023 of the President of the Russian Federation, “On additional temporary economic measures related to the circulation of foreign securities,” a mechanism for the voluntary exchange of blocked assets between Russian and foreign investors was established. This mechanism includes the possibility of exchanging blocked foreign assets of Russian private investors worth up to Rb100,000 for funds of foreign investors blocked in “C”-type cash accounts. This exchange was conducted through voluntary auctions organized by the Voronezh broker “Investment Chamber” which initiated this procedure. According to estimates by the RF Ministry of Finance, the implementation of these measures could have reduced the value of unblocked Russian assets by Rb100 bn, but the actual results of the exchange turned out to be more modest: according to RBC (2024)³, a total of Rb10.6 bn worth of frozen assets were bought out, which amounted to 30% of the volume that Russian investors had declared for exchange (Rb35.3 bn).

In December 2025, several Russian brokers (T-Investments, Finam, BCS, Investment Chamber and others) announced asset swaps with foreign financial institutions as a private initiative. In its announcement, the RF Central Bank noted that it supports the actions of Russian brokers aimed at unlocking the funds of Russian investors.⁴

To attract new funds from foreign investors from “unfriendly” countries, Executive Order No. 436 of July 1, 2025 of the President of the Russian Federation “On Additional Guarantees of Foreign Investors' Rights” provided for the opening of “In”

1. Thousands of Russian investors with frozen assets are not participating in their exchange // Frank Media. 22.06.2024. URL: <https://frankmedia.ru/168331>

2. The RF Central Bank does not disclose the value of all non-resident assets blocked in type “C” accounts.

3. URL: <https://www.rbc.ru/quote/news/article/670938189a794737dfcd2b7e?from=copy>

4. URL: <https://www.rbc.ru/quote/news/article/6979e4269a7947594b3d9011?from=copy>; https://www.rbc.ru/quote/news/article/698ee6289a7947af773cbcf9?utm_source=rbc.ru&utm_medium=inhouse_media&utm_campaign=main_lines_6&utm_content=698ee6289a7947af773cbcf9&utm_term=B_noauth&from=copy

accounts for such investors in Russian financial institutions for investments in securities of Russian issuers and bank deposits, with the possibility of subsequent repatriation of these funds. According to the RF Ministry of Finance's estimates¹, by 2030 this mechanism is expected to attract Rb1 trillion worth of foreign investor funds.

2.2.2. Macroeconomic environment and financial stability

Predictors of financial shocks

With regard to the Russian financial market, traditional predictors did not foretell financial shocks—signals from indicators anticipating a recession, as in the US, were largely ineffective.

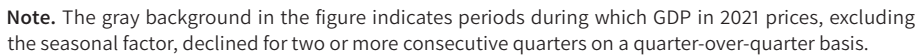
In Russia, there is no established methodology or procedure for recognizing economic recession. Therefore, for the period from January 8, 2013 to February 17, 2026, we independently identified four periods in which GDP, on a quarter-to-quarter basis, declined for at least two consecutive quarters (without counting in other criteria taken into account when recording the state of recession). As shown in *Fig. 11*, over the considered time horizon, in our opinion, there is no clear correlation between the exit of the yield curves of government securities from the state of inversion and the subsequent decline in GDP for at least two consecutive quarters (a “notional recession”) in the Russian economy.

In 2025, the inversion ended on July 16, 2025, amid the Central Bank of Russia's cautious key rate cut that began in June. Although no GDP decline was observed in the subsequent period, the risk of a hypothetical recession was still quite significant: quarter-on-quarter, GDP grew by only 0.1% in Q3 2025, while in Q4 2025, according to our estimates, it accelerated slightly to 0.9%. However, actual recession did not materialize; the predictor again failed to work, and at the end of 2025, a slight acceleration in economic growth was actually registered.

On March 13, 2026, amid a significant decline in fixed capital investment in 2025, the inversion was again reversed. Accordingly, the question may once again arise as to whether the current reduction in the Central Bank of Russia's key rate will be accompanied by the risk of a recession, or whether the Central Bank of Russia will succeed in achieving a soft landing of the economy in 2026.

In order to identify the level of undervaluation of shares of Russian public joint-stock companies, experts of the Department for Analysis of Institutions and Financial Markets of the IAES RANEPa (LAIFR) developed a proprietary methodology for calculating the CAPE Ratio indicator of issuers from the Moscow Exchange index, which made it possible to clarify and extend the historical series of this indicator, which was previously, until 2022, calculated by Barclays Bank (UK) based on information about issuers from the MSCI Russia index.

1. URL: <https://tass.ru/ekonomika/21885523>



Source: own calculations based on the Moscow Exchange and Rosstat data.

As in the US, the Excess CAPE Yield indicator for Russian companies, which characterizes the premium on stock returns calculated based on the amount of net pro-

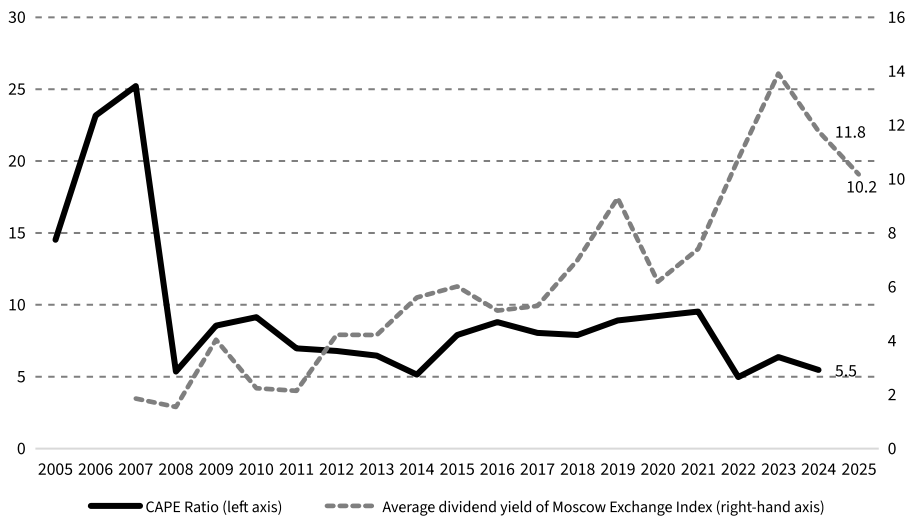


Fig. 12. Average dividend yield of Moscow Exchange index shares and CAPE ratio of Russian companies in 2005–2025

Source: Calculations by the Department for Analysis of Institutions and Financial Markets at IAES RANEPA based on data released by the Moscow Exchange, SPARK, and issuers' financial statements.

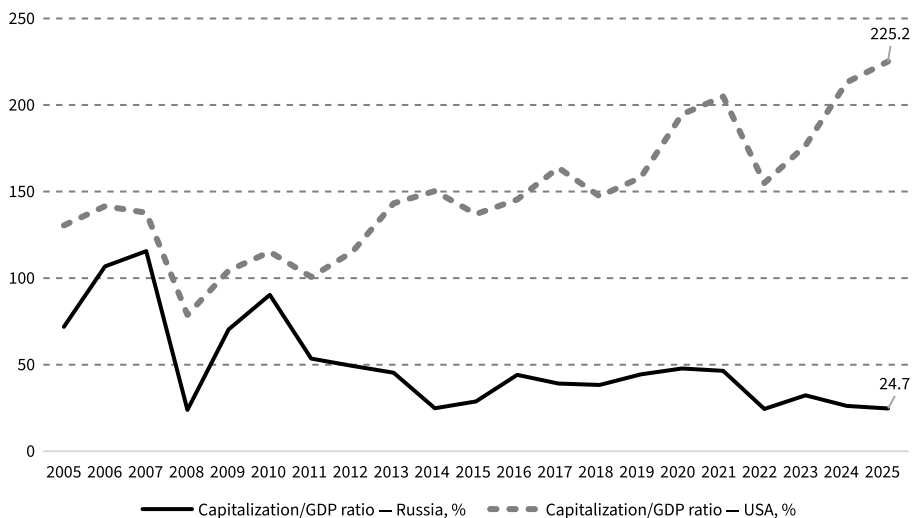


Fig. 13. The “capitalization/GDP” ratio of Russian and US companies in 2005–2025, %

Source: own calculations based on the data released by VFB and the Moscow Exchange.

fit relative to capitalization minus the real average yield on government bonds over ten years, was at a level close to the historical minimum of 10.1 p.p. in 2024,¹ with an average annual value of 14.8 p.p. from 2006 to 2024 (Fig. 14). From a forecasting theory perspective, it is believed that the low current value of this indicator foreshadows a corresponding level of the risk premium for stocks compared to the yield on long-term government bonds over the next ten years.

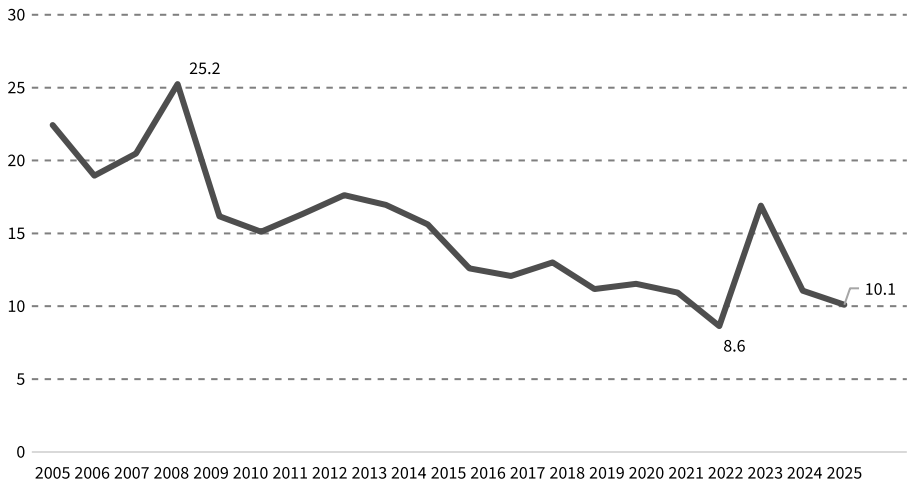


Fig. 14. Excess CAPE Yield (ECY) coefficient of Russian companies included in the Moscow Exchange index in 2005–2024, p.p.

Source: calculations by the Department for Analysis of Institutions and Financial Markets at IAES RANEPA based on data released by the Moscow Exchange, SPARK, and issuers' financial statements.

Financial Market Development Policy

In 2025, an important area of government influence on the stock market was the implementation of measures pursuant to Executive Order No. 309 of May 07, 2024 of the President of the Russian Federation “On the national development goals of the Russian Federation for the period up to 2030 and for outlook up to 2036.” It provides for increasing capitalization to a level of at least 66% of GDP by 2030 and up to 75% of GDP by 2036, as well as increasing the share of long-term savings of citizens in their total savings to at least 40% by 2030 and up to 45% by 2036. Within the framework of the national project “Efficient and Competitive Economy” in the federal project “Development of the Financial Market” (FP FMR), the aforementioned target benchmarks were supplemented by other indicators, in particular, for conducting Rb5.5 trillion worth of public offerings of shares in 2025–2030, as

1. For many companies, at the time of writing, financial statements for 2025 were not available.

well as achieving the level of assets of non-banking financial organizations at 50% of PPV in 2030.

According to our calculations, this means that stock market capitalization should grow from Rb52.8 trillion or 24.7% of GDP achieved in 2025 to Rb212.4 trillion or 66% of GDP in 2030, i.e., by approximately Rb160 trillion from the 2025 level (*Fig. 15*).

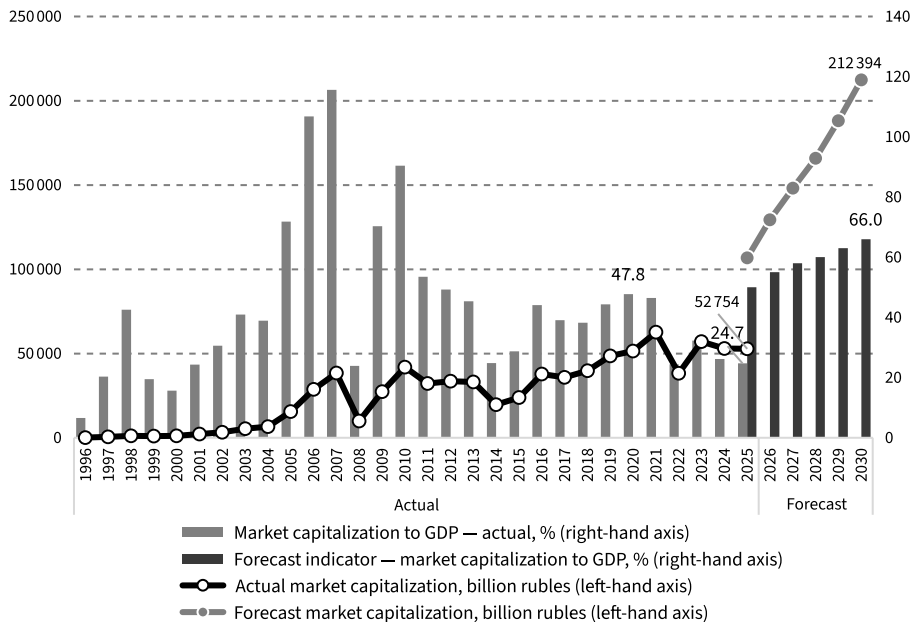


Fig. 15. Stock market capitalization in 1996–2025, based on actual figures and the forecast of the Financial Market Development Fund in 2025–2030

Source: own calculations based on the data of FP “Development of the Financial Market” and actual data from the Moscow Exchange and issuers’ reporting.

Of the specified increase in stock market capitalization between 2026 and 2030, approximately Rb55 trillion could come from the capitalization of new companies entering the market through IPOs. The remaining Rb105 trillion could be generated through growth in the market value of existing public joint-stock companies.

However, as shown in *Fig. 16*, based on historical data analysis, the realistic forecasts of the Russian Market Research Foundation regarding the volume of public offerings of shares in 2025–2030 are somewhat overstated. According to our calculations, the total volume of IPO transactions of Russian companies over the past ten years—from 2016 to 2025—amounted to the mere Rb0.8 trillion, while according to the forecasts of the Russian Market Research Foundation, the volume of public of-

ferings of shares over the forecast period should amount to Rb5.5 trillion, which is 6.9 times higher than the volume of transactions over the past decade. In 2025, the actual IPO volume amounted to Rb0.37 trillion, with a forecast for this year of Rb1.0 trillion.

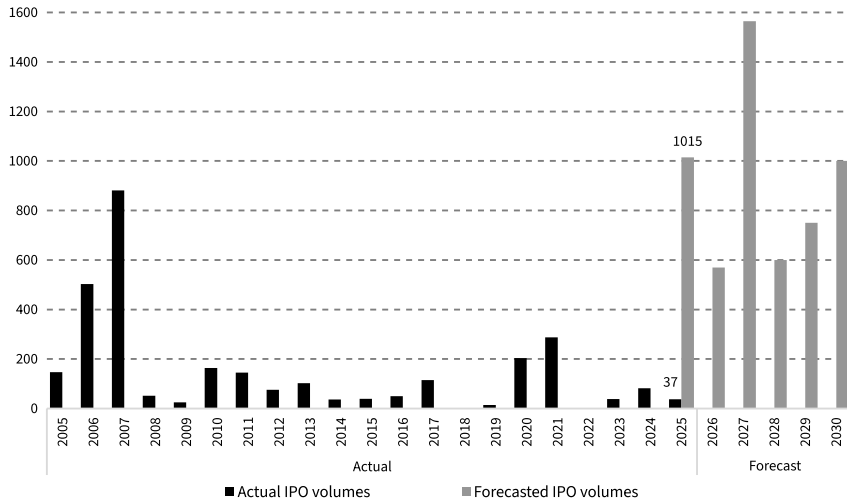
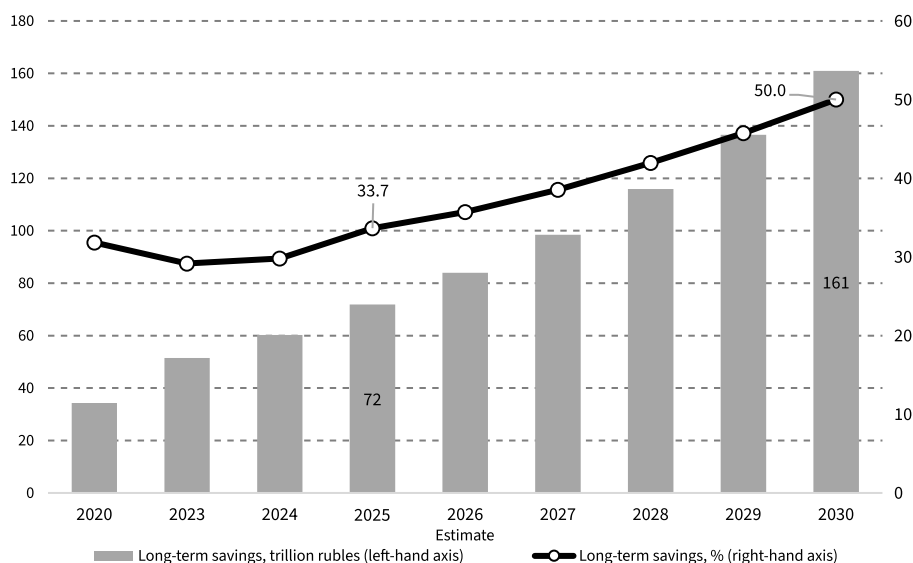


Fig. 16. Total volume of IPO transactions of Russian companies—actual in 2005–2025 and according to the forecast of the Financial Market Development Agency in 2025–2030, bn rubles

Source: own calculations based on the data of FP “Development of the Financial Market”, actual data of the Moscow Exchange and data of the Department for Analysis of Institutions and Financial Markets IAES RANEPa “IPO Constructor”.

According to our calculations, in order to achieve the planned targets for stock market capitalization while maintaining the risk premium for shares at the level of 5.5% through fiscal policy and monetary policy, the Government of the Russian Federation and the Central Bank of Russia will need to achieve a reduction in the real risk-free rate of return to approximately 3.0% (with its average historical level of 2.5%), which, with inflation at 4% per annum, would mean reaching a key rate of 7.0% per annum compared to 15.0% in March 2026.

A necessary prerequisite for growth of PJSC share prices is demand for securities from domestic investors. According to the Federal Register of Financial Markets, the size of non-bank financial institutions’ assets should increase from Rb71.9 trillion, or 32.9% of GDP, in 2025 to Rb161.1 trillion, or 50% of GDP, in 2030, i.e., by Rb89 trillion (Fig. 17). Approximately 97% of this increase in assets will come from savings such as client funds in brokerage and trust management accounts, mutual funds, pension reserves and savings other than pension savings, insurance reserves, and the assets of non-bank financial institutions.



Note. Excluding assets of microfinance organizations.

Fig. 17. Actual growth of long-term savings in 2020–2025 and forecast growth in 2026–2030

Source: own calculations based on the data of FP “Development of the Financial Market” and actual data from the RF Central Bank.

The feasibility of long-term savings plans is beyond doubt: to achieve them, various types of financial assets will need to grow at rates roughly similar to those seen in 2020–2025. However, growth in domestic savings in 2026–2030 can only facilitate capitalization growth if a significant share of such savings is invested in shares of Russian public companies. Long-term savings of individuals and legal entities will not transform into long-term investments if institutional and private investors direct the bulk of their funds to deposits, money market instruments, and short-term bonds.

Liquidity in the stock market

As shown in *Table 7*, in 2025, transaction volumes in most segments of the exchange market significantly exceeded the levels of 2021. In 2025, trading volumes on the Moscow Exchange in shares, OFZs, non-government bonds and money market assets (REPO transactions) increased compared to the same indicators in 2021 by 28.0%; 34.0%; 236.7% and 201.5%, respectively. The high key rate led to active growth, primarily in the OFZ and corporate bond markets, and also expanded demand for money market instruments.

Although the Moscow Exchange futures market and the Saint Petersburg Exchange (SPB) securities market did not recover to 2021 levels in 2025, they demon-

strated considerable progress during the year. Futures transaction volumes in 2025 increased by 46.7% compared to 2024, while trading volumes on the SPB, although down 95.2% from 2021, increased 39.2-fold compared to the previous year. This is explained by the SPB's recovery and its shift from organizing trading in foreign securities to Russian issuers' financial instruments.

In 2025, the volume of the foreign exchange market decreased by 35.8% compared to the previous year, mainly due to the cessation of organized trading in dollars and euros due to sanctions against the exchange infrastructure.

Table 7

**Trading volumes on the Moscow and Saint Petersburg (SPB) exchanges
in 2021–2025 and their changes**

	2021	2022	2023	2024	2025	Average for 2021–2025	Change, %:	
							2025 on 2024	2025 on 2021
1. Secondary trading volume:								
Shares, receipts, units	30.0	17.6	22.9	32.5	38.4	28.3	18.1	28.0
OFZ	7.2	4.2	6.5	4.4	9.7	6.4	120.3	34.0
Non-government bonds	2.9	2.3	4.9	5.9	9.7	5.1	63.8	236.7
2. REPO transactions	420.8	541.9	659.9	847.5	1268.7	747.8	49.7	201.5
including with the central counterparty (CC)	271.0	301.8	364.0	440.7	597.1	394.9	35.5	120.3
3. Foreign exchange market ^b	322.0	267.8	328.0	253.9	162.9	266.9	–35.8	–49.4
4. Futures	151.8	75.6	77.9	96.6	141.8	108.7	46.7	–6.6
5. Options	6.8	2.3	2.9	3.3	3.4	3.7	4.1	–49.7
6. St. Petersburg Exchange, bn dollars	388.5	122.2	0.3 ^a	0.5	18.8	106.1	3822.6	–95.2

^a January — October 2023

^b The data in this row for 2015–2023 shows the volume of the foreign exchange market based on previous Moscow Exchange reporting. For 2024–2025, combined data for the foreign exchange and commodity markets are shown. The average share of the commodity market in foreign exchange market liquidity from 2015–2023 was only 0.06%.

Source: own calculations based on the data of Moscow and Saint Petersburg Exchanges.

Thus, in 2025, despite sanctions and a high key rate, the Russian financial market continued to develop, driven by demand from domestic investors. The market for Russian equities found itself in the most challenging situation, where a high key rate, risk premium, and the conservatism of domestic institutional investors toward equities limited the inflow of new funds into equities and led to a decline in capitalization. At the same time, the bond and money markets expanded at an accelerated pace. The banking sector remained stable, and the growing shortage of bank liquidity was offset by refinancing from the Central Bank of the Russian Federation.

At the same time, the government set an ambitious goal for stock market capitalization growth, which contributed to increased regulatory activity in the area of financial market development policy.

2.3. Investor strategies in the Russian market

To analyze investment strategies in the Russian market, we randomly selected 151 portfolios as of December 31, 2025. We calculated the geometric mean annual return, annual standard deviation, and return/risk ratios separately for 2023, 2024, and 2025 and over time horizons of 2, 3, 5, 10, 15 and 20 years. The strategies used included a wide range of Moscow Exchange stock indices with and without dividend yield, various Moscow Exchange and Cbonds bond indices, mixed strategies with different allocations of stocks and bonds, portfolios of popular exchange-traded and open-end mutual funds, 19 blue-chip issues and second- and third-tier stocks, as well as 34 factor investment portfolios with and without dividend yield calculated by the Department for the Analysis of Institutions and Financial Markets at IAES RANEPa.

As shown in *Table 8*, 151 strategies were evaluated in 2025 with geometric mean returns ranging from –31.4% to 53.0% per annum with standard deviations (risks) from 1.0% to 63.2%, with median returns and risks of 5.2% and 20.5%, respectively. The median return was slightly below the 2025 inflation rate of 5.6%.

Over a 5-year time horizon (2021–2025), the return range of 127 strategies narrowed to –15.7% and 49.0% per annum, but the risk spread widened from 0.9% to 89.2%, with a median return and risk of 5.6% and 26.9%, respectively. The median return over the five-year period was largely lower than the geometric average inflation rate of 8.5% per annum.

Over a 10-year time horizon (2016–2025), the return range for 104 strategies narrowed further to –1.0% and 29.0% per annum; the spread of risk indicators also decreased, to 2.8% and 70.8%, with a more investor-friendly median return and risk of 9.3% and 22.1%, respectively. During the period under review, the median return was higher than the geometric mean inflation rate of 6.2% per annum.

Over a 20-year time horizon (2006–2025), the return range of 60 strategies narrowed again to –2.7 and 22.3% per annum, while the risk spread significantly decreased to 2.8% and 45.8%, with a median return and risk of 8.1% and 24.0%, respectively, and a median inflation rate of 7.8%.

Thus, over 10- and 20-year time horizons, the strategies under consideration were characterized by higher median returns, exceeding the inflation rate, and, as a rule, lower risk dispersion than the strategies over a 5-year period and in 2025 as a whole. Furthermore, the median return-to-risk ratios over 10- and 20-year horizons were higher than the same indicators for the strategy over a 5-year period and in 2025. The performance of the strategies over short-term horizons deteriorated.

Table 8

**Parameters of the sample of strategies at different time horizons
as of December 31, 2025**

Time horizon (number of strategies)	Geometric mean return, %	Standard deviation, %	Return/Risk
2025 (151):			
Maximum	53.0	63.2	20.9
Minimum	-31.4	1.0	-1.2
Median	5.2	20.5	0.2
5 years (127):			
Maximum	49.0	89.2	14.7
Minimum	-15.7	0.9	-0.4
Median	5.6	26.9	0.2
10 years (104):			
Maximum	29.0	70.8	3.8
Minimum	-1.0	2.8	0.0
Median	9.3	22.1	0.5
20 years (60):			
Maximum	22.3	45.8	3.5
Minimum	-2.7	2.8	-0.1
Median	8.1	24.0	0.4

Source: own calculations.

As shown in *Table 9*, under the conditions of tight monetary policy continuing into 2025, the return of the Moscow Exchange stock index MCFTR at 2.9% significantly underperformed not only the money market and bond indices, but also the inflation rate of 5.6%. Taking into account three difficult years for the stock market — 2022, 2024, and 2025 — these instruments lost to almost all basic bond strategies and medium-term bank deposits for the population, with the exception of the broad government bond index RGBITR and inflation over a five-year horizon. The situation with significantly higher bond yields compared to stocks is temporary, since borrowing that is too costly for issuers can undermine their financial stability and hinder the growth of equity financing.

Over longer time horizons — 10 and 20 years — the MCFTR stock index's annualized returns of 11.9% and 10.4%, respectively, were higher than those of the RGBITR and IFX-Cbonds bond indices and the 10-year money market fund index. However, this advantage came at the expense of increased equity risk: the stock index's return-to-risk ratio over 10- and 20-year horizons was significantly lower than that of bond portfolios.

Over 10- and 20-year horizons, the 40/60 and 60/40 mixed investment strategies, popular with institutional investors abroad but still underutilized by Russian finan-

cial institutions, demonstrated attractive return-to-risk results. During these periods, they were comparable to the MCFTR index and exceeded the bond index. However, across all time horizons considered, they outperformed the stock index in terms of return-to-risk, owing to their inherent ability to cushion portfolios from sharp declines through their bond component. Over all horizons except the 5-year horizon, the returns of both mixed strategies were significantly higher than the inflation rate.

Over shorter time horizons—from one to five years—mixed strategies tended to underperform the IFX-Cbonds corporate bond index and medium-term bank deposits.

Table 9

Return and risk indicators of basic investment strategies over different time horizons as of December 31, 2025

	Geometric mean return, %					Return/Risk				
	2025	3 years (2023–2025)	5 years (2021–2025)	10 years (2016–2025)	20 years (2006–2025)	2025	3 years (2023–2025)	5 years (2021–2025)	10 years (2016–2025)	20 years (2006–2025)
Moscow Exchange Index (MCFTR)	2.9	17.2	4.2	11.9	10.4	0.12	0.85	0.15	0.50	0.34
IF-MM—money market funds	20.2	16.6	13.2	10.2		20.20	14.96	6.12	3.69	
RGBITR index	23.1	6.7	3.7	7.5	8.1	3.13	1.01	0.37	0.97	0.91
IFX-Cbonds	24.2	13.6	11.0	10.8	9.8	11.63	5.55	3.37	3.76	3.48
Stocks 40%, bonds 60%	15.6	13.4	7.0	10.9	10.7	1.42	1.41	0.49	0.95	0.81
Stocks 60%, bonds 40%	11.4	14.8	6.4	11.5	10.9	0.76	1.14	0.34	0.74	0.58
Deposits from 181 days to 1 year, % per annum	14.9	16.6	12.0	8.7	8.8					
Inflation, % per year	5.6	7.5	8.5	6.2	7.8					

Source: own calculations.

The problem with assessing the performance of many bond index strategies is the lack of data on them over 20- and even 10-year time horizons due to frequent restructurings of bond index lines on the Moscow Exchange and Cbonds.

As shown in *Table 10*, over one-year and five-year time horizons, most bond portfolios outperformed the broad Moscow Exchange stock index in terms of total return. However, over longer horizons, from 10 to 20 years, stocks had an advantage. Moreover, in terms of return/risk, amid low bond price volatility, most bond portfolios outperformed stocks across virtually all time horizons.

Over horizons of up to five years, investors were offered various strategies to achieve high overall returns and protect themselves from the risks of changes

Table 10

**Total return and risk indicators of bond strategies over different time horizons
as of December 31, 2025**

	Geometric mean return, %					Return/Risk				
	2025	3 years (2023– 2025)	5 years (2021– 2025)	10 years (2016– 2025)	20 years (2006– 2025)	2025	3 years (2023– 2025)	5 years (2021– 2025)	10 years (2016– 2025)	20 years (2006– 2025)
Moscow Exchange Gross Total Return Index (MCFTR)	2.9	17.2	4.2	11.9	10.4	0.12	0.85	0.15	0.50	0.34
Moscow Exchange Government Bond Index (RGBITR)	23.1	6.7	3.7	7.5	8.1	3.13	1.01	0.37	0.97	0.91
RUGBINFTR (OFZ-i floaters)	21.1	3.1	6.3			3.59	0.48	0.69		
IFX-Cbonds	24.2	13.6	11.0	10.8	9.8	11.63	5.55	3.37	3.76	3.48
Cbonds CBI HY (from B– to BBB) Index	25.9	10.8				2.30	1.26			
Cbonds CBI from BBB– to BBB+ Group Index (fallen angels)	21.0	9.1				1.18	0.79			
First level Index KO (RUCBITRL1)	28.6	11.2	8.7	8.9		10.91	3.58	1.92	2.23	
Second-level KO index (RUCBITRL2)	28.5	11.5	8.9	9.8		11.57	3.61	1.94	2.45	
Third-level KO Index (RUCBITRL3)	27.2	11.1	8.1	9.5		9.22	3.43	1.59	2.20	
IF-FI — bond funds	14.0	8.2	6.2	7.6		4.09	2.51	1.21	1.82	
IF-MM — money market funds	20.2	16.6	13.2	10.2		20.20	14.96	6.12	3.69	
Mutual Fund Liquidity — UK VIM Investments	20.8	16.1	12.6			20.61	19.53	14.67		
Mutual Fund First — Corporate Bonds Fund	27.5	11.9	9.3			8.81	3.37	2.01		
Mutual Fund Moscow Exchange Index Management Company VIM Investments	5.2	15.8	2.5			0.21	0.75	0.09		
Alfa-Capital Mutual Fund — Managed Bonds	31.4	15.5	12.0			7.94	2.93	1.41		
Mutual Fund Gold — Exchange Management Company «VIM Investments»	26.7	36.2	18.5			1.46	2.11	0.91		
Mutual Fund First — Government Bonds Fund	21.9	6.9	3.5			3.20	0.98	0.35		
Mutual Fund SI Pervaya — Balanced	18.7	19.6	6.1	9.4	7.3	1.26	1.47	0.30	0.59	0.42
Mutual Fund Kaznacheyksy — UK VIM Investments	31.6	13.0	7.6	9.1	10.2	5.55	2.86	0.93	1.22	1.62
Raiffeisen Mutual Fund — Corporate Bonds	21.9	11.9	8.0	7.5		5.41	2.47	1.41	1.73	

Source: own calculations.

in the Central Bank of Russia's key rate, using money market instruments, floaters, bonds of varying durations, and exchange-traded gold mutual funds. However, as the key rate and real risk-free yield decline, the advantages of bonds over stocks will gradually diminish. The worsening of the financial position of many corporate bond issuers will increase credit risks. Under these circumstances, the lack of bond benchmarks with long-term historical data may complicate investment decisions.

In order for the corporate bond market to become a greater source of financing for issuers' investments, it is necessary to solve the problems of issuance of bonds with long durations.

As shown in *Fig. 18*, over a five-year time horizon, the highest return-to-risk ratios among bond strategies were observed for the Money Market Fund "BPiF Liquidity of VIM Investments Management Company" at 14.7, the money market fund index IF-MM at 6.1, the corporate bond index IFX-Cbonds at 3.4, the corporate bond index with short-term duration Cbonds CBI1–3Y at 2.4, and the First BUITF — Corporate Bonds Fund at 2.0. The actively managed BUITF Alfa-Capital Managed Bonds rounds out the group of leaders with a ratio of 1.4.

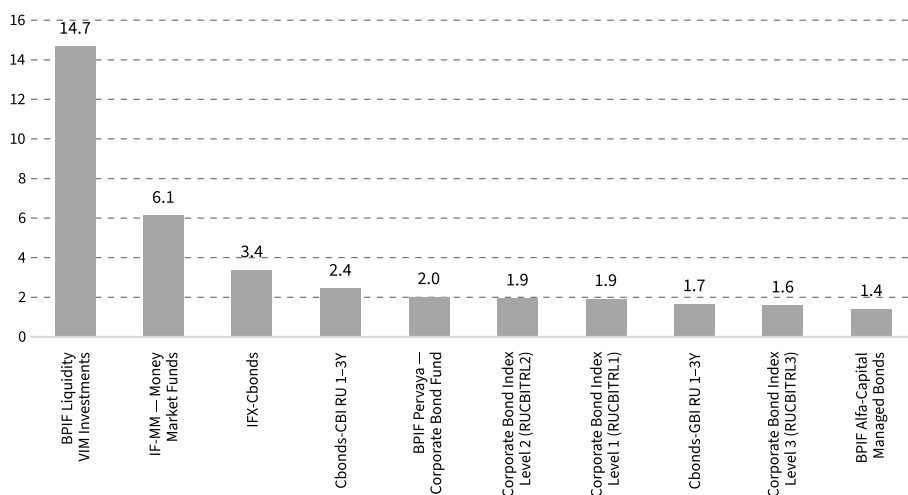


Fig. 18. Top 10 bond strategies by return/risk ratio over a 5-year horizon in 2021–2025 (out of 25 bond and mutual fund strategies)

Source: Own calculations.

As shown in *Table 11*, the 40/60, 50/50, 60/40, and 90/10 mixed investment strategies based on the total return criterion over 10- and 20-year horizons generally significantly outperformed broad government and corporate bond indices, inflation, and medium-term bank deposits. Over a 20-year horizon, these mixed strategies outperformed the MCFTR stock index and demonstrated roughly the same returns

as the index over a 10-year horizon. Furthermore, in terms of the return-to-risk ratio, the mixed strategies performed better than the broad stock index over virtually all horizons.

On one-year and five-year horizons, mixed investment strategies were inferior in terms of returns to bank deposits and the IFX-Cbonds corporate bond index.

Table 11

Total return and risk indicators of mixed strategies over different time horizons as of December 31, 2025

	Geometric mean return, %					Return/Risk				
	2025	3 years (2023–2025)	5 years (2021–2025)	10 years (2016–2025)	20 years (2006–2025)	2025	3 years (2023–2025)	5 years (2021–2025)	10 years (2016–2025)	20 years (2006–2025)
Moscow Exchange Gross Total Return Index (MCFTR)	2.9	17.2	4.2	11.9	10.4	0.12	0.85	0.15	0.50	0.34
Moscow Exchange Government Bond Index (RGBITR)	23.1	6.7	3.7	7.5	8.1	3.13	1.01	0.37	0.97	0.91
IFX-Cbonds	24.2	13.6	11.0	10.8	9.8	11.63	5.55	3.37	3.76	3.48
Stocks 10%, bonds 90%	21.7	11.0	7.4	9.7	9.6	3.98	2.21	0.97	1.61	1.56
Stocks 40%, bonds 60%	15.6	13.4	7.0	10.9	10.7	1.42	1.41	0.49	0.95	0.81
Stocks 50%, bonds 50%	13.5	14.1	6.7	11.2	10.9	1.04	1.26	0.41	0.83	0.68
Stocks 60%, bonds 40%	11.4	14.8	6.4	11.5	10.9	0.76	1.14	0.34	0.74	0.58
Stocks 90%, bonds 10%	5.1	16.6	4.9	11.9	10.6	0.24	0.91	0.18	0.55	0.39
OPIF SI Pervaya — Balanced Management Company Pervaya	18.7	19.6	6.1	9.4	7.3	1.26	1.47	0.30	0.59	0.42
Deposits for a period from 181 days to 1 year. % per annum (at the end of the year)	14.9	16.6	12.0	8.7	8.8					
Inflation	5.6	7.5	8.5	6.2	7.8					

Source: own calculations.

As shown in *Fig. 19 (a and b)*, of the top 25 best portfolios by risk/return ratio among 151 strategies in 2025, almost all were money market and bond instruments, including the top five strategies that were exclusively money market funds (see *Fig. 19, a*). Only the mixed investment strategy “10% stocks/90% bonds” ranked last, 25th. Given the high key rate and real risk-free return, the investment situation in 2025 can be considered abnormal and transitory.

On a 10-year time horizon (*Fig. 19, b*), out of 104 strategies, six factor portfolios (stocks with high dividend yield, large-cap companies, small companies, low-liquidity stocks, stocks of private issuers and growth companies with coefficients of 1.06; 0.93; 0.89; 0.84; 0.82 and 0.81, respectively) made it into the top 25. In ad-

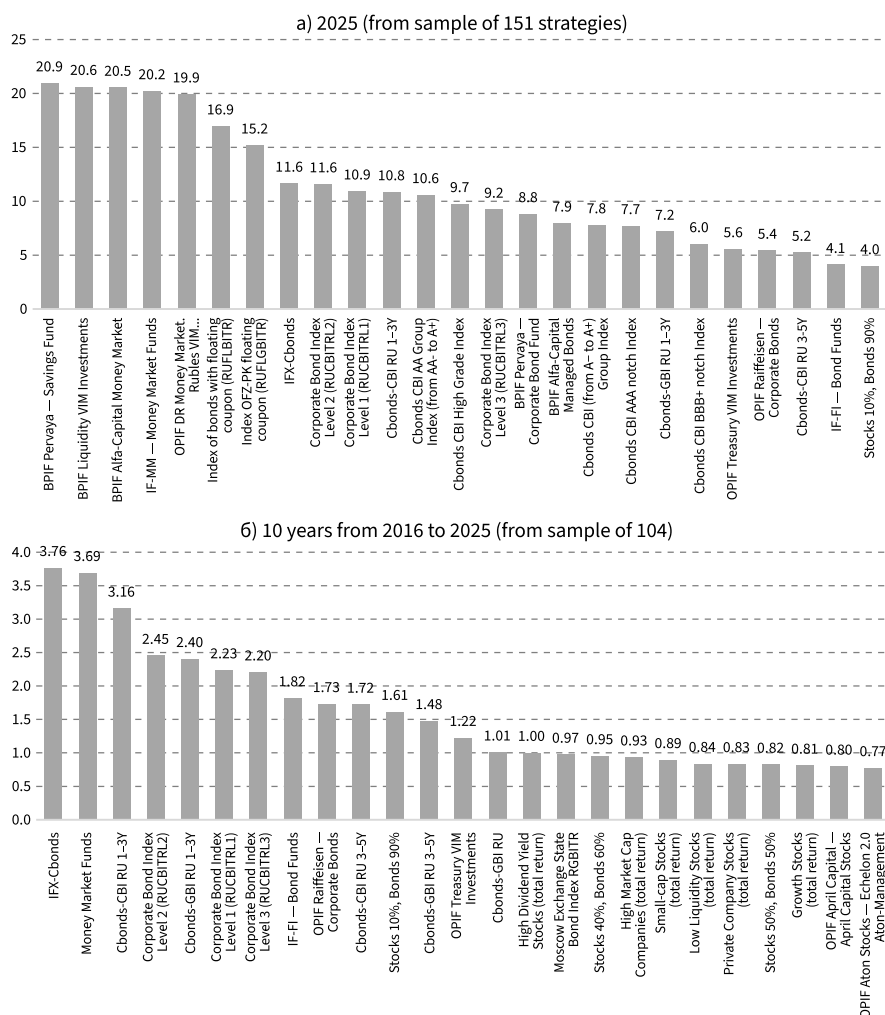


Fig. 19. Top 25 Strategies by Risk/Reward Ratio for Different Time Horizons as of December 31, 2025

Source: own compilation based on statistics released by the Moscow Exchange and information resources Cbonds, Investfunds.ru (URL: <https://investfunds.ru/>) and information resource LAIFR Konstruktor CAPM—ru Shares (URL: <https://aea.ru/CAPM-ru.html>).

dition to the mixed 10/90 strategy, the 40/60 and 50/50 strategies also made it into the list of leaders. Two equity mutual funds, April Capital — Shares of April Capital Management Company and Aton — Echelon 2.0 equity mutual fund of Aton-Management Management Company, round out the list.

Table 12

**Return on a number of popular strategies on the Russian market
in January — February 2026 compared to previous periods, %**

	February 2026	Geometric mean return as of December 31, 2025			
		2025	3 years	5 years	10 years
Moscow Exchange Index (IMOEX)	3.8	-4.0	8.7	-3.4	4.6
Moscow Exchange Gross Total Return Index (MCFTR)	5.5	2.9	17.2	4.2	11.9
Moscow Exchange Government Bond Index (RGBITR)	3.7	23.1	6.7	3.7	7.5
IFX-Cbonds	3.0	24.2	13.6	11.0	10.8
IF-MM — money market funds	3.0	20.2	16.6	13.2	10.2
Stocks 60%, bonds 40%	4.7	11.4	14.8	6.4	11.5
Gazprom	3.2	-5.8	-7.8	-9.7	-0.6
Rosneft	22.5	-31.4	3.8	-1.2	4.9
Lukoil	-2.0	-15.6	13.2	2.7	9.7
NOVATEK	16.6	24.8	3.3	-1.2	7.2
PJSC Krasny Oktyabr (KROT)	-6.3	5.2	46.7	33.9	29.0
PJSC Sollers (SVAV)	-10.7	-15.1	39.2	16.6	3.6
PJSC TNS Energo Rostov-on-Don (RTSB)	-6.5	53.0	80.4	49.0	
Globaltruck (GTM JSC) GTRK	-48.9	-18.1	50.5	33.0	
Inflation	5.9	5.6	7.5	8.5	6.2
Deposits for a period from 181 days to 1 year, % per annum (at year end)	14.9	14.9	16.6	12.0	8.7

Source: own compilation based on statistics released by the Moscow Exchange, Cbonds and the Central Bank of Russia.

Thus, despite current difficulties, the Russian financial market has provided investors with the opportunity to utilize a variety of strategies across different time horizons and economic cycles and monetary policy. Due to the current tight monetary policy coupled with the abnormally high real rate of return on risk-free investments, various bond and money market portfolios have become increasingly attractive over a five-year horizon. However, in the near future, the situation may shift again in favor of equities and mixed investments. Key promising areas for developing the equity financing market and increasing its attractiveness for investors include the use of factor and sector-specific investment strategies, as well as the creation of portfolios with different asset allocations.

In January — February 2026, unlike the global market, the Russian stock market did not experience a massive reversal in asset returns compared to returns in 2025 and longer periods (*Table 12*). However, against the backdrop of the escalating conflict in the Middle East and the relevant rise in oil and gas prices, the returns on Gazprom, Rosneft and NOVATEK shares improved considerably in early 2026 compared

to 2025 and the past three years. As a result, the return on the Moscow Exchange Index (MCFTR) exceeded the returns on government and corporate bond indices. At the same time, the decline in third-tier stock markets (Krasny Oktyabr, TNS Energo Rostov-on-Don, Sollers and Globaltruck) intensified.

2.4. Institutional characteristics of the Russian stock market

Like many emerging capital markets, the Russian market is highly volatile, frequently experiencing financial crises that can cause stock prices to decline by 20–25%. This instability in emerging markets is a serious obstacle to implementing long-term savings strategies.

2.4.1. Problems of long-term stability of the stock market

In 2024, the Russian market experienced another financial crisis, with the RTS stock index falling by 24.0% from May to December. This time, the main reason for the decline was the increase in the Central Bank of Russia's key rate to 21% per annum.

As shown in *Fig. 20*, over the past 30 years since 1995, the RTS stock index in foreign currency terms has experienced six financial crises, during which it fell by 25% or more; and three of them, which occurred in June 2008, November 2021 and May 2024, have not ended to date. From June 2008 to February 2026 — for 213 months (17.7 years) — the RTS index value in terms of exchange rate yield reached only 46.4% of the pre-crisis peak of May 2008. The index decline since November 2021 has continued for 52 months (4.3 years), and in February 2026 its value was only 61.9% of the October 2021 level. The index decline since May 2024 has continued for 22 months (1.8 years), during which it recovered to 97.5% by February 2026.

As shown in *Fig. 21*, the duration of the RTS index recovery after May 2008 did not set a record for similar events in the world. In the list of the longest financial crises, the most famous case is the recovery for over 25.3 years of the Dow Jones Industrial Average (DJIA) in the United States after the Great Depression of 1929. Currently, in terms of duration, it is inferior, for example, to the Chinese MSCI index,¹ which reached only 61.0% of its peak in December 1993 in 386 months (32.2 years), and to the Thai MSCI index, which reached only 47.9% of its peak in December 1993 in approximately the same period — 374 months (31.2 years).

The most significant event in this area was the recovery in May 2025 of the Japanese MSCI index to a level of 102.2% compared to its value in February 1989. This remains the longest recovery of a stock index in world history, which lasted 435 months, or 36.2 years.

1. All MSCI indices mentioned in this section are calculated based on share prices in US dollars.

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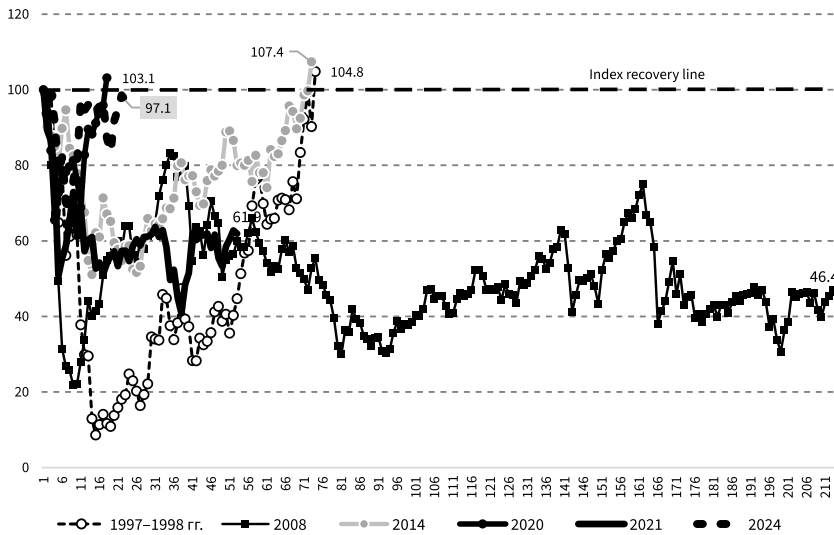


Fig. 20. Changes in the RTS index relative to its peak values in July 1997, May 2008, February 2014, December 2019, October 2021 and April 2024 over a time horizon measured in months as of February 27, 2026, % (peak=100%)

Source: own calculations based on the data released by the Moscow Exchange.

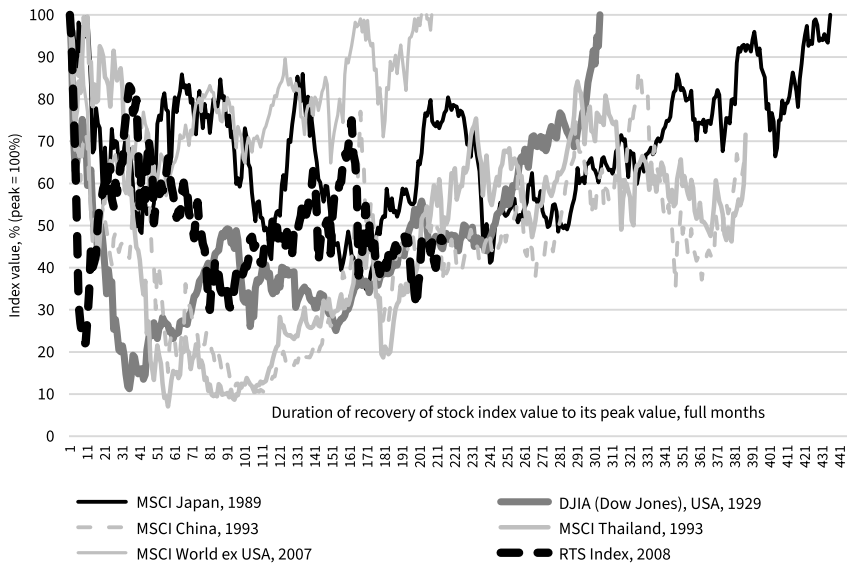


Fig. 21. The dynamics of the RTS index recovery since May 2008 against the backdrop of the longest-term financial crises in the world in dollar terms since the Great Depression of 1929 as of February 27, 2026

Source: own calculations based on MSCI data.

The RTS Index's recovery has already outlasted classic medium-term crises, such as the NASDAQ crisis of 2000 and the South Korean Kospi Index, which recovered in 14.8 and 15.3 years, respectively. The RTS Index's current trajectory of slow recovery is currently in line with the DJIA after the Great Depression of 1929.

As shown in *Fig. 22*, unlike the dynamically growing MSCI World Index, the slow recovery of stock indices after the 2008 crisis is typical of all BRICS countries, with the exception of India. Like Russia's RTS Index, the MSCI Brazil Index has been unable to recover for 17.7 years since May 2008—its current value of 42.7% from the pre-crisis level is even slightly lower than that of the Russian index. The MSCI indices of companies from China and South Africa reached recovery points at different times after 2008, meaning they have formally overcome the 2008 crisis. However, these markets have since experienced further declines: on February 27, 2026, 18.3 years after the onset of the crisis, the MSCI China Index was only 79.2% of its October 2007 peak, while the MSCI South Africa Index recovered from October 2007 to 102.5% in 17.8 years and has not fallen below 100% since.

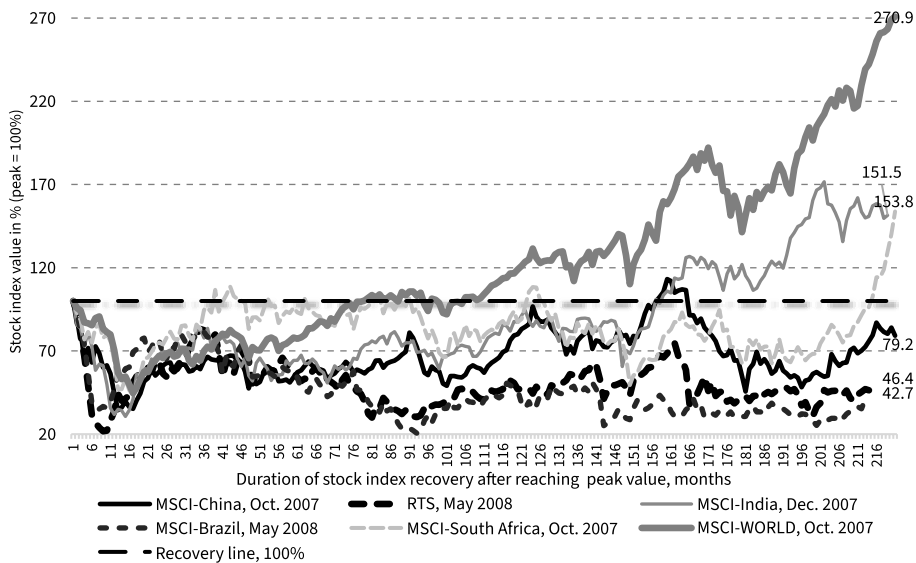


Fig. 22. The dynamics of the recovery of the BRICS and MSCI-World indices in dollar terms after the peak values reached in 2007–2008 (peak=100%) as of February 27, 2026

Source: own calculations based on MSCI data.

Thus, it can be concluded that most global stock markets, including the Russian stock market, are constantly experiencing one or more ongoing financial crises. Under these conditions, measures to ensure long-term financial market stability in each country are particularly important. These include maintaining macroecono-

mic stability, a favorable investment climate, and protecting property rights, competition, and managing geopolitical risks.

As shown in *Fig. 23*, compared to its peak on December 29, 2021, after the start of the special military operation (SMO), the Moscow Exchange ruble index recovered by only 75.6% by March 20, 2026. Factors hindering the recovery of blue-chip stocks, which form the index's core, include their dependence on investments from foreign funds, which were blocked, and limited demand from domestic investors.

Over the period under review, Gazprom's shares recovered by 38.5%, Norilsk Nickel's by 66.6%, NOVATEK's by 81.7%, and Rosneft's by 85.6%. At the same time, Sberbank's ordinary shares recovered to 109.1%, while Sberbank and Surgutneftegaz's preferred shares recovered to 114.9% and 126.5%, respectively. However, even those shares that had already recovered showed no significant growth. Moreover, Lukoil's shares, which had previously recovered, had fallen again to 88.3% as of March 20, 2026, compared to their peak at the end of 2021.

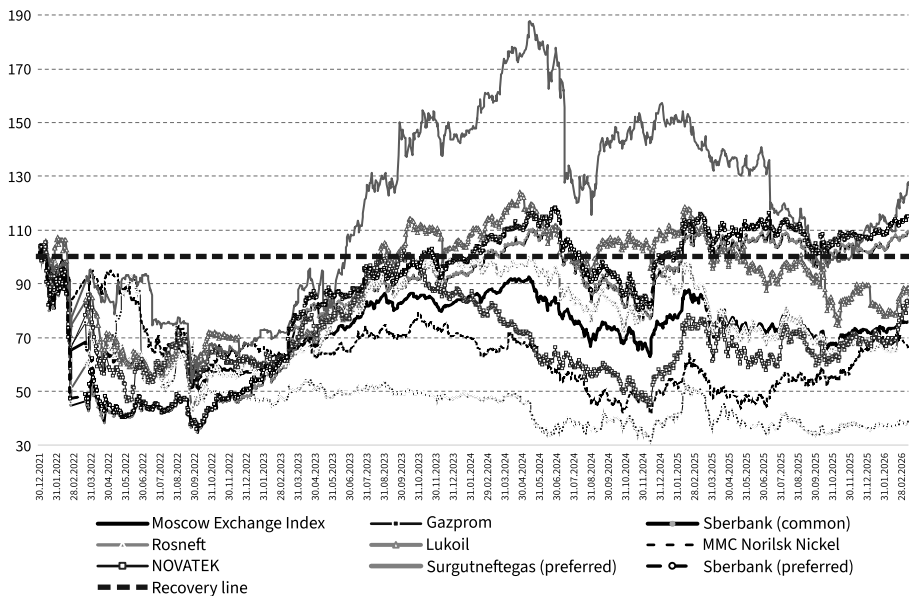


Fig. 23. Change in the Moscow Exchange Index value and the price of shares of Gazprom, MMC Norilsk Nickel, NOVATEK, Lukoil, Rosneft, Sberbank and Surgutneftegas as of March 20, 2026, % (Moscow Exchange Index values and issuers' share prices as of December 30, 2021=100%)

Source: own calculations based on the data released by the Moscow Exchange.

A phenomenon in 2023 was the exponential growth in the prices of many second- and third-tier stocks driven primarily by wealthy private investors (*Fig. 24*). However, in 2024 and 2025, prices for these stocks fell significantly due to decli-

ning interest from private investors. Nevertheless, as of March 20, 2026, the prices of most of these stocks, relative to their December 29, 2021 prices, remained higher than those of blue chips and the Moscow Exchange Index. Thus, they accounted for 111.9% of Belon OJSC shares, 122.9% of GAZ shares, 231.6% of Sollers shares, 249.0% of TKG-14 shares, 265.7% of RSC Energia shares, 319.4% of Glo-Baltrax (GTM), 370.3% of Krasny Oktyabr shares and 496.9% of TNS Energo Rostov-on-Don shares. The advantage in share price recovery from the 2021 peak for second- and third-tier shares compared to blue chips remains, although it has significantly decreased in 2024–2025. Dynamic growth of these shares is largely lost.

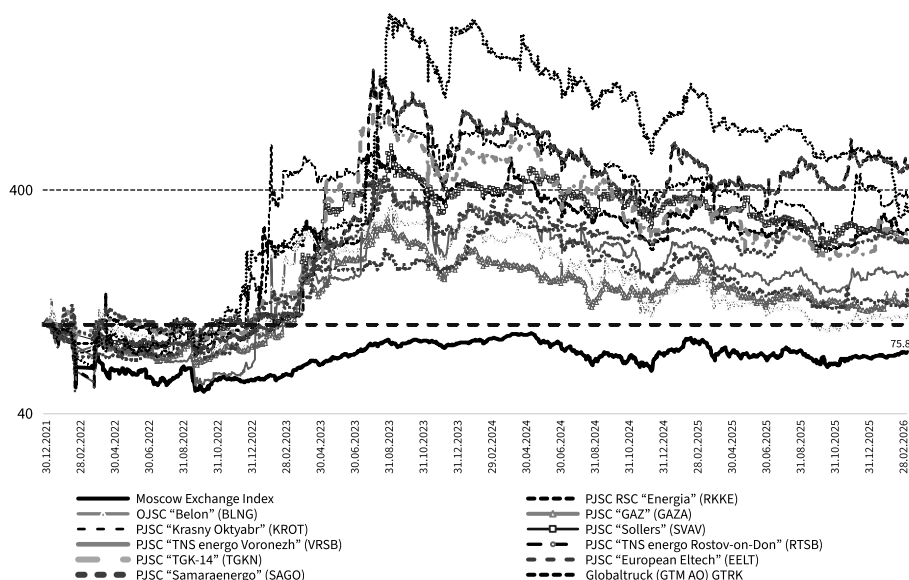


Fig. 24. Change in the value of the Moscow Exchange Index and the price of a number of second-tier shares on it as of March 20, 2026, % (values of the Moscow Exchange Index and prices of issuers' shares as of December 30, 2021=100%)

Source: own calculations based on the data released by the Moscow Exchange.

2.4.2. Depth of capital market and capitalization growth plans

Fig. 25 shows that in 2025, capitalization of Russian companies in dollar terms increased from \$574 bn in 2024 to \$632 bn, or by 10.1%, due to the ruble strengthening. Meanwhile, the liquidity of the stock exchange market increased to \$399 bn in 2025 compared to \$282 bn in 2024, or by 41.5%.

Since 2023, due to the revival of IPO transactions on the Moscow Exchange, signs of overcoming the long-term trend of a constant reduction in the number of listed

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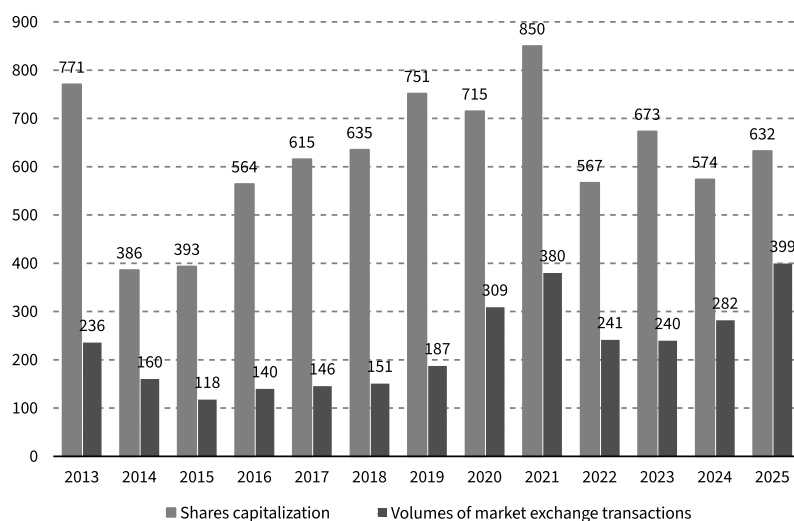


Fig.25. Capitalization and volume of market transactions involving shares on the Moscow Exchange from 2013 to 2025, bn dollars

Source: own calculations according to World Federation of Exchanges. Secondary trading volumes of shares in 2022–2025 are based on the Moscow Exchange data, converted into dollars at the exchange rate at year-end.

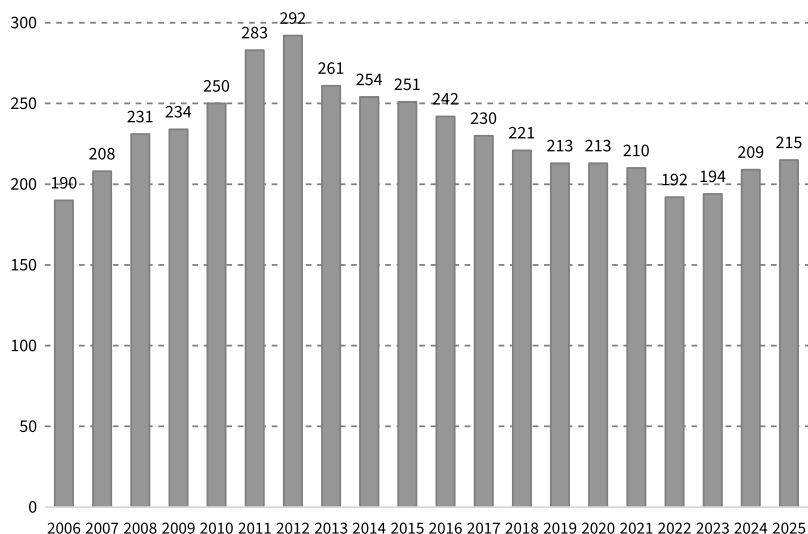


Fig.26. Number of Russian companies listed on the Moscow Exchange from 2006 to December 30, 2025

Source: own calculations according to according to the National Association of Securities Market Participants catalogue “Russian Stock Market in 2015. Events and Facts” for 2006–2008, as well as data from the World Federation of Exchanges and the Moscow Exchange for the period 2009–2025.

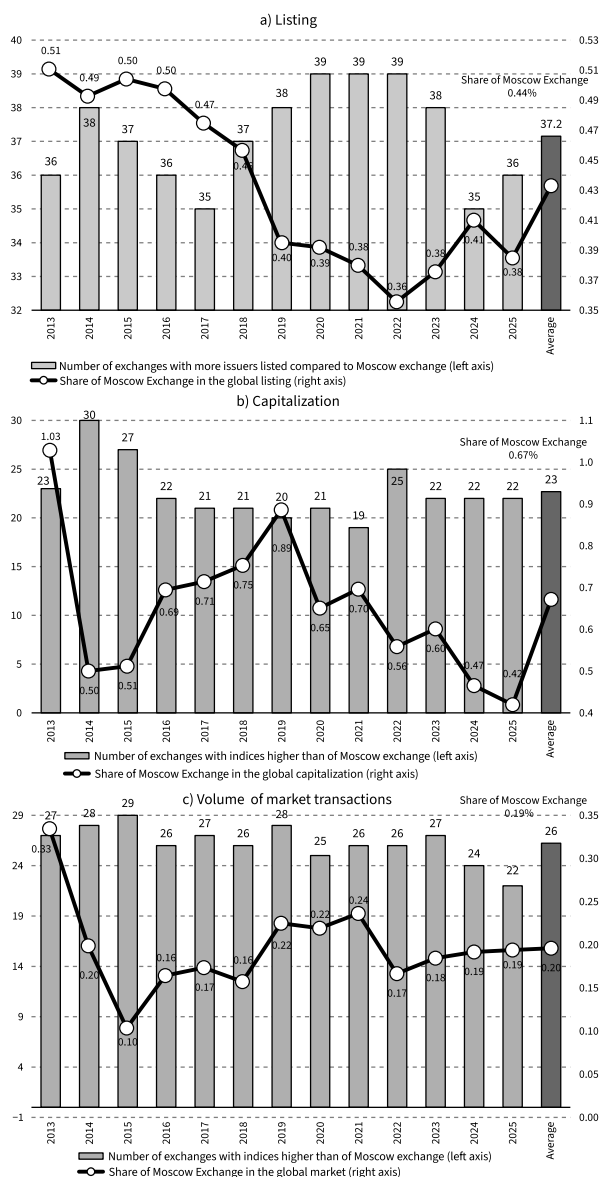


Fig.27. Indicators of competitiveness of the Russian stock market in 2013–2024 are as follows:
 a) number of foreign exchanges with a larger number of issuers listed compared to the Moscow Exchange (ME), and the ME's share in the sample of listed companies on the global stock market; b) number of exchanges with a larger capitalization of issuers listed compared to the Moscow Exchange, and the ME's share in global capitalization; c) number of exchanges surpassing the Moscow Exchange in terms of market transaction volume, and the ME's share in the total global value of market shares transactions

Source: own calculations according to World Federation of Exchanges and the Moscow Exchange.

companies have emerged (*Fig. 26*), and in 2025 these signs continued to be observed: the number of issuers listed on the exchange increased from 192 in 2022 to 215 in 2025.

In terms of key indicators describing the depth of the stock market, the Russian stock market is noticeably inferior to many of its foreign competitors.

Fig. 27, a shows that in terms of the number of national companies listed in 2025, Moscow Exchange was behind 36 other exchanges in the world compared to 35 in 2024 and 39 in 2021. Its share in the total number of publicly traded companies in the world was 0.38%, i.e. the same as in 2021. In terms of capitalization, Moscow Exchange was behind 22 exchanges globally in 2025, compared to 19 in 2021, and its share in the global corporate capitalization declined from 0.70% to 0.42% (*Fig. 27, b*). In terms of market share transaction volume, Moscow Exchange was behind 22 exchanges in 2025 compared to 26 in 2021, but its share in the total volume of exchange-traded shares declined from 0.24% in 2021 to 0.19% in 2025 (*Fig. 27, c*).

2.4.3. IPO–SPO of shares

One of the most important events in the domestic capital market in 2025 was the revival of the IPO and SPO market of Russian companies from December 2022. According to experts from the Bank of Russia, general public interest in the stock market has grown in the context of increasing household incomes, development of retail financing mechanisms, and high dividend payments on shares of Russian companies. However, in 2025, investor demand for IPOs was moderate: in 2025, there were 4 IPOs totaling Rb37 bn, in 2024, there were 12 IPOs totaling Rb82 bn, and in 2023, there were 8 IPOs totaling Rb38 bn. Issuers' interest in IPOs declined primarily due to the reduction in the cost of debt borrowing and lack of sufficient demand, including from institutional investors.¹

Table 13 shows that modern wave of IPO–SPO transactions is marked by a number of qualitative differences from the previous period of 1996–2021 (for more details refer to footnote²).

Over the entire thirty-year history of the market for public offerings of the Russian companies' shares in 1996–2025, 281 IPO–SPO transactions were completed for a total of \$136.4 bn, including 189 IPO transactions for a total of \$92.5 bn, or 67.8% of the total volume of IPO–SPO transactions.

The bulk of IPO–SPO transactions over this entire period occurred between 2006 and 2015, i.e. 162 transactions worth \$106.0 bn or 77.7% of their volume over the 30-

1. Review of financial instruments. 2023. Analytical material. Bank of Russia. 2026. P. 24. URL: https://www.cbr.ru/Collection/Collection/File/48944/fi_review_2023.pdf

2. Abramov A.E., Chernova I.M. IPO shares of Russian companies: theory, indicators, trends and prospects// Financial journal. 2024. Vol. 16. No. 6. P. 42–60. URL: <https://doi.org/10.31107/2075-1990-2024-6-42-60>

year period, including 110 IPO transactions worth \$73.5 bn, or 79.4%. Main drivers of demand for Russian stocks were foreign investors; many public offerings were conducted on foreign exchanges.

In 2026–2025, 89 IPO–SPO transactions took place, amounting to 22.9% or 16.8% of the total volume of transactions over 30 years, including 49 IPO transactions in the amount of \$115.5 bn, or 12.4% of the total volume for the entire period under review.

Over the past four years, from 2022 to 2025, there were 50 IPO–SPO transactions worth \$7.2 bn, which is 5.3% of the total volume of transactions over 30 years, including 35 IPO transactions worth \$5.7 bn, or 6.2%.

In 2022–2025, the average IPO–SPO deal size was \$144.3 mn, 70.2% lower than the same indicator for the period 1996–2025, including the average IPO deal size of \$164.3 mn, i.e. 66.4% lower. In 2025, the average IPO–SPO deal size of \$78.6 mn was even 45.5% lower than the average for 2022–2025, and IPO deals of \$115.6 mn were 29.6% lower.

Based on the volume of share placements in 2022–2025, only 22.0% of IPO–SPO transactions involved raising capital for the company, compared to an average of 53.7% in 1996–2025. In 2025, this indicator was 92.9%, which, despite the modest volumes of transactions during this period, can be considered a positive development.

Throughout the history of the Russian public offering market, privatization transactions (IPOs and SPOs) accounted for 38.4% of all transactions, reflecting the important role of the privatization process as a growth driver for this segment of the stock market. However, in 2022–2025, only 6.2% of the volume of placements was accounted for by privatization transactions. In 2025, 71.1% of placements were IPOs of DOM.RF bank shares, which could become an impetus for attracting shares of new privatized companies to the stock market.

A significant problem concerning IPOs of Russian public joint-stock companies remains the low level of undervaluation of shares at the end of the first trading day¹, which, as a rule, is a sign of an overvaluation of the issuer's shares at the stage of their placement or insufficient interest in them on the part of exchange trading participants on the first day of their admission to trading on the exchange. The fact that 67.2% of public offerings were IPOs, indicates that Russian issuers have relatively seldom resorted to the strategy of conducting successive secondary share offerings after their initial public offering, using IPOs as a one-off event. This largely explains why the undervaluation of the first trading day for Russian companies is one of the lowest in the world.

1. Undervaluation is the difference between the share price at the close of the first trading day and the placement price of the said shares as a percentage of the placement price.

Table 13

**Parameters of IPO–SPO transactions of the Russian companies¹
in the period of 1996–2024**

	1996– 2005	2006– 2015	2016– 2025	1996– 2025	2022– 2025	2025
1. Volume of transactions, mn dollars:						
IPO	7501	73 453	11 526	92 480	5751	462
SPO	0	32 547	11 388	43 935	1466	88
Total	7501	105 999	22 914	136 414	7217	550
2. Number of transactions:						
IPO	30	110	49	189	35	4
SPO	0	52	40	92	15	3
Total	30	162	89	281	50	7
3. Average volume of a transaction, mn dollars:						
IPO	250.0	667.8	235.2	489.3	164.3	115.6
SPO		625.9	284.7	477.6	97.7	29.3
Total	250.0	654.3	257.5	485.5	144.3	78.6
4. Average undervaluation, %:						
IPO	9.9	1.2	6.4	5.3	2.9	–2.0
SPO		3.6	3.5	3.6	5.09	–3.4
5. Type of IPO–SPO transactions, share in %:						
IPO	100	69.3	50.3	67.8	79.7	84.0
SPO	0	30.7	49.7	32.2	20.3	16.0
6. IPO–SPO transactions according of criteria of attracting capital to a company, share in %	50.7	56.3	42.3	53.7	22.0	92.9
7. Volume of privatized transactions IPO–SPO, share in %	8.0	43.6	24.2	38.4	6.2	71.1

Source: own calculations according to the data Laboratory for the Analysis of Institutions and Financial Markets (LAIFM) IAES RANEPA.

Fig. 28 shows that according to historical data, for 96 IPO transactions of Russian public companies that took place on Russian stock exchanges over the period from 2004 to 2025, the medium-term cumulative abnormal (above the Moscow Exchange index) return (CAR) of these companies' shares over a horizon of 250 business days (i.e., one calendar year) was generally negative. This means that to achieve

1. Herewith, the concept of an IPO–SPO transaction includes 8 categories of exchange transactions with shares of Russian offshore and onshore companies, classified according to 3 criteria: location of the transaction (Russian or foreign exchange), type of transaction (IPO or SPO), and content of the transaction (attracting new capital to the company or resale of a block of shares by their previous owner).

ve higher returns, investors preferred to invest in a passive index portfolio rather than purchase various shares during the IPO process.

The Fig. 28 reveals two patterns. The first is that during one year of IPOs shares for 69 companies held between 2004 and 2021, the volume-weighted CAR was -7.80 p.p., while the average CAR was 2.85 p.p. That is, larger transactions underperformed the index portfolio in terms of cumulative returns, while smaller ones offered the opportunity to outperform the index. A similar pattern was observed for 27 transactions completed in 2022–2025, where the average weighted annual CAR reached -11.56 p.p., while the arithmetic mean was only -1.75 p.p.

Another pattern is that, by both criteria, weighted average and arithmetic mean CAR, the IPOs conducted in 2022–2025 showed worse results over the annual period compared to 2004–2021: the weighted average CAR for deals in 2022–2025 was -11.56 p.p. compared to -7.80 p.p. for IPOs in 2004–2021, the arithmetic mean CAR was -1.75 and 2.65 p.p., respectively.

Thus, the simplest strategy of regularly investing in publicly traded shares of companies usually loses to passive investing in an index portfolio of the most popular issuers. At the same time, IPOs can generate higher returns for investors with expert knowledge of the specifics of new public companies going for IPO.

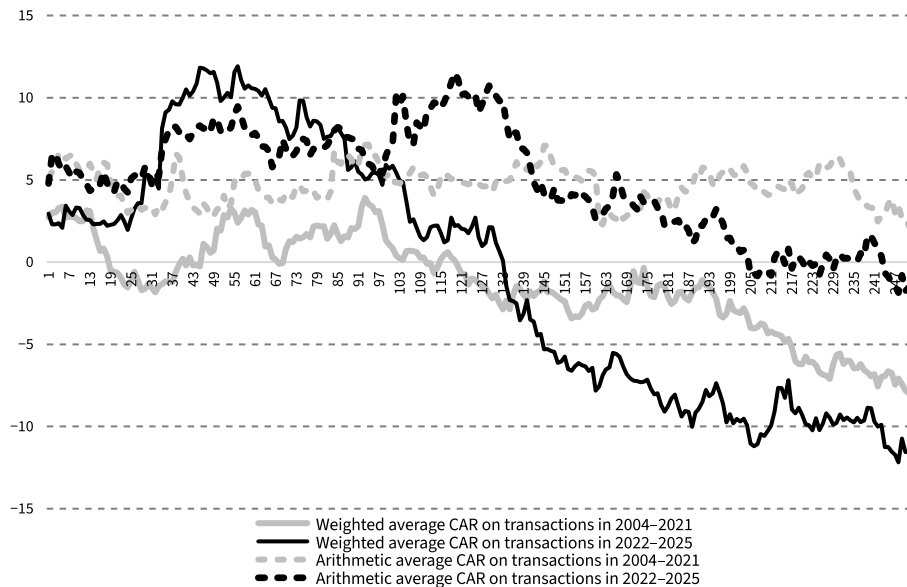


Fig. 28. Cumulative abnormal return (CAR) of the IPO portfolio of Russian companies within 250 days from the IPO date for a sample of 69 companies for the period 2004–2021 and 27 companies for the period 2022–2025, p.p.

Source: own calculations according to the data Laboratory for the Analysis of Institutions and Financial Markets (LAIFM) IAES RANEPA.

2.4.4. Dividend policy

Since 2012, active dividend policy of public companies has been a significant phenomenon on the Russian stock market. Growth of dividend yields, and above all, of shares of state-owned companies (SOEs), was the result of the state's intention, as a major shareholder, to attract dividend income to finance the budget.¹ In accordance with the RF Government Edict dated June 11, 2021 No. 1589-p, from July 1, 2021, a requirement was established for mandatory allocation of at least 50% of annual profit for dividend payments, calculated based on the consolidated financial statements prepared in accordance with IFRS, taking into account its adjustment for a number of factors (net adjusted profit) for issuers with shares in federal ownership.

Moreover, in the context of a steady outflow of funds from foreign investors that began in 2022, for a significant portion of both public and private issuers, increasing the dividend yield of shares was an attempt to maintain shareholder loyalty by compensating for their losses in terms of a drop in the market shares' value. Currently, the factor of high dividend yield on stocks is of crucial importance for domestic investors compared to the high yield to maturity of government securities.

Fig. 29 shows that in 2019 the average dividend yield on shares of issuers from the Moscow Exchange index began to exceed the yield to maturity of the broad OFZ Cbonds-GBI index, reaching a peak of 13.9% per annum in 2023. However, in 2024–2025, amid high key rate of the Bank of Russia, the largest Russian public joint-stock companies were not able to compete with the inflated yield of OFZs any longer: in 2024, with the nominal yield to maturity of OFZs at 15.2% per annum, the dividend yield dropped to 11.8%, and in 2025, these indicators amounted to 15.0 and 10.2%, respectively. For the period 2007–2025, the correlation between the yield to maturity of OFZs and the dividend yield was 0.61, i.e., it was high, indicating that share issuers were forced to adjust the dividend yield of shares to the yield of OFZs.

The problem concerning high dividend yields is that they are a major risk premium on equities, therefore, rising dividend yields reflect a negative trend in the risk premium expected by investors. The rise in risk premium, along with the increase in the yield of a risk-free asset, leads to an overestimation of investors' expected return on shares (value of equity capital), which serves as a discounted factor when estimating the cost of companies based on the amount of dividends paid. As a result, high dividend yields and, accordingly, inflated risk premium expectations lead to a decline in share prices and issuer capitalization. From 2007 to 2025, the corre-

1. Abramov A.E., Radygin A.D., Chernova M.I., Entov R.M. "The Dividend Mystery" and the Russian Stock Market. P. 1//Voprosy ekonomiki. 2020a. No. 1. P. 66–92. DOI: 10.32609/0042-8736-2020-1-66-92; Abramov A.E., Radygin A.D., Chernova M.I., Entov R.M. "The Dividend Mystery" and the Russian Stock Market. P. 2//Voprosy ekonomiki. 2020b. No. 2. P. 59–85. DOI: 10.32609/0042-8736-2020-2-59-85

lation between dividend yield and capitalization was -0.56 , indicating a highly negative relationship between capitalization and dividend yield.

According to our assumptions, as the target inflation level reaches 4% and the Bank of Russia reduce the key rate to 8–9% per annum in the medium term, a significant reduction in the yield of OFZs and dividend yield on shares may result in rise in capitalization and a more balanced structure of growth in the total return on shareholders' assets due to dividends and share rate returns.

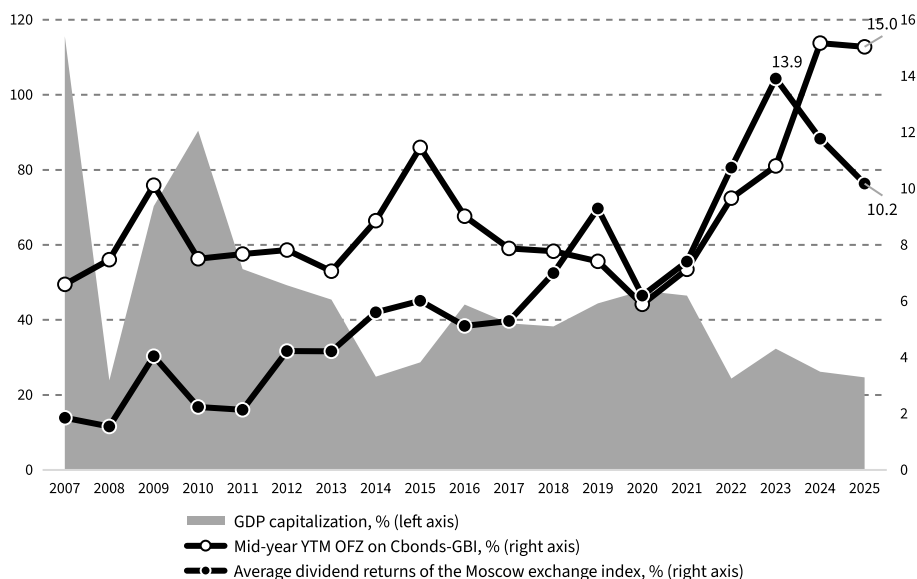


Fig. 29. Average annual yield to maturity of OFZs based on the Cbonds-GBI index, dividend yield of Moscow Exchange index shares and stock market capitalization to GDP in 2007–2025

Source: own calculations according to Cbonds, SPARK and Moscow exchange.

2.4.5. Mergers and acquisitions

Stock markets contribute to structural changes in the economy through mergers and acquisitions (M&A). Fig. 30 shows that volume of mergers and acquisitions in 2025 has not yet reached the local peak of 2021 in Russia, as in the world as a whole, which arose in the wake of economies' recovery from the coronavirus pandemic. The volume of completed M&A transactions globally fell from \$5.4 trillion in 2021 to \$4.5 trillion in 2025, or by 16.7%, and in Russia, respectively, from \$37.5 bn to \$26.1 bn, or by 30.8%. That is, significantly more than in the global economy. However, in 2025, global M&A transactions saw a significant increase com-

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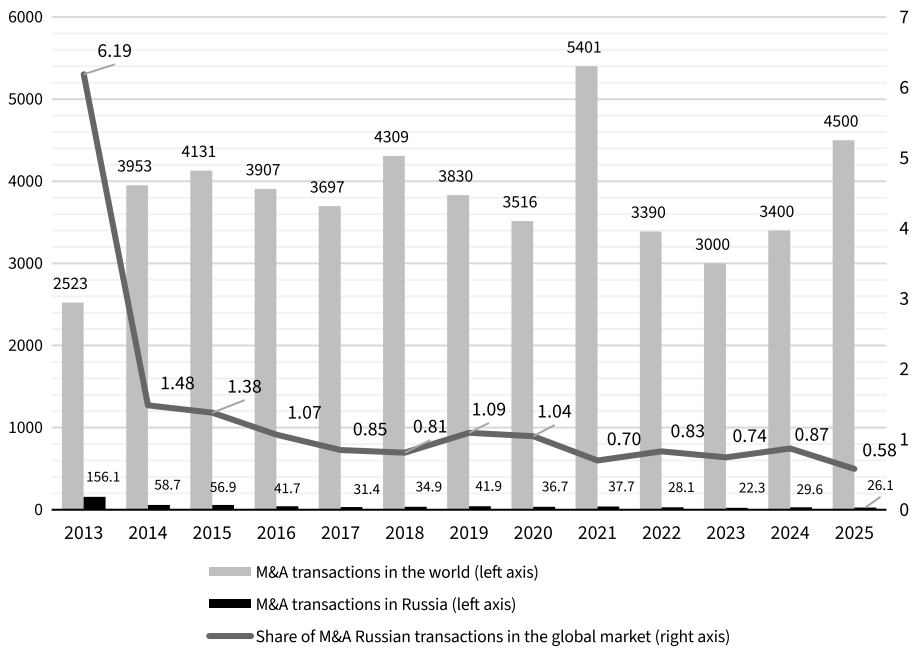


Fig. 30. Value of mergers and acquisitions (M&A) transactions in the world and in Russia and the share of M&A transactions in Russia in the total value of similar transactions in the world in 2013–2025

Source: own calculations based on Merger.ru. information resources. URL: <http://mergers.ru/>), SIFMA and McKinsey.

pared to 2024, i.e. by 32.4%, while in the Russian market, total value of such completed transactions dropped by 11.8%. As a result, the Russian M&A market's share of the global market continued to decline from 0.70% in 2021 to 0.58% in 2025.

The ongoing nationalization process, which affected such companies as Domoedovo Airport, Glavprodukt, Yuzhuralzoloto, Petropavlovsk-Kamchatsky Commercial Sea Port, Kamchatka Shipping Company, the Borets oilfield services group of companies, PAO Stavropolenergosbyt, JSC IT Technologies, and others, became an alarming trend in 2025 on the Russian capital market.

Estimates of the scale of nationalization vary among different experts, but according to the AK&M Information Agency, the value of nationalized companies was \$3.89 bn (Rb390 bn) in 2024 and \$14.9 bn (Rb1,165.6 bn) in 2025.¹

1. URL: <https://mergers.akm.ru/stats/pyataya-chast-obema-rynka-m-a-v-pervom-polugodii-natsionalizatsii-po-sudu/>; <https://mergers.akm.ru/stats/rynok-kommercheskikh-m-a-sdelok-sokrashchaetsya-na-fone-rosta-chisla-sdelok-s-gosuchastiem/>

2.4.6. Competition in the stock market

The Russian stock market evidences a high level of issuer concentration by capitalization, however, starting in 2020, a downward trend has been observed (*Fig. 31* and *Table 14*): in the total capitalization of issuers, the share of the 10 largest public joint-stock companies dropped from 70.1% in 2019 to 61.3% in 2025, and share of the 20 largest issuers dropped from 82.9% to 75.4%, respectively. This reflects positive changes in the structure of stock exchange listings, consisting of faster growth in the market value and investment attractiveness of less liquid second- and third-tier shares compared to blue chips.

In 2025, capitalization of public joint-stock companies decreased slightly to Rb52.7 trillion compared to Rb53.0 trillion in 2024. All 10 largest companies remained in the top 10 list by capitalization in its structure. Compared to the previous year, in 2025, the share in capitalization of the following issuers has increased: Sberbank: from 11.2 to 12.3%, NOVATEK: from 5.6 to 6.9%, Polyus: from 3.6 to 6.2%, MMC Norilsk Nickel: from 3.3 to 4.3% and Yandex MKPJSC: from 2.8 to 3.4%. Conversely, due to sanctions and low prices on global markets, the share of the most oil and gas companies decreased: Rosneft: from 12.0 to 8.2%, respectively, Lukoil: from 9.4 to 7.7%, Gazprom Neft: from 5.8 to 4.4%, Gazprom: from 5.9 to 5.6% and Tatneft named after V.D. Shashin: from 2.8 to 2.4%.

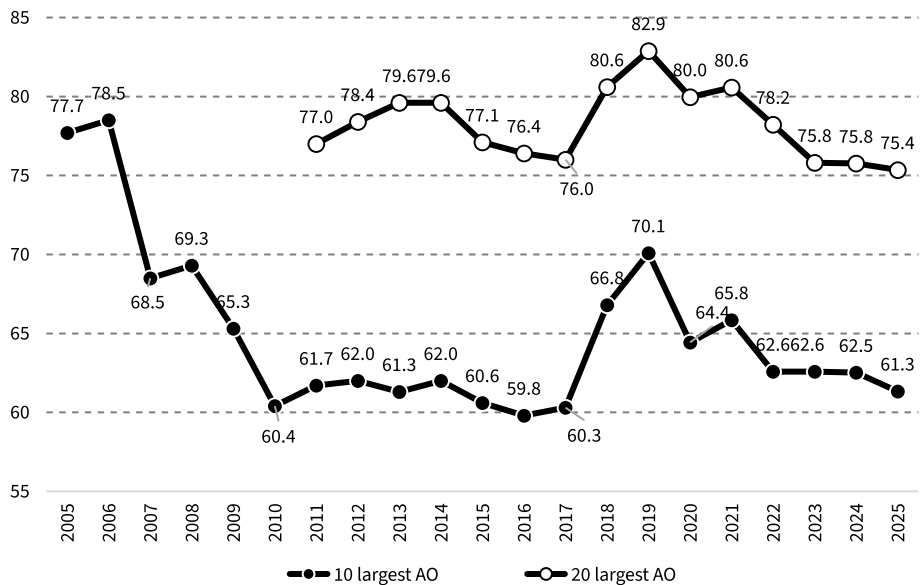


Fig. 31. Share of the largest PJSC in capitalization of domestic equity market in 2005–2025, %

Source: own calculations based on Moscow Exchange.

Table 14

Capitalization of the 10 largest Russian public joint-stock companies (PJSC)
in 2023–2025

2023				2024				2025			
Issuer	Capitalization, bn rubles	Ratio, %		Issuer	Capitalization, bn rubles	Ratio, %		Issuer	Capitalization, bn rubles	Ratio, %	
PJSC NK Rosneft	6278	11.0		PJSC NK Rosneft	6377	12.0		PJSC Sberbank	6474	12.3	
PJSC Sberbank	5863	10.3		PJSC Sberbank	5962	11.2		PJSC NK Rosneft	4333	8.2	
PJSC Lukoil	4680	8.2		PJSC Lukoil	4968	9.4		PJSC Lukoil	4063	7.7	
PJSC NOVATEK	4448	7.8		PJSC Gazprom	3118	5.9		PJSC NOVATEK	3617	6.9	
PJSC Gazprom Neft	3983	7.0		PJSC Gazprom Neft	3098	5.8		PJSC Polyus	3254	6.2	
PJSC Gazprom	3790	6.7		PJSC NOVATEK	2965	5.6		PJSC Gazprom	2972	5.6	
PJSC MMC Norilsk Nickel	2476	4.3		PJSC Polyus	1904	3.6		PJSC Gazprom Neft	2326	4.4	
PJSC Tatneft named after V.D.Shashin	1539	2.7		PJSC MMC Norilsk Nickel	1762	3.3		PJSC MMC Norilsk Nickel	277	4.3	
PJSC Polyus	1444	2.5		MPJSC Yandex	1505	2.8		MPJSC Yandex	1785	3.4	
PJSC Severstal	1172	2.1		PJSC Tatneft named after V.D.Shashin	1483	2.8		PJSC Tatneft named after V.D.Shashin	254	2.4	
Capitalization of all issuers on Moscow exchange	56981	100		Capitalization of all issuers on Moscow exchange	53015	100		Capitalization of all issuers on Moscow exchange	52754	100	
Capitalization of top 5 issuers	25252	44.3		Capitalization of top 5 issuers	23523	44.4		Capitalization of top 5 issuers	23523	44.6	
Capitalization of top 10 issuers	35673	62.6		Capitalization of top 10 issuers	33142	62.5		Capitalization of top 10 issuers	32356	61.3	

Source: own calculations based on Moscow exchange. URL: <https://www.moex.com/s26>

Thus, in 2025, due to high key rate, sanctions and geopolitical uncertainty, capitalization of Russian companies declined slightly, and the dividend-adjusted yield of the Moscow Exchange index remained low for the second year in a row. Expectations of a high-risk premium with a significant level of real risk-free return limited investors' demand for shares. The impact of the equity financing market on the structural transformation of the economy was limited. Public offering market volumes lagged behind the RFBR's forecasts. Market actors and regulators were searching for ideas to increase capitalization and stimulate domestic demand for shares.

2.5. Bond market

2.5.1. Situation in the bond market

In 2025, Russian bond market once again reached record levels. The government actively issued OFZs to finance the budget deficit. For companies, corporate bonds served as an important source of short- and medium-term financing and debt refinancing given the high key rate and, consequently, bank lending rates. The Bank of Russia's gradual reduction of the key rate, which began in 2025, has become an additional driver of bond attractiveness for investors, contributing to the growth of market value of bond portfolios. In 2025, with the Moscow Exchange stock index (MCFTIR) achieving a full-year return of 2.9%, the broad-based OFZ index (RGBITR) and the corporate bond index (IFX-Cbonds) achieved similar returns of 23.1% and 24.2%, respectively, which were highly favorable for investors.

Fig. 32 shows the value of all ruble bond issues increasing from Rb54.9 trillion in 2024 to Rb66.2 trillion in 2025, or by 20.7%. However, the value of Russian government securities increased from Rb23.2 to 30.1 trillion, or by 29.8%. Over the same period, the value of corporate bond issues increased from Rb31.0 to 35.5 trillion, or by 14.5%, while the volume of regional bonds, as in the previous year, decreased from Rb0.64 to Rb0.61 trillion, or by 5.1%. The volume of Russian government bonds grew most rapidly in 2025, while growth in corporate bonds has slightly slowed.

Fig. 33 shows that volume of new ruble bond issues increased from Rb12.5 trillion in 2024 to Rb17.5 trillion in 2025, or by 40.2%. This was the highest growth rate of ruble bond placements since 2021. The most significant growth related to the value of new issues of Russian government bonds, i.e. from Rb4.3 trillion in 2024 to Rb7.8 trillion in 2025, or by 80.2%. According to experts from the Central Bank of the Russian Federation (2026)¹, in September the RF Ministry of Finance increased the planned budget deficit for 2025 from Rb3.8 to Rb5.6 trillion, which resulted in an increase in the annual borrowing plan from Rb4.8 to Rb7.0 trillion, or by 45.8%.

1. Review of financial instruments for 2025. Analytical material / Bank of Russia. 2026. URL: https://www.cbr.ru/ec_research/analytics/

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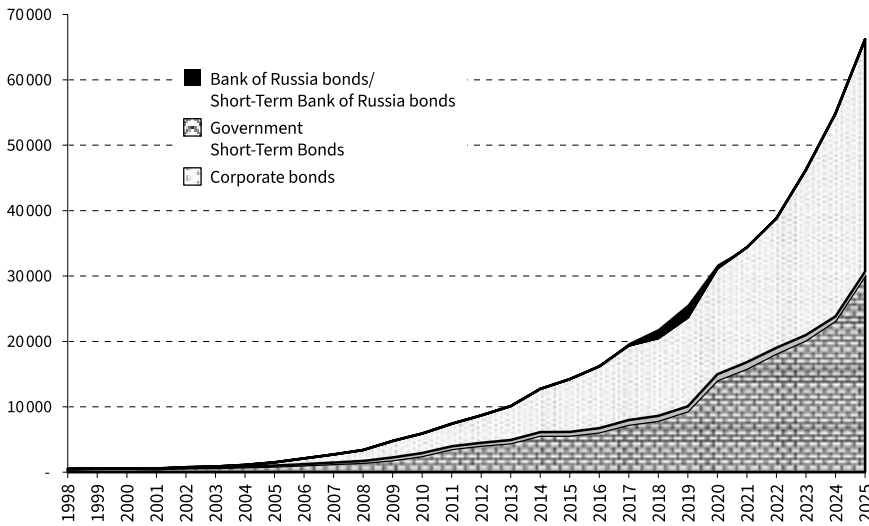


Fig. 32. Volumes of ruble bonds in circulation in 1998–2025, bn rubles

Source: own calculations based on RF Ministry of Finance and Cbonds.

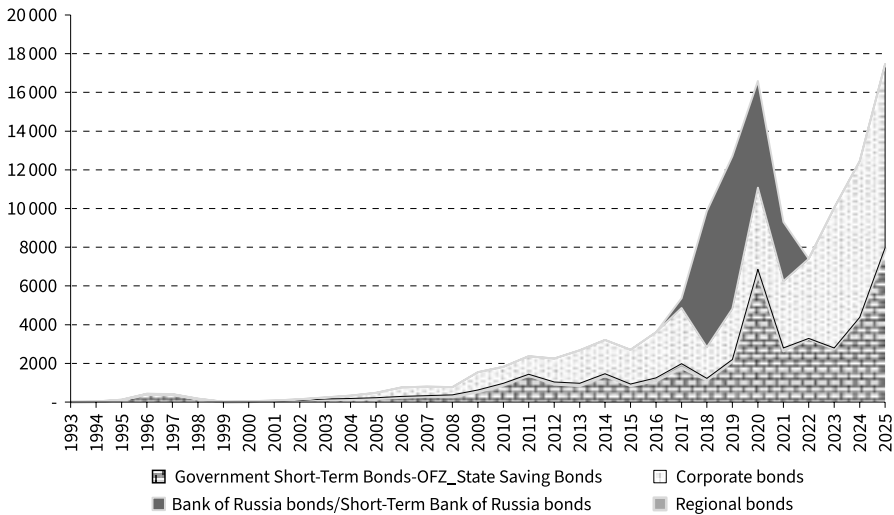
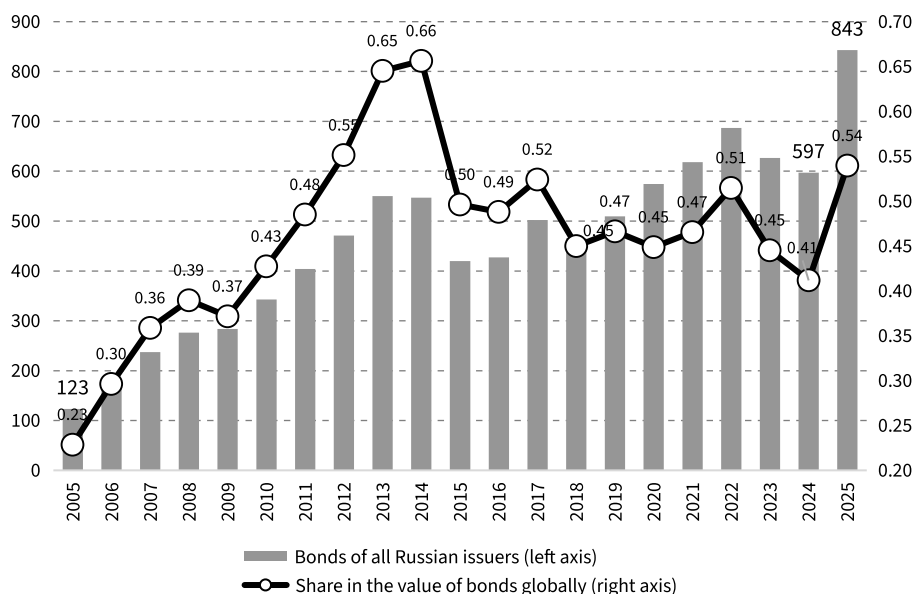


Fig. 33. Volumes of ruble bond placements in 1993–2025, bn rubles

Source: own calculations according to Cbonds.

The volume of new corporate bond issues increased year-on-year from Rb8.1 to Rb9.5 trillion, or by 17.5%; the value of regional bond placements increased from Rb38.1 to Rb148.4 billion, or by 3.9 times.



Note. Bonds of Russian issuers include corporate, government and municipal domestic bonds and Eurobonds.

Fig. 34. Value of outstanding bonds of Russian issuers and their share in the value of bonds globally in 2005–2025

Source: own calculations according to Cbonds и SIFMA Capital Markets Fact Book. URL: <https://www.sifma.org/resources/research/statistics/fact-book/>

Fig. 34 shows that a share of all bond issues by Russian issuers in the global bond market remains low. However, this indicator increased from 0.41% in 2024 to 0.54% in 2025. This is slightly higher than the share of Russian stock market capitalization in global capitalization, which stood at 0.4% and 0.42%, respectively.

2.5.2. Market of corporate bonds

Despite high interest rates in the Russian economy, the role of corporate bonds in financing the economy and placing domestic savings continued to grow. As *Fig. 35* shows, the value of non-financial sector bond issues increased from Rb19.2 trillion in 2024 to Rb21.9 trillion in 2025, or by 14.0%. The volume of bond issues by non-financial organizations expanded slightly faster than the total amount of loans received from banks. As a result, the share of corporate bonds in the total amount of loans from non-financial organizations increased from 25.6% in 2024 to 26.5% in 2025.

Russian economy in 2025

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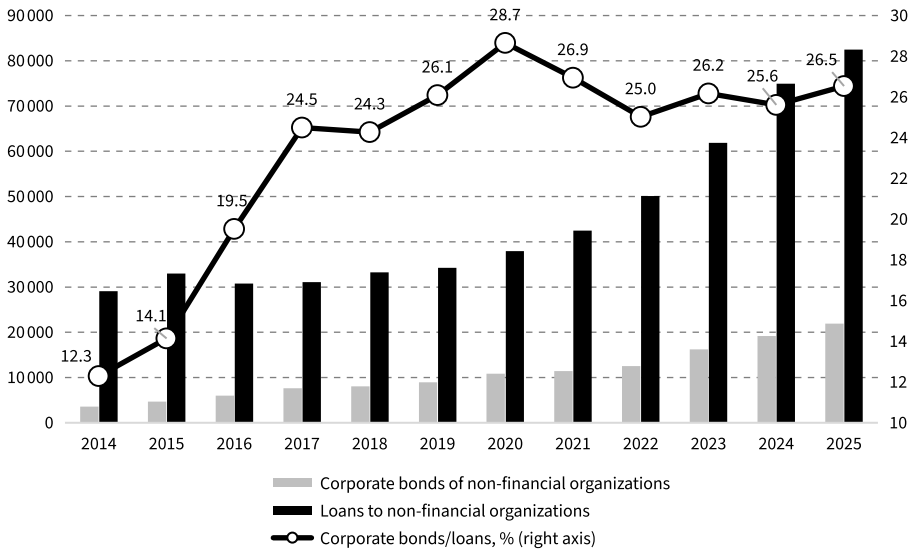


Fig. 35. Sources of funding of non-financial organizations in terms of bank loans and corporate bonds and share of corporate bonds of non-financial companies vs. their loan debt in 2014–2025

Source: own calculations according to Cbonds and Bank of Russia.

Corporate bond market has largely resolved the problem of transforming foreign currency Eurobonds into instruments of domestic debt funding, which has contributed to strengthening financial stability of borrowers. *Fig. 36* shows that corporate Eurobond debt decreased from \$31 bn in 2024 to \$24 bn in 2025, or by 22.6%. As a result, share of Eurobond liabilities in the value of ruble corporate bonds in 2025 was only 5.6% compared to 44.8% in 2021.

Unlike the stock market, the corporate bond market actively facilitates the attraction of new issuers to market equity financing. As *Fig. 37* shows, the number of corporate bond issuers increased from 601 in 2024 to 634 in 2025, or by 5.5%. Overall, the number of corporate bond issuers has increased by 68.6% since 2021. However, the number of corporate bond issues has decreased slightly, i.e. from 4.277 in 2024 to 4.137 in 2025, or by 3.3%, largely due to a slight increase in borrowing costs for large issuers amid high interest rates and limited bank credit resources.

In 2025, market for new types of corporate bonds, which appeared in 2022–2024, continued to develop. As shown in *Table 15*, the value of replacement bond issues increased from Rb2.4 trillion in 2024 to Rb3.2 trillion in 2025, or by 32.8%. Foreign currency bonds were a popular financial instrument in the domestic market, but their value decreased accordingly from Rb6.7 to 5.2 trillion, or by 21.4%; bonds in yuan increased from Rb1.8 to 1.9 trillion, or by 10.4%.

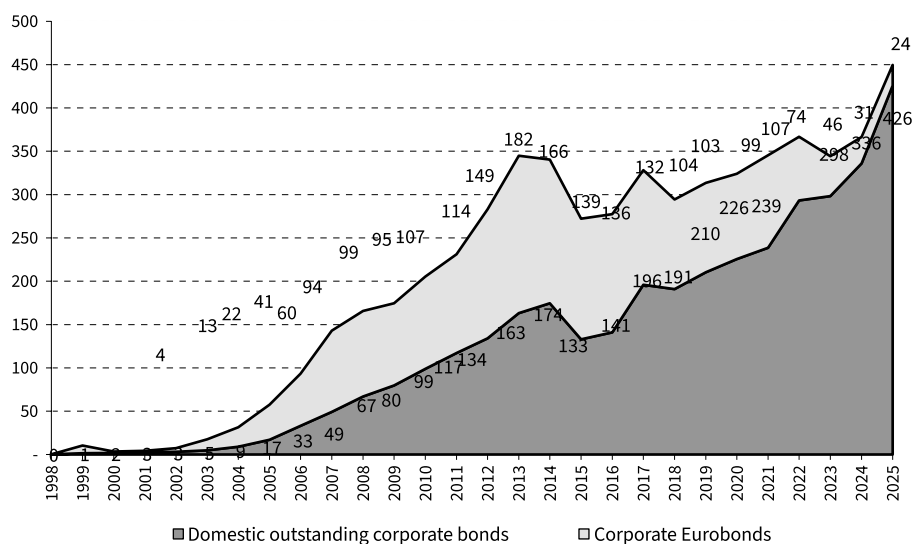


Fig. 36. Volumes of corporate outstanding bonds of Russian issuers in 1998–2025, bn dollars

Source: own calculations according to Cbonds and Moscow exchange.

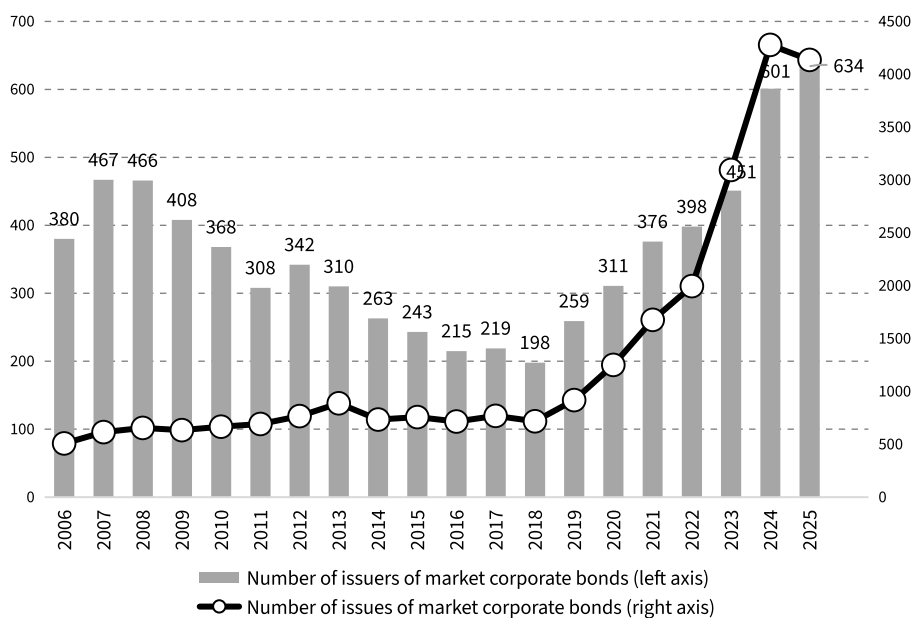


Fig. 37. Number of issuers and market issues of corporate bonds on the Moscow Exchange in 2006–2025

Source: according to Cbonds.

In the context of high interest rates, the debt market remained one of the few sources of funding for new companies issuing high-yield bonds (HYBs). Despite the growing risk of default, the value of HYBs issues increased year-on-year from Rb18.7 to 73.2 bn, or by 290.8%.

Meanwhile, according to the Bank of Russia (2026), share of individuals in the bond portfolio marked by a low credit rating of “BB” and below increased from 7 to 14% over the period under review.¹

The value of gold-linked bonds and “green” bonds grew at a relatively more modest rate. The volume of gold-linked bond issues increased from Rb34.0 bn in 2024 to Rb35.3 bn in 2025, or by 3.8%, while the volume of green bond issues increased from Rb337 bn to Rb366.5 bn, or by 8.7%.

In the context of the Bank of Russia’s initial reduction in the key rate, companies more actively placed fixed-coupon bonds compared to floaters, which became a distinctive feature of 2025. At the same time, bonds with monthly coupon payments were increasingly offered to attract investors amid these circumstances. According to the Bank of Russia (2026)², the share of these instruments in corporate bond placements in 2025 was 45%, compared to 28% in 2024.

Table 15

Value of outstanding corporate bond issues marked by special risk characteristics or issue conditions, bn rubles

Type of bond	2022	2023	2024	2025	2025 vs. 2024, %
Replacement bonds	545.9	1788.2	2393.4	3179.4	32.8
Currency bonds (domestic market)	4006.5	5008.9	6671.2	5246.5	–21.4
Bonds in yuan	599.4	1088.1	1754.8	1937.0	10.4
Gold-linked bonds		17.8	34.0	35.3	3.8
HYB	73.0	89.5	18.7	73.2	290.8
Green bonds	300.3	336.6	337.1	366.5	8.7

Source: own calculations according to Cbonds and Review of financial instruments of the Bank of Russia for a number of years.

A decline in the concentration level of new bond issues evidences a positive trend in the corporate bond market since 2021. *Fig. 38* and *Table 16* show that the share of top 20 issuers in the total volume of new bond issues declined from 78.6% in 2020 to 71.3% in 2025, while the share of top 10 issuers dropped from 68.3% to 53.2%, respectively. According to *Table 16*, in 2025, the DOM.RF group of issuers accoun-

1. Review of financial instruments for 2025. Analytical material. Bank of Russia. 2026. URL: https://www.cbr.ru/ec_research/analytics/

2. Ibidem.

ted for approximately 10.7% of the value of ruble corporate bond issues, VEB RF—7.5%, Sberbank of Russia—7.1%, Russian Railways—6.2%, VTB Bank Group—5.9%, Magnit—4.0%, Atomenergoprom—2.9%, Gazprom Neft and the Gazprom Group—3.5 and 2.8%, respectively, and SIBUR Holding—2.4%. Raising of funds by so-called “specialized financial entities” (SFEs), set up as joint-stock companies or limited liability companies under Article 15.1 of Federal Law No. 39-FZ of April 22, 1996, became a distinctive feature of the corporate bond market in 2022–2025, typically to finance large business projects amid sanctions restrictions. However, in 2025, this form of bond issuance was used less actively.

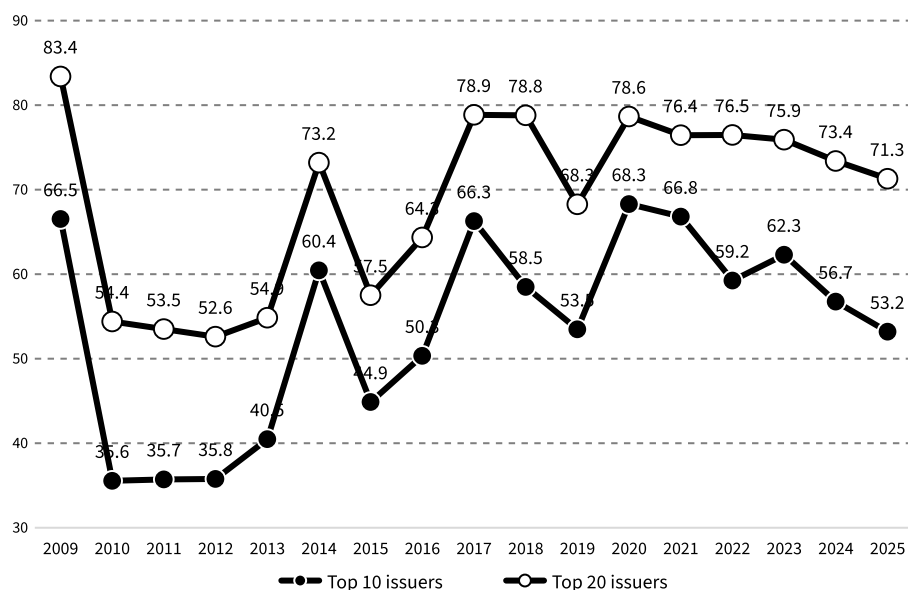


Fig. 38. Share of the largest 10 and 20 issuers in new issues of ruble corporate bonds in 2009–2024, %

Source: own calculations according to Cbonds.

Table 17 shows that the industry structure of corporate bond issues in 2025 has not undergone significant changes compared to previous years. Thus, the bond market’s role in the structural transformation of the economy remains limited. Despite the fact that the share of two key sectors, financial and oil, gas and coal production, decreased from 73.8% in 2024 to 67.8% in 2025, while current level of such issuers remains virtually unchanged from 2021, at 68.4%. The output of companies in the IT and telecommunications, chemical and petrochemical sphere, and other industries (including mechanical engineering, etc.) in 2025 amounted to only 3.5; 2.9 and 4.6%, respectively.

Table 16

Ten largest issuers of corporate bonds (CB) and their share in the cumulative value of the ruble CB issues emission

2022				2023				2024				2025			
Issuer	Bn rubles	%		Issuer	Bn rubles	%		Issuer	Bn rubles	%			Bn rubles	%	
DOM.RF and DOM.RF Mortgage agent	519	18.6		Gazprombank and Gazprom Capital	1106	18.6		DOM.RF and DOM.RF Mortgage agent, Bank DOM.RF and SPFS DOM.RF	806	10.6		DOM.RF and DOM.RF Mortgage agent, Bank DOM.RF and SPFS DOM.RF	818	10.7	
Avtdor	277	10.0		DOM.RF and DOM.RF Mortgage agent	776	13.0		Rosneft	684	9.0		VEB.RF	575	7.5	
SFO Ideas and investment	156	5.6		SFO Ideas and investment	316	5.3		VEB.RF	568	7.5		Sberbank Russia and Sberbank CIB	542	7.1	
VEB.RF	156	5.6		NLC-Finance	265	4.4		SFO Optimum Finance	542	7.1		Russian Railways	475	6.2	
Sberbank Russia and Sberbank CIB	149	5.3		Avtdor	263	4.4		SFO Ideas and investment	377	5.0		VTB Group	451	5.9	
SFO Aurum-1	101	3.6		Sberbank Russia and Sberbank CIB	259	4.3		Rostekh	340	4.5		Magnit	303	4.0	
SFO MIP-1	83	3.0		SFO Optimum Finance	208	3.5		VTB Bank (PJSC)	315	4.1		Gazpromneft	270	3.5	
Rosseti	80	2.9		VEB.RF	186	3.1		Gazprombank and Gazprom Capital	260	3.4		Atomenergoprom	220	2.9	
MTS	72	2.6		Aviacapital-Service	180	3.0		SFS PB Service Finance	226	3.0		Gazprombank and Gazprom Capital	212	2.8	
SFO Media Assets	58	2.1		Russian Railways	150	2.5		MMC Norilsk Nickel	200	2.6		SIBUR Holding	183	2.4	
Capitalization of all CB issues	2787	100		Capitalization of all CB issues	5958	100		Capitalization of all CB issues	7611	100		Capitalization of all CB issues	7614	100	
Capitalization of issues of the top-10 CB issuers	1651	59.2		Capitalization of issues of the top-10 CB issuers	3710	62.3		Capitalization of issues of the top-10 CB issuers	4319	56.7		Capitalization of issues of the top-10 CB issuers	4049	53.2	

Source: own calculations according to Cbonds.

In the context of high interest rates and a decline in investment in 2025 and in Q1 2026, corporate bonds remain primarily instruments for supporting financing of companies' current business activities and refinancing their debts, rather than as sources of investment.

Table 17

Industry structure of the ruble corporate bond market from 2018 to February 2025, %

Industry	2018	2019	2020	2021	2022	2023	2024	2025
Financial organizations	40.3	41.8	40.2	42.9	43.7	43.7	47.4	44.7
Oil, gas, and coal production	30.2	27.9	28.3	25.5	25.3	27.1	26.4	23.1
Transportation	9.5	8.9	9.3	9.7	7.6	5.9	5.4	5.8
Electric power industry	4.6	3.9	3.2	2.8	3.1	2.9	3.1	4.1
Construction	4.1	4.4	4.4	4.3	5.4	5.2	4.0	3.5
Basic materials	2.0	2.8	2.6	1.9	3.7	4.3	4.9	5.9
IT, telecommunications, communications	2.2	2.9	3.0	2.7	2.5	3.3	3.3	3.5
Chemistry and petrochemistry	2.6	2.1	2.5	3.7	2.4	2.3	2.4	2.9
Other industries	4.4	5.4	6.5	6.5	6.3	5.3	3.1	4.6

Source: own calculations according to Cbonds.

In 2023–2025, corporate bonds were primarily used to finance high-quality borrowers, and this trend intensified in 2025. *Fig. 39* shows, the share of AAA-rated bonds increased from 65.2% in 2024 to 68.8% in 2025, while bonds rated A– to AA+ decreased slightly from 29.5% to 25.7%. The total share of HYB, i.e., bonds rated BB+ to BBB+ and BB and below, increased symbolically from 1.4% to 1.6%, while the share of unrated bonds dropped from 3.9% to 3.8%.

Fig. 40 shows that from 2004 to 2025, the ruble corporate bond market has experienced 4 financial shocks accompanied by extreme growth in the yield to maturity of bonds and, accordingly, a decline in their market value, i.e. in 2008–2009, 2014, 2022 and 2024. The yield to maturity of the index bond portfolio in November 2024 at 25.4% per annum, was the highest ever recorded in the corporate bond market. Due to key rate decline that began in 2025, coupled with sufficient liquidity in the banking system, the yield to maturity of the index bonds fell to 15.9% per annum. This largely contributes to maintaining financial stability in the corporate borrowings market, though this index still remains at its peak level recorded during the 2022 shock after the start of SMO.

However, as per February 2026, 39.1% of the value of issues of the corporate bonds were of non-market nature, which, to a certain extent, means the analogue of non-public debt financing on global markets.

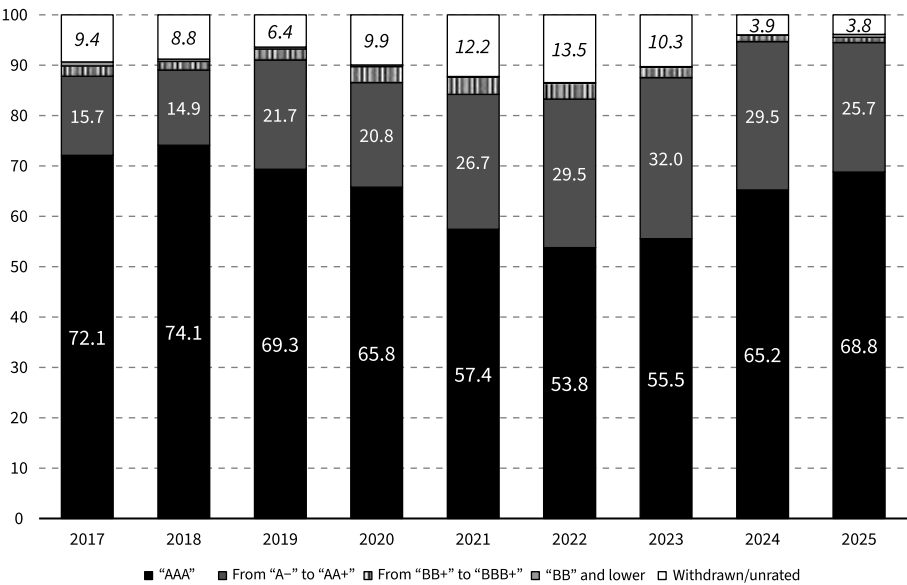
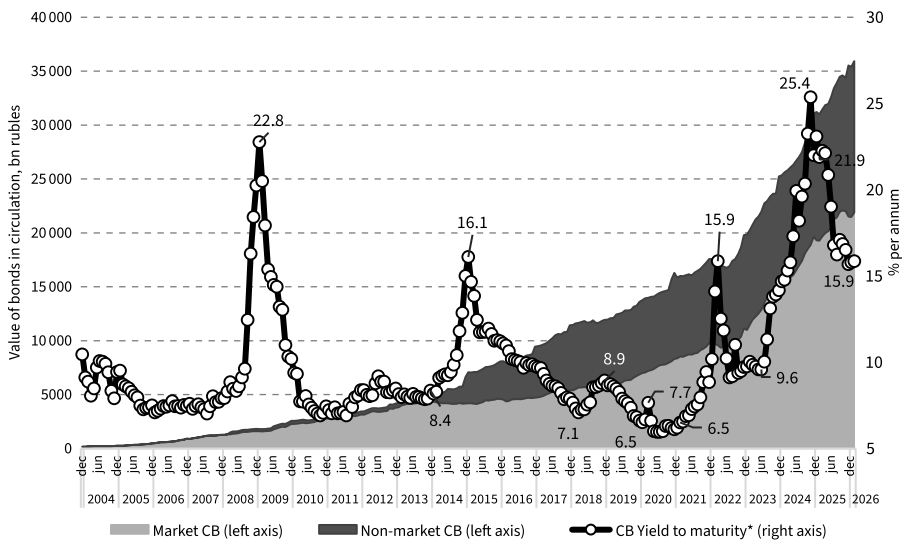


Fig. 39. Rating structure of corporate bonds by issue value in 2017–2025, %

Source: own calculations according to Review of the Bank of Russia financial instruments for a number of years. URL: https://www.cbr.ru/ec_research/analitics/



* Yield to maturity (YTM) for the IFXCBN portfolio.

Fig. 40. Value of ruble corporate bonds in circulation and the yield to maturity of the IFXCBonds corporate bond portfolio from December 2003 to February 2026

Source: own calculations according to Cbonds.

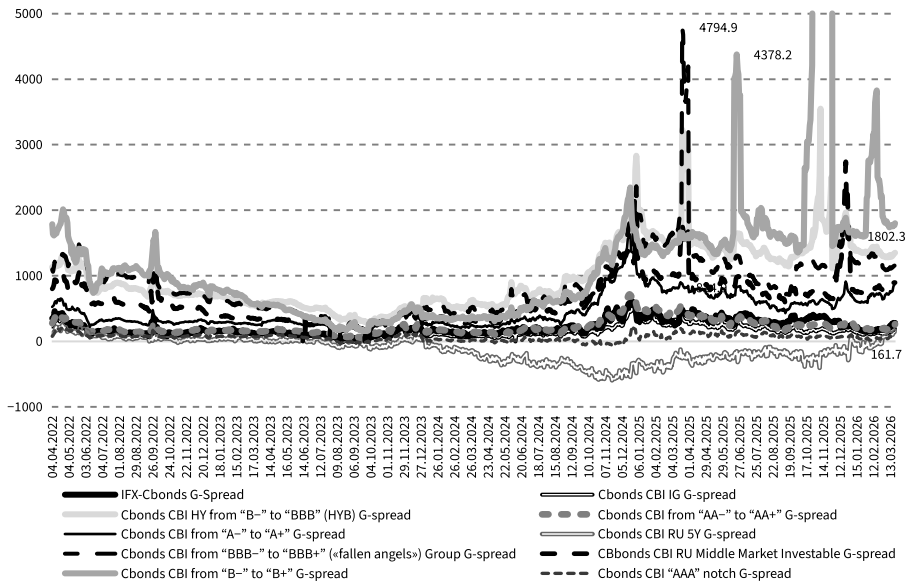


Fig. 41. Average g-spreads of ruble corporate bonds with different credit ratings from April 2022 to March 23, 2026, p.p.

Source: own calculations according to Cbonds.

Growth in the key rate in 2023 and moderate pace of its increase since 2024 resulted in a significant broadening of corporate bond credit g-spreads¹ compared to their values in H1 2023 (Fig. 41). Compared to 2024, in 2025—January–March 2026, despite growing number of corporate defaults, expectations of a decline in inflation and, consequently, the Bank of Russia's key rate, corporate bond g-spreads dropped, which largely supported interest in corporate borrowing.

For example, the g-spread for the IFX-Cbonds index portfolio decreased from 314.8 bp on December 30, 2024 to 282.8 bp on March 23, 2026, the Cbonds CBI IG index — from 324.1 to 191.2 bp, Cbonds CBI from "AA-" to "AA+" — from 526.2 to 262.2 bp, Cbonds CBI RU 1–3Y — from 388.0 to 235.2 bp, Cbonds CBI from "BBB-" to "BBB+" (fallen angel bonds) — from 2130.9 to 1161.2 bp.p., Cbonds CBI HY from "B-" to "BBB" (VDO) — from 2657.6 to 1352.2 b.p. Only for a limited range of corporate bond portfolios (Cbonds CBI "AAA", from "B-" to "B+", RU 5Y) did g-spreads increase over the period under review.

1. G-spread is an indicator of the credit risk of corporate bond issues, representing the difference between the yield to maturity of corporate bonds and the yield to maturity of government bonds with a similar duration.

In the period of rising interest rates, the issue of “floaters”, i.e. bonds with a variable coupon, as well as so-called “linkers”, bonds with debt indexed in accordance with the level of inflation, played an important role in maintaining the investment attractiveness of corporate bonds.

We believe that lack of standardized and accessible historical data for investors on credit ratings or other indicators of credit risk for all issues of these securities remains a serious challenge for information transparency in the corporate bond market.

Current ratings do not cover all bond issues, and their archives are incomplete and not publicly disclosed. Since 2025, the Cbonds information resource has stopped updating some corporate bond indices, starting disclosing a wide range of their new indices with varying rating levels but less extensive archival data.

Maintaining high rates for raising new funds on the bond market and refinancing old debt increases the risk of defaults for a number of companies: according to the Expert-RA rating agency (2026)¹, the number of defaults in 2025 increased significantly compared to the previous year.

In 2025, 35 companies defaulted including digital financial asset issues, compared to 11 in the previous year. Upon expiration of the technical default period, 14 bond issuers defaulted, compared to 4 in 2024.

However, in value terms, volumes of defaulted bond issues remain moderate (*Fig. 42*). The share of such bonds in the total volume of corporate bond issues even slightly dropped from 0.21% in 2024 to 0.13% in 2025.

Nevertheless, the aforementioned credit risks will remain relevant in 2026, when record amounts of repayments of previously issued corporate bonds are expected, taking into account the need to refinance these debts in the context of remaining high interest rates.

High interest rates affect not only credit risks, but also the duration of issues, reducing the terms for attracting borrowed funds. *Fig. 43* shows that despite growth of a broad portfolio of IFX-Cbonds from 358 days in 2024 to 488 days in 2025, on the whole, since 2019, there has been a significant decline from 1.173 days in 2018 to 438 in February 2026, or by 62.7%. Moreover, the February duration of the IFX-Cbonds portfolio bonds in terms of 438 days was 4.1 times shorter than the duration of the broad Russian government bond index RGBI, which was 1.807 days.

To extend duration of corporate bond issues to a level that allows attraction of financial resources for 5–10 years using the possibility of directing them towards real investment, first of all, a more stable financial situation in the economy with a moderately low level of inflation is needed. *Fig. 44* shows that over time horizon from 2005 to February 2026, duration indicator of the bond portfolio of the IFX-Cbonds index evidences a negative dependence on the inflation rate, i.e. coefficient of determination between these indicators is 0.38.

1. URL: https://raexpert.ru/researches/ua/debt_market_4q2025/

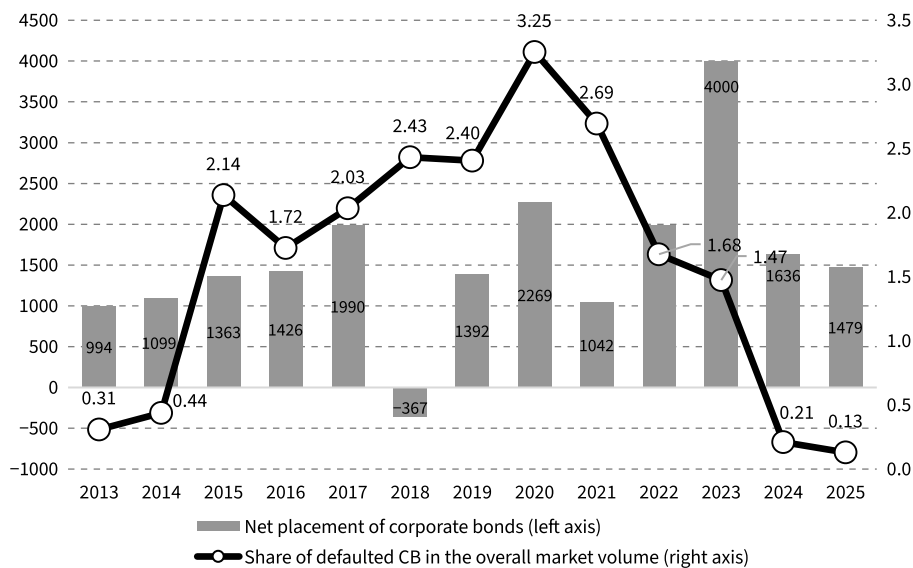


Fig. 42. Volume of net corporate bond placements and share of defaulted bonds in the total volume of corporate bond issues in 2013–2025

Source: own calculations according to Cbonds and Bank of Russia.

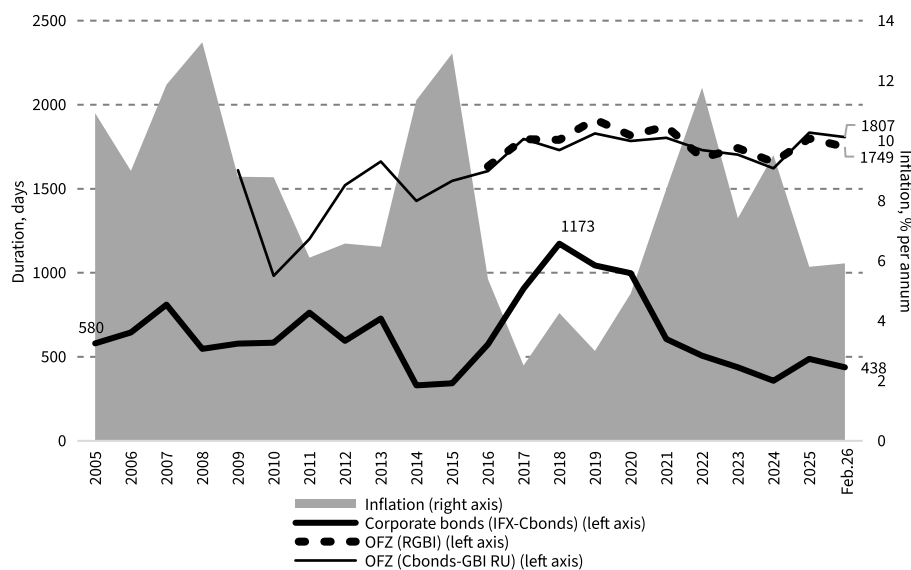


Fig. 43. Duration of corporate bond and OFZ indices and the inflation rate from 2005 to February 2026

Source: own calculations according to Cbonds.

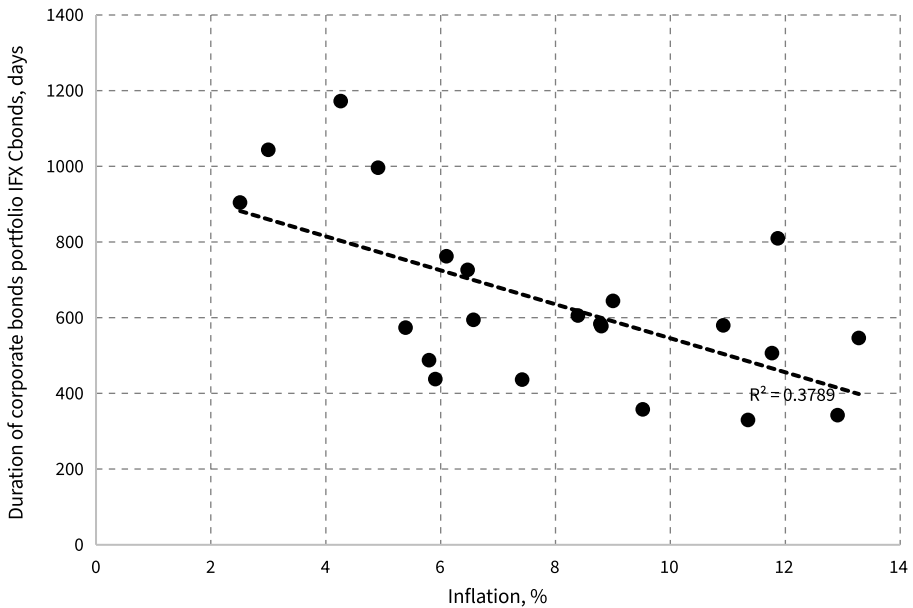


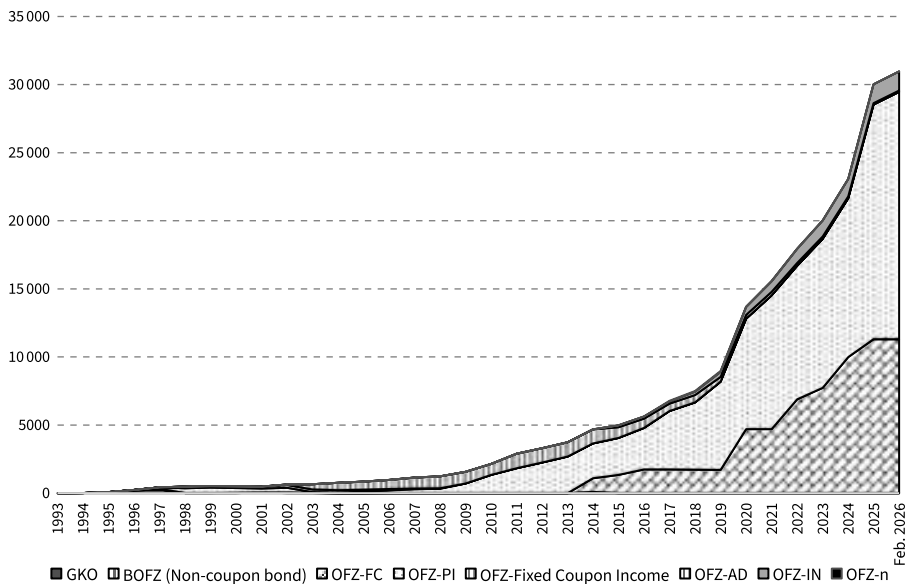
Fig. 44. Dependence of corporate bond duration on inflation from 2005 to February 2026

Source: own calculations according to Cbonds.

Thus, the corporate bond market continued to grow in 2025, albeit at a slightly slower pace than the OFZ market. The investment attractiveness of corporate bonds was supported by the Bank of Russia's key rate reduction and narrowing of credit spreads on most portfolios of these securities. The accumulated volume of bond loans issued by non-financial sector exceeds 25% of the bank loan portfolios for these companies. Bonds play an important role in financing companies' ongoing operations, but their potential for structural economic transformation has not yet been fully realized. This is largely prevented by short duration of bond issues and insufficient accessibility of this market segment for new and small companies. The events of 2025 have demonstrated the need for greater attention to disclosing credit risks to investors and careful monitoring of defaults in individual bond issues.

2.5.3. Government bond market of the Russian Federation

In 2025, government bond market will grow at an accelerated pace, ensuring the government's adjusted needs for financing the budget deficit in the context of high attractiveness of the real yield of OFZs for investors. The total volume of OFZ issues increased from Rb23.2 trillion in 2024 to Rb30.1 trillion in 2025,



Note. The following abbreviations are used here and below: BOFZ — zero-coupon federal loan bonds; GKO — government short-term zero-coupon bonds; OFZ — federal loan bonds; OFZ-AD — federal loan bonds with debt amortization; OFZ-IN — federal loan bonds with a par value indexed to the inflation rate in the Russian Federation (“linkers”); OFZ-PI — federal loan bonds with a constant coupon income; OFZ-FC — federal loan bonds with a variable coupon income linked to the RUONIA rate (“floaters”); OFZ-n — federal loan bonds for individuals (“people’s bonds”).

Fig. 45. Volume of GKO-OFZ issues in circulation from 1993 to February 2026, bn rubles

Source: own calculations according to RF Ministry of Finance and Cbonds.

or by 29.8% (Fig. 45). Placement of OFZs with a floating coupon yield helped to fulfill the budget fundraising plan, taking into account its adjustment in September 2025.

The most significant segment of the OFZ market in terms of value is OFZ-PD with a constant coupon income, which accounted for 58.7% of the OFZ value in February 2026 compared to 50.5% in 2024. The coupon income amounts for these OFZs have to be set in advance for the entire period of circulation, which allows the RF Ministry of Finance to more effectively manage the costs of servicing the government debt avoiding undertaking the interest rate risk.

These bonds also become more attractive to investors expecting a reduction in the Bank of Russia’s key rate. The value of OFZ-FC bonds increased from Rb11.7 trillion in 2024, or 50.5% of the value of all OFZs, to Rb18.2 trillion in 2025, or 58.7%.

Amid rising inflation and key rate, investors, as a rule, prefer to purchase OFZs with a floating coupon (OFZ-FC), which provide more flexibility in managing liquidity and interest rate risks. In OFZ-FC, the coupon size is tied to the RUONIA money market rate, which usually follows the Bank of Russia’s key rate. With the key rate re-

duction beginning in 2025, the value of OFZ-FC issues increased from Rb10.0 trillion in 2024, or 43.3% of the value of all OFZs, to Rb11.3 trillion in February 2026, while the share of these instruments in the total value of OFZs fell to 36.5%.

OFZ-IN (linkers) provide for indexation of the nominal value of bonds depending on the level of inflation, measured with some time lag by the consumer price index (CPI). Due to their inflation-protective properties, they are in high demand among domestic institutional investors. However, partly due to concerns about the budget's exposure to volatile inflation risks, the RF Ministry of Finance is cautious in issuing these securities, not placing any new ones. Due to indexation of the par value, the value of OFZ-IN in circulation increased from Rb1.3 trillion in 2024 to Rb1.4 trillion in June 2026. During the same time, the share of these instruments in the total value of OFZ declined from 5.6 to 4.5%.

As government borrowing shifted to OFZ-PI and OFZ-FC, the attractiveness of OFZ-AD with amortization of the main debt, previously issued in a volatile financial market, for investing pension savings, fell to practically zero in the opinion of issuers and investors. Value of OFZ-AD issues dropped from Rb0.14 trillion in 2024 to Rb0.10 trillion in February 2026, or by 0.3% of the value of all OFZs.

OFZ-n, known as "people's bonds" due to their focus on private investment in the over-the-counter market, never became an attractive financial instrument compared to classical OFZ issues. At the end of 2025, these securities were fully redeemed by the RF Ministry of Finance.

In 2025, the RF Ministry of Finance issued two trial issues of government bonds totaling RMB 20 bn, or Rb2020 bn (not reflected in *Fig. 45*). However, results of these issues require further evaluation due to yuan liquidity issues in the domestic Russian market.

Fig. 46 shows that by the end of 2025, the RF Ministry of Finance had practically resolved the issue of replacing previously issued government Eurobonds with domestic market bonds. The total value of Russian government bonds increased from \$278 bn in 2024 to \$386 bn in 2025, or by 38.7%. The share of ruble bonds increased from 90.3% in 2024 to 93.3% in 2025.

As was shown earlier in the comments to *Fig. 11*, in 2025, amid reduction in the Bank of Russia's key rate, the OFZ yield curve tended to leave the state of inversion, when the yield to maturity on short-term bonds exceeded the yield on long-term OFZ issues. (Convergence of the yield rates of OFZs with different durations and the RUSFAR money market rate, which began in H2 2025, is also seen on *Fig. 47*.) This has been observed since July 2025, and the last time was in March 2026. Withdrawal from this state is a positive development, signifying that OFZ yields of different durations are tending to return to equilibrium, where the yield on long-term issues reflects the time premium for risk. However, this also raises the possibility that the key rate reduction that triggered this change may prove insufficient to prevent an economic recession.

Fig. 47 shows that RUSFAR rate, the yield on quarterly, annual and 2-year OFZs decreased, respectively, from 20.3; 18.8; 23.3 and 18.1% per annum as of Decem-

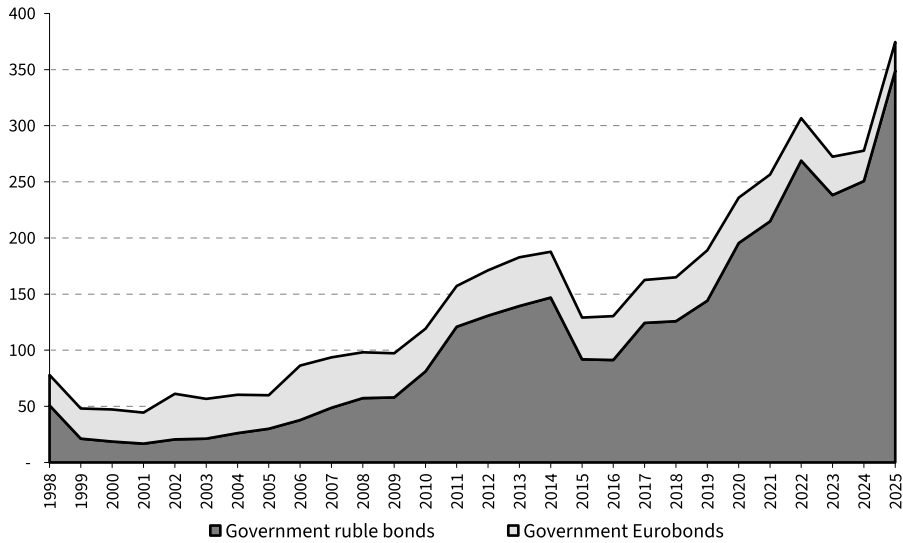
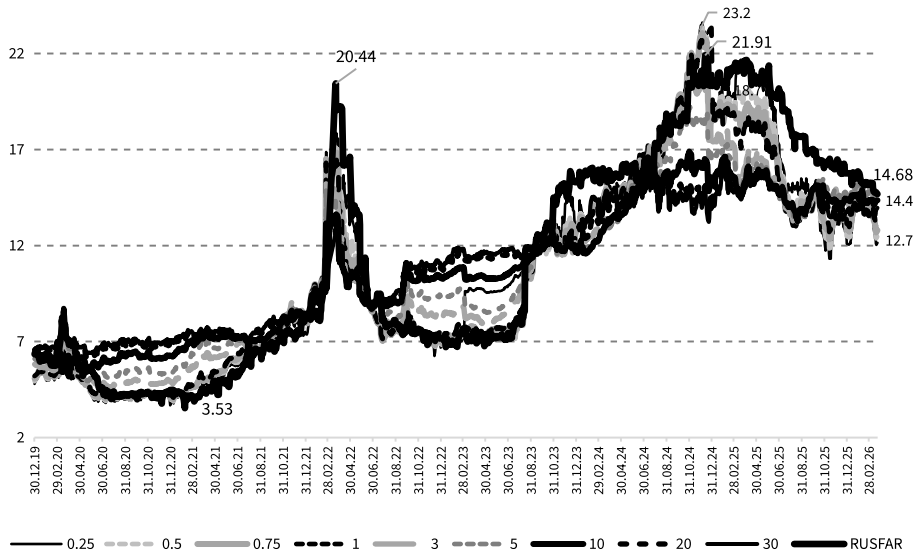


Fig. 46. Volumes of government domestic outstanding bonds and Eurobonds of the Russian Federation in 1998–2025, bn dollars

Source: own calculations according to Cbonds and Moscow Exchange.



Note. RUSFAR is the interest rate of the Russian money market, calculated by the Moscow Exchange based on REPO transactions with a central counterparty, which are secured by clearing participation certificates.

Fig. 47. Values of the zero-coupon yield curve for OFZs with maturities from 0.5 to 30 years and the RUSFAR money market rate from December 30, 2019 to March 23, 2026, in % per annum

Source: own calculations according to Moscow Exchange.

ber 30, 2024 to 14.68; 12.2; 13.1 and 13.8% per annum as of March 23, 2026. During the same period, the yield to maturity on 10-year OFZs fell from 15.2 to 14.4% per annum, 20-year OFZs from 14.2 to 14.1%, and the yield on 30-year OFZs increased from 13.9 to 14.0%. That is, by the end of March 2026, the yield on long-term OFZ issues was almost equal to the RUSTAR money market rate, while the yield on short-term OFZ issues was lower compared not only to RUSFAR, but also to the yield on long-term issues.

At the same time, for example, for both 2-year OFZs and 10-year bonds, the yields to maturity on March 23, 2026, amounting to 13.8 and 14.4% per annum, respectively, significantly exceeded the annual inflation rate of 5.91% recorded in February, by 7.9 and 8.5 p.p., respectively, which, in our opinion, is too high a premium for investors in government borrowing.

There are risks of indirect financing of additional bond issues through centralized refinancing attracted by large banks, which could result in pro-inflation, as it happened in 2025, with uneven government borrowing throughout the year due to adjustments to the maximum values of the state budget deficit. *Fig. 48* shows surges in large-scale OFZ placements in late 2022–2025 that were accompanied by a significant increase in bank refinancing. This does not confirm the emission nature of government debt funding, however, this effect requires further study.

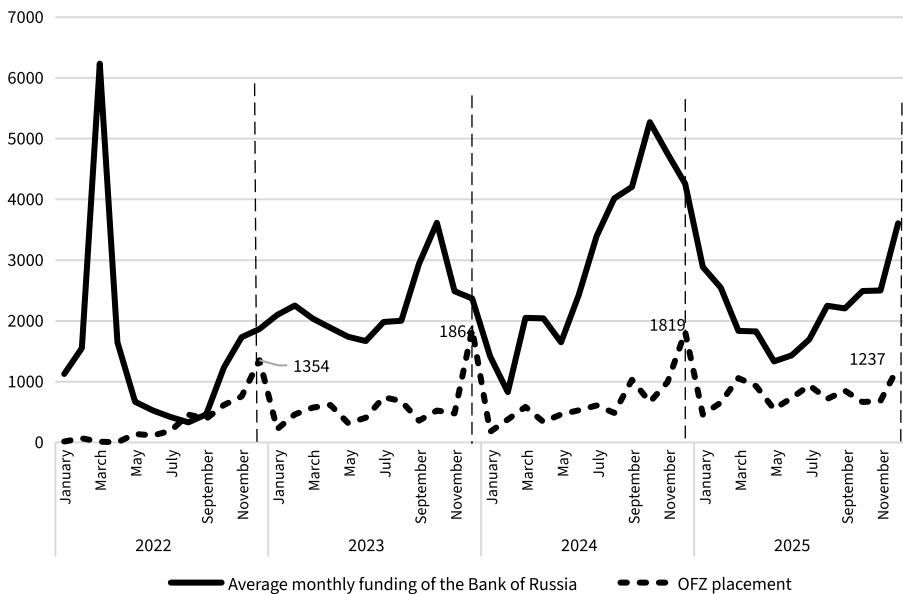


Fig. 48. Volumes of refinancing of the Bank of Russia and OFZ placements in 2022–2025, bn rubles

Source: own calculations according to Cbonds

Fig. 49 shows that over 14 years, from February 2013, i.e. since the nominee holder accounts were opened in the Russian Central Depository NSD by the foreign settlement and clearing organizations Euroclear and Clearstream, until February 2026 the share of non-resident investments in OFZs was very volatile. Maximum share of non-resident investments in OFZs was recorded in February 2020 at 34.9%, and in February 2026 this index dropped to 3.5%. Such a sharp decline in the volume of non-resident investments in OFZs, despite blocking of these funds in Russian depositories amid sanctions, allows to suggest that many non-residents from “unfriendly” countries have nevertheless managed to avoid counter-restrictions from the Russian Federation, as stipulated by Federal Law No. 319-FZ of July 14, 2022.

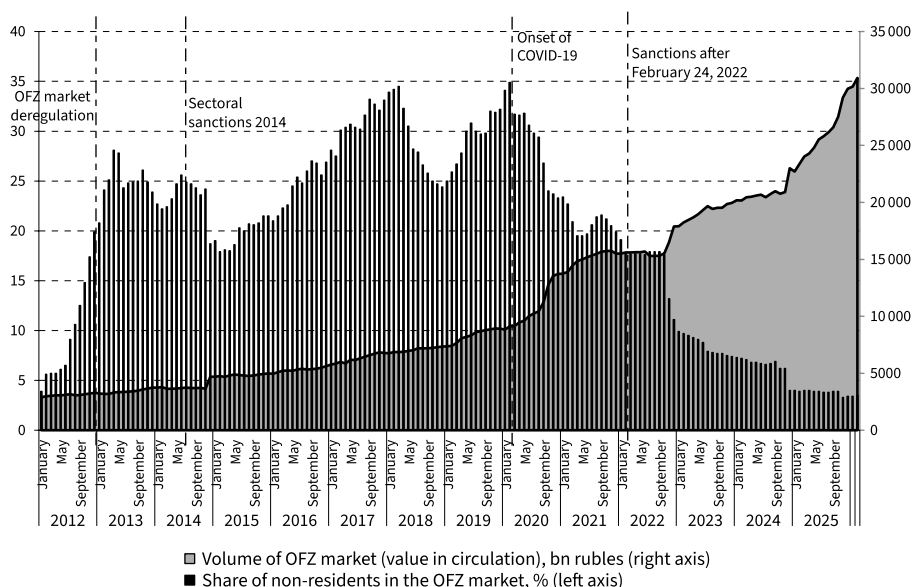


Fig. 49. Share of non-residents in the OFZ market and value of OFZs in circulation from February 2012 to February 2026

Source: own calculations according to Bank of Russia and Cbonds.

Fig. 50 shows that value of non-resident investments in Russian Eurobonds dropped from \$14.8 bn in 2023 to \$9.1 bn in 2025. However, share of non-residents in Russian Eurobonds fell from 44.8% in 2023 to 29.3% in 2025, or by 15.6 p.p.

Thus, in 2025, the RF Ministry of Finance succeeded to significantly increase budget borrowing through placement of government bonds. High yield on the bonds, significantly exceeding current inflation rate, as well as the trend toward a gradual reduction in the key rate, contributed to the successful placement of OFZ. Placement of floaters and issuance of yuan-denominated bonds helped the RF Ministry of Fi-

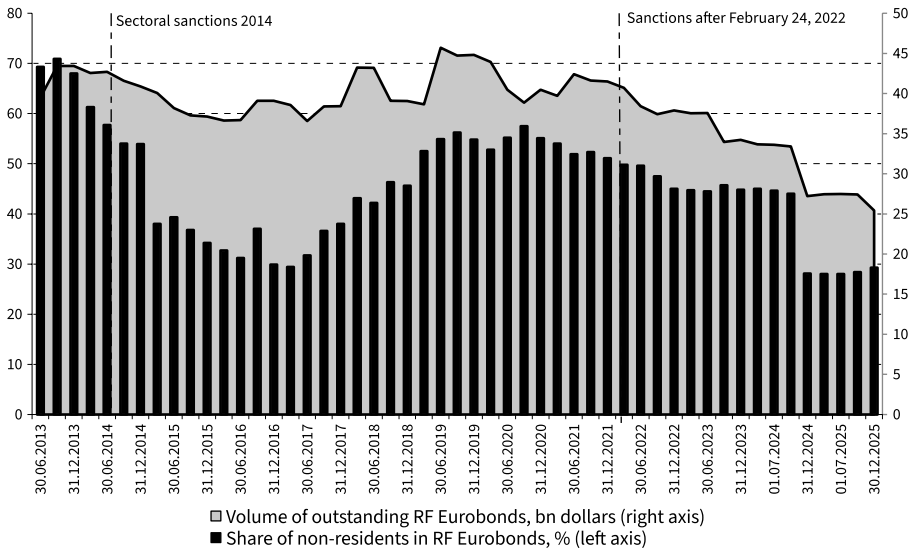


Fig. 50. Share of non-residents in the RF government Eurobond market and value of RF government outstanding Eurobonds from July 2013 to December 2025

Source: own calculations according to Bank of Russia and Cbonds.

nance to fulfil planned volumes of borrowings at the end of the year. The bond yield curve began to break out of its inversion, leading to longer borrowing maturities.

The share of foreign investors in OFZ issues and previously issued Eurobonds has reached a multi-year low, preventing risks of rapid sell-offs of these bonds.

2.6. Derivatives market

Economic significance of the derivatives market is determined by pricing of investment assets and in providing market participants with the ability to hedge against sharp price movements in the future. However, the derivatives market, dominated by private investors, is often for speculative transactions using high leverage rather than for risk management.

According to Moscow Exchange, total trading volume on the derivatives market increased from Rb99.9 trillion in 2024 to Rb145.2 trillion in 2025, or by 45.3%. The volume of open positions over the same period increased from Rb1.7 to Rb2.4 trillion, or by 41.1%. Number of client accounts increased by 22% in 2025 and reached 483.000. Meanwhile, total trading volume of private investors in 2025 increased by 31.0% and amounted to Rb78.4 trillion or 48% of the total trading volume, compared to 62% in the previous year. That is, the share of private investors in the Mo-

scow Exchange derivatives market has dropped, indicating growing activity in the futures market of financial and non-financial organizations.

The most popular 2025 instruments among private investors in the derivatives market were commodity contracts with a share of 35% of the volume of transactions by individuals, currency instruments (33%) and index derivatives (33%).

Fig. 51 shows that trading volumes on the Moscow Exchange derivatives market increased from Rb96.6 trillion in 2024 to Rb141.8 trillion in 2025, or by 46.7%; the volume of options transactions increased from Rb3.3 trillion to Rb3.4 trillion, or by 4.1%. Moreover, in 2025, liquidity of the derivatives and options markets reached 93.4 and 50.3% of trading volumes in 2021, respectively. Thus, the derivatives market is already approaching the point of recovery to the level that preceded the introduction of sanctions in 2022 largely due to the expansion of demand, primarily from domestic investors in the precious metals commodity futures segment.

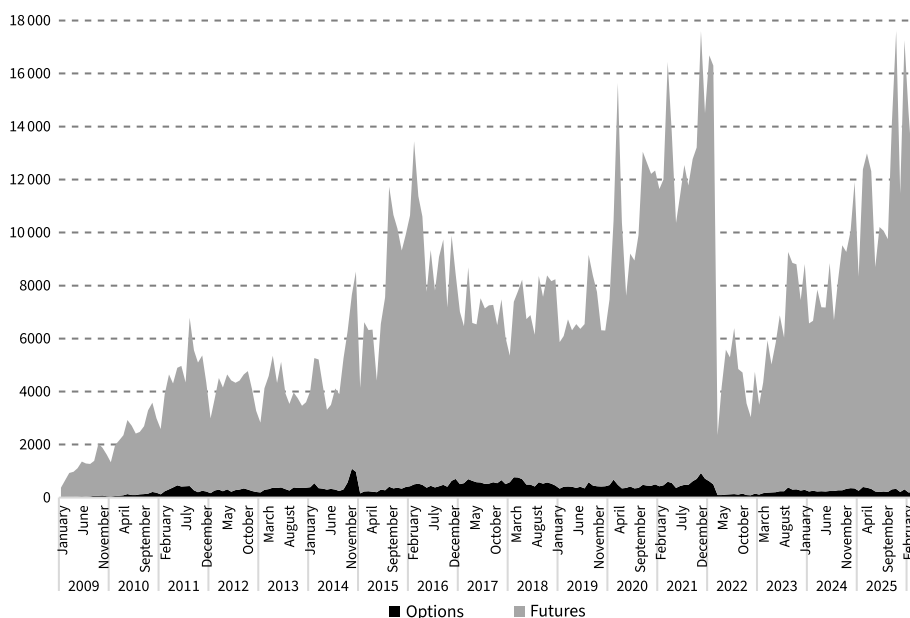


Fig. 51. Value of futures and options transactions on the Moscow Exchange from January 2009 to February 2026, bn rubles.

Source: own calculations according to Moscow Exchange.

Currency instruments dominate the Moscow Exchange derivatives market, but their share in the total volume of transactions decreased from 49.3% in 2024 to 35.0% in February 2026 (Fig. 52). This section of the exchange market primarily uses cash-settled futures on currency pairs, where trading participants do not bear

custody risk. According to the Bank of Russia (2025)¹, the most popular futures contracts in 2025 were forward transactions on the dollar/ruble, euro/ruble, euro/dollar pairs, and dollar currency pairs vs. currencies of “friendly” countries.

The commodity futures market grew most rapidly in 2025, with its share of transaction volumes increasing from 24.5% in 2024 to 49.0%. Among all instruments, the most in-demand futures were gold (GOLD), silver (SILV), platinum (PLT), natural gas (NG), etc.

The share of index instruments decreased from 21.9% in 2024 to 9.1% in February 2026 in total trading volume. Contracts on the Moscow Exchange Index were the most actively traded; the share of trades involving shares of the American SPY exchange-traded fund on the S&P 500 index dropped. The share of contracts on stock instruments over the same period declined from 5.2 to 3.3% (these contracts were concluded on certain shares of Russian issuers and a number of foreign securities).

The share of interest rate futures increased from 2.0% to 3.5% compared to the previous year. However, in 2025, amid high interest rates, growth in this market segment began to slow.

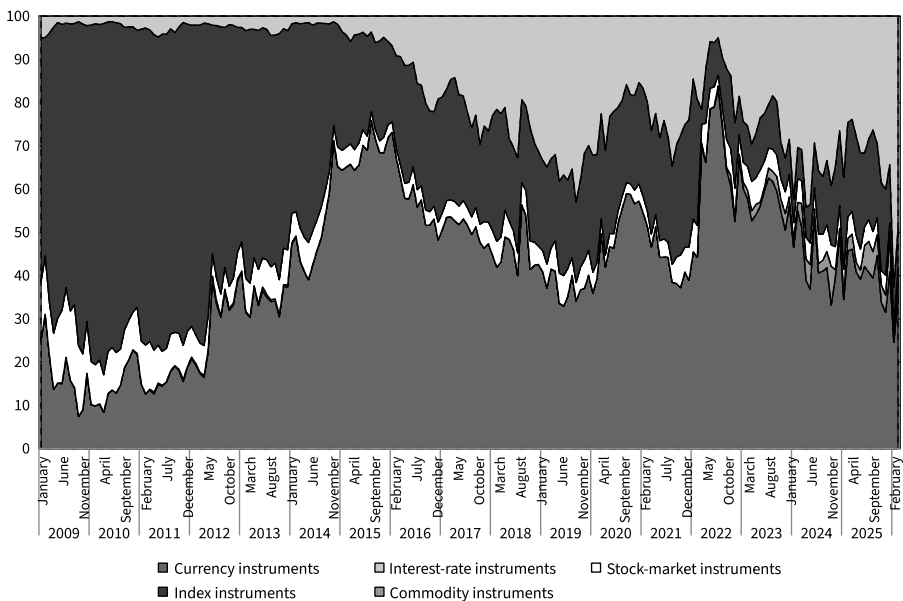


Fig. 52. Structure of the Moscow Exchange derivatives market from January 2009 to February 2026, % from the value of transactions

Source: own calculations according to Moscow Exchange.

1. Market of derivative financial instruments. Information/analytical material. Bank of Russia. 2025. URL: <https://www.cbr.ru/finstab/analytics/>

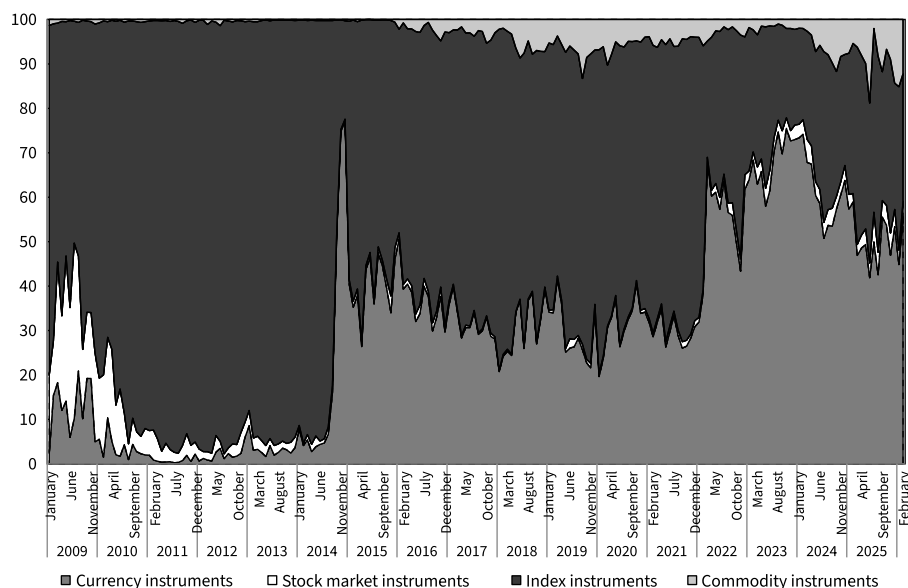


Fig. 53. Structure of the Moscow Exchange options market from January 2009 to February 2026, % from the value of transactions

Source: own calculations according to Moscow Exchange.

The options market is the riskiest for short-term transactions involving individuals. Unlike previous years, currency options have become the most traded contracts on the exchange over the recent years (Fig. 53). However, the volume of options on foreign exchange instruments decreased from Rb2.0 trillion in 2024 to Rb1.7 trillion in 2025, or by 13.5%. The volume of options on index instruments increased from Rb929 bn in 2024 to Rb1.243 bn in 2025, or by 33.8%. Options on commodity instruments increased from Rb218 to 298 bn, or 37.1%. Options volumes on individual stock instruments increased from Rb113 to 125 bn, or 10.4%.

2.7. Financial intermediaries and exchanges

According to the theory of contestable markets, the competition is determined not by the number of actors, but by freedom of entry into the market.¹ Many improvements in the market aimed at consumers are conducted by market actors un-

1. Baumol W. (1982). Contestable Markets: An Uprising in the Theory of Industry Structure: Reply // The American Economic Review. Vol. 72/1. URL: <http://www.jstor.org/action/showPublisher?publisherCode=aea>

der the threat of entry by new companies in cases where existing firms set prices above marginal costs and receive excess profits.¹

Russian financial market evidences that despite development of fintech, digital technologies, AI, and access of tens of millions of private investors to the market, long-term trend of a reduction in the number of licenses for professional activity in the securities market is accompanied by a very limited number of new companies entering the market.

In 2025, compared to 2024, the number of organizations possessing broker licenses reduced from 255 to 251, those having dealer licenses fell from 280 to 270, and those having trust management licenses fell from 177 to 1.170 (*Fig. 54*). The number of new professional market participant licenses issued to actors expanding their activities in the securities market decreased from 46 to 33.

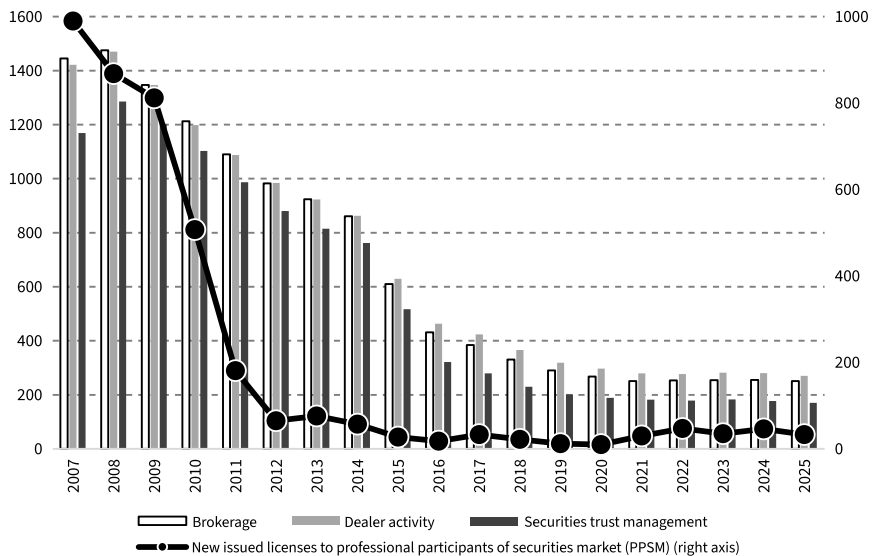


Fig. 54. Number of brokerage and dealer licenses, and securities trust management activities and number of licenses issued to professional participants in the securities market in 2007–2025

Source: own calculations according to National Association of Securities Market Participants (NASMP) and the Bank of Russia registers. URL: https://cbr.ru/securities_market/statistic/

In our opinion, lack of competition in the domestic stock market manifests as follows: unlike in the US, China, and the EU, independent fintech companies have not emerged in Russia that could compete with existing large banks and brokers

1. Claessens S. (2009). Competition in the Financial Sector: Overview of Competition Policies // The World Bank Research Observer. Vol. 24/1, P. 83–118. URL: <https://doi.org/10.1093/wbro/lkp004>

Table 18

Moscow Exchange market structure from 2010 to February 2026, % of total

	2010	2015	2020	2021	2022	2023	2024	2025	February 2026
Stock market	13.2	3.0	5.8	5.2	3.5	4.8	4.8	4.6	3.5
including:									
Equities, RDR and shares,	8.0	1.4	2.5	3.0	1.7	1.8	2.2	2.2	1.5
Bonds	5.2	1.6	3.2	2.2	1.9	3.0	2.6	2.4	2.0
Secondary auctions	3.4	1.2	1.2	1.0	0.6	0.9	0.7	1.1	1.1
Placement market	1.8	0.4	2.1	1.2	1.2	2.2	1.9	1.3	0.9
Foreign exchange market	72.0	83.3	80.5	78.9	89.1	89.0	88.5	87.1	87.4
including:									
Monetary market	33.9	38.0	45.7	47.2	63.7	64.0	71.5	77.7	78.6
REPO operations	31.5	33.2	40.7	41.7	51.3	50.4	56.9	72.7	77.3
Credit market	2.4	4.8	5.0	5.5	12.4	13.6	14.6	5.0	1.3
Currency and commodities market	38.1	45.4	34.7	31.7	25.4	25.1	17.0	9.3	8.9
Derivatives market	14.8	13.7	13.7	15.7	7.4	6.2	6.7	8.3	9.1
Total	100	100	100	100	100	100	100	100	100

Source: own calculations according to Moscow Exchange.

in the areas of payment services, liquidity management, and creation of customized securities portfolios for private investors. Russia has no equivalent to companies like Revolut, Robinhood, Betterment, Acorns, SoFi, and many others. Unlike China, large big tech companies in the Russian market have not become competitors of banks in cash transactions, payment services and provision of other financial services.

Despite using modern financial banking technologies, level of tariffs for payment services and costs in the field of financial asset management remain high, and the range and quality of financial services are limited. So far, there is no competition between financial products from different providers in the Russian market, however, it is replaced by competition between financial organizations, where 4 or 5 large retail banks dominate. As a result, clients of financial institutions are forced to use financial products only from the provider where they hold their broker or other account. Without product competition, whereby investors could purchase products from different providers from a single account, the products they receive are not the best on the market and impose high costs on investors. A typical Russian investor does not yet have access to information containing comparative analysis on financial products he is seeking to purchase.

Table 18 shows that a share of stock market transactions continues to decline in the overall structure of transactions on the Moscow Exchange, i.e. from 5.2% in 2021 to 3.5% in February 2026; during the same time, a share in the foreign exchange market increased from 78.9 to 87.4%.

Moreover, during the period of high interest rates, growth of the money market stands out, with the share of 64.0% in 2023, and by February 2026 it increased to 78.6%. The share of currency and commodity markets fell over the same period from 25.1% to 8.9%, owing to imposition of international sanctions on the Moscow Exchange and its infrastructure institutions, which restricted conducting of exchange dollar and euro transactions.

The market trading structure is gradually restoring the role of the forward transactions sector: its share increased from 6.2% in 2023 to 9.1% in February 2026.

2.8. Investors in the domestic financial market

Over the past 7 years, the number of private investors in the Russian market has been growing: the number of unique client broker accounts has grown from 47.4 mn in 2024 to 55.6 mn in 2025, or by 17.3%¹ (*Fig. 55*). However, since most of these accounts have no assets, the number of active client accounts who make at least one exchange trade per month is a more objective intensity indicator of private investor' trading activity, and the number of such accounts at brokers has grown from 5.3 mn in 2024 to 5.8 mn in 2025, or by 9.8%.

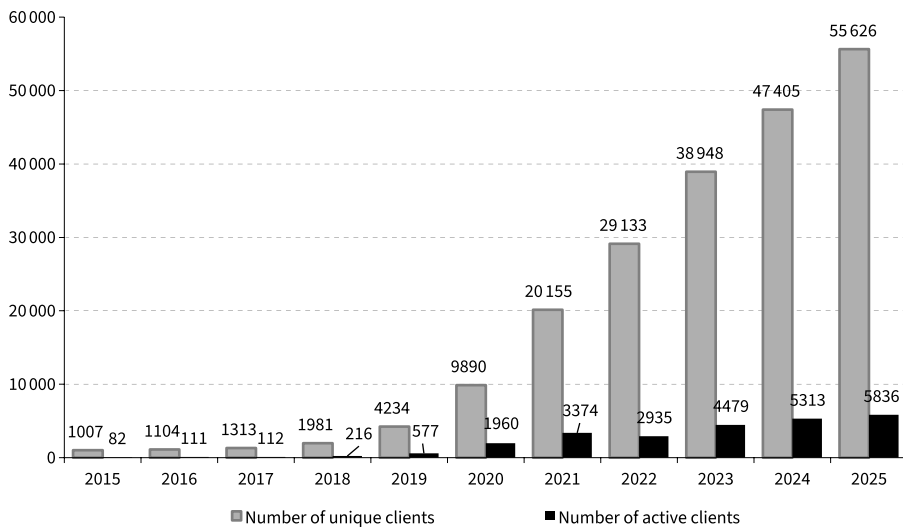
However, the information about 55.6 mn accounts of private broker investor is not entirely correct, since most of these accounts do not have any assets: *Fig. 56* shows that the number of funded accounts evidences only 37.2% of the total number of broker accounts. The number of specified funded client broker accounts increased from 16.7 mn in 2024 to 20.7 mn in 2025, or by 23.8%.

In other countries, the US, EU, China, India and South Korea, information is usually published only on clients' funded broker accounts.

The number of individual investment accounts (IIA) of private investors increased from 6.1 mn in 2024 to 6.4 mn in 2025, or by only 5.7% (*Fig. 57*). Value of IIA assets increased from Rb595 bn in 2024 to Rb888 bn in 2025, or by 49.2%. In accordance with amendments to the Federal Law "On the Securities Market", which came into force on January 1, 2024,² instead of the previous IIA-1 and IIA-2, individuals could only open a new type of account, the so-called IIA-3. The new version of the IIA-3 allows its owners to take advantage of a wider range of tax benefits, such as a tax deduction on PIT when depositing new funds into the account in the amount of up to Rb400.000 per year, and also provides for an exemption from PIT on investment income when withdrawing savings from the account.

1. Unfortunately, exchange statistics on the number of private investor accounts becomes opaque. Following its refusal to publish client account statistics for individual brokers, Moscow Exchange has ceased publicly disclosing information on the total number of broker client accounts and actively managed accounts since May 2024.

2. Federal law of 19.12.2023. No. 600-FZ "On amendments to certain legislative acts of the Russian Federation."



Note. A number of unique broker clients was defined in 2015–2018 by summing up unique broker accounts at the Moscow and Saint Petersburg Exchanges. In 2019–2025, data on a number of broker clients have been presented according to “Dynamic series of key indicators of brokers’ activities” of the Bank of Russia. URL: https://www.cbr.ru/securities_market/statistic/

Fig. 55. Number of registered accounts and active broker clients on Russian Exchanges in 2015–2025, thousand

Source: own calculations according to Moscow Exchange, Saint Petersburg Exchange and Bank of Russia.

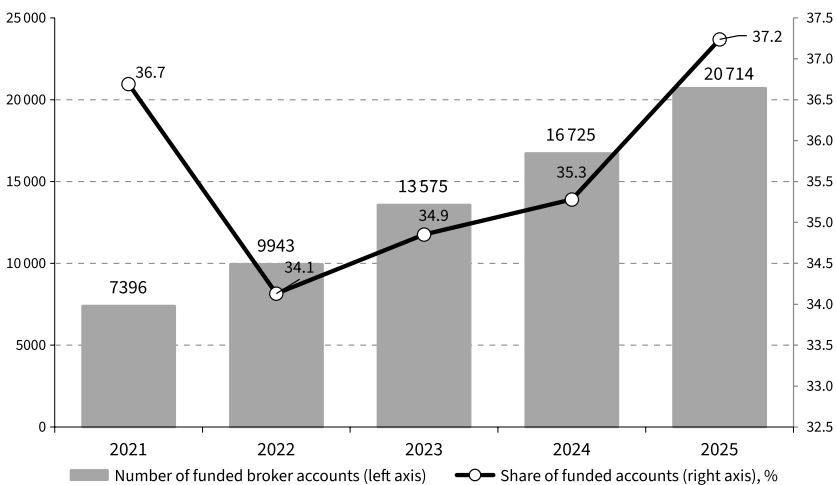


Fig. 56. Number of funded broker clients’ accounts and their share in the total number of broker accounts in 2021–2025

Source: own calculations according to Bank of Russia. URL: https://www.cbr.ru/securities_market/statistic/

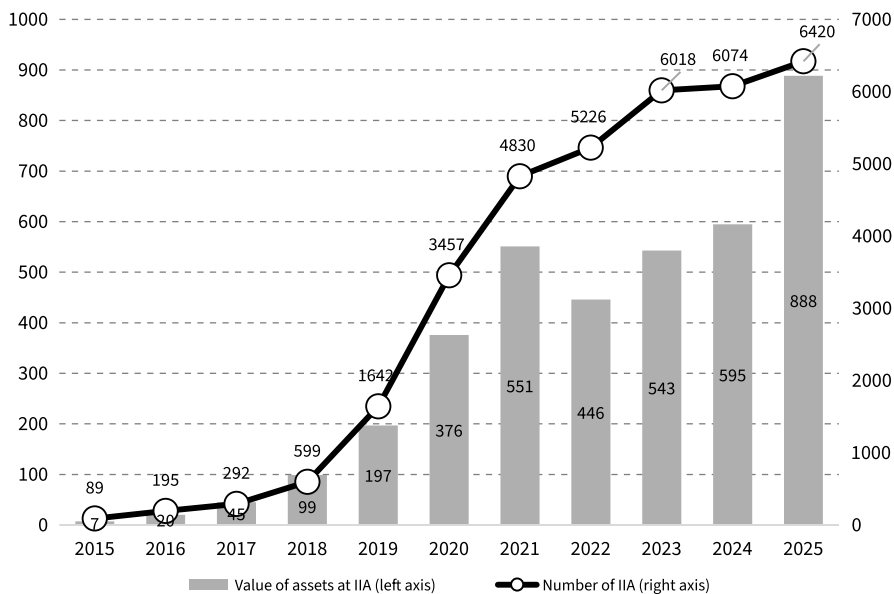


Fig. 57. The number of individual investment accounts (IIA 1–3) and value of client assets in these accounts in 2015–2025

Source: own calculations according to Bank of Russia and Moscow Exchange.

Moreover, the amount of funds deposited into an IIA-3 account is not limited, and the maximum amount of investment income exempt from tax amounts to RUB 30 mn. The size of the IIA grew due to sales by banks and non-bank brokers, as well as to adoption of an amendment to tax legislation allowing dividends received on IIA shares to be withdrawn to investors' bank accounts, beyond the minimum holding period for IIA assets. The main failure of IIA-3, according to investors, compared to IIS-1 and IIA-2,¹ is that the minimum period for storing assets in the account must be 5 years with a subsequent increase to 10 years.

In terms of the number of client accounts and their assets, the broker IIA are growing significantly more slowly than similar indicators for ordinary brokerage accounts of individuals (Fig. 58). At the peak of IIA popularity in 2020, value of assets held in these accounts accounted for only 6.7% of individual brokerage account assets; in 2025, this figure was 6.1%. The share of brokerage accounts with IIA status in the total number of brokerage accounts peaked at 33.6% in 2019, and fell to 11.3% in 2025.

1. Minimum storage period for assets in IIA-1 and IIA-2 was 3 years, however, it was not tied to the time of depositing funds into the account.

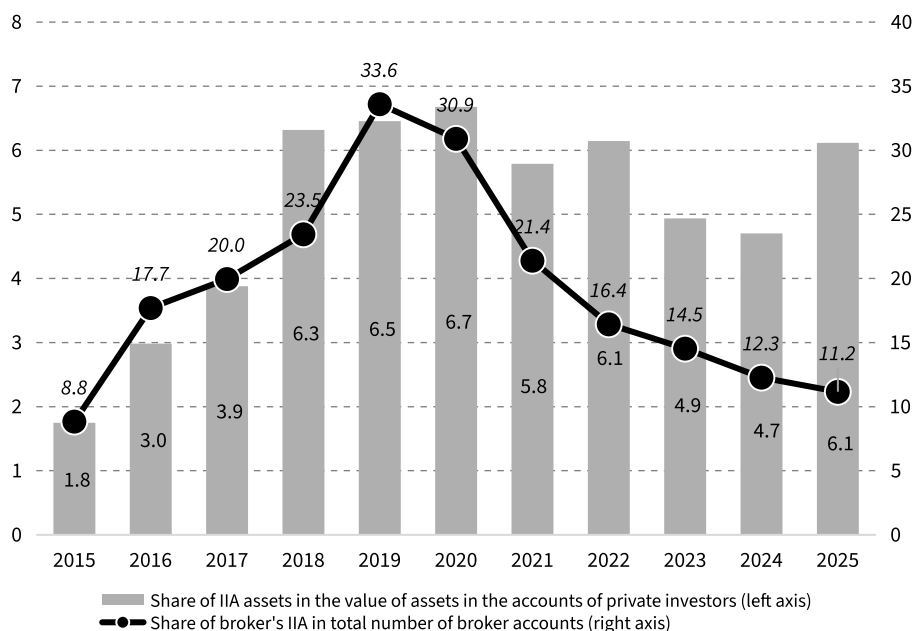


Fig. 58. Share of assets in IIA (IIA-1 and IIA-2) in total value of assets in the accounts of private investors and share of brokerage IIA in total number of brokerage accounts in 2015–2025, %

Source: own calculations according to Bank of Russia. URL: https://www.cbr.ru/analytics/rcb/iis_4q_2024/

Data on the number of brokerage accounts does not fully reflect true picture of the households' involvement in stock market investment. The majority of brokerage accounts opened by individuals are empty or hold insufficient assets for safe investment. Table 19 shows that value of assets in brokerage accounts of private investors increased from Rb10.6 trillion in 2024 to Rb12.3 trillion in 2025, while the number of unique brokerage clients grew from Rb47.4 to Rb55.6 mn. Similar indicators for trust management accounts evidenced Rb2.0 and 2.0 trillion, respectively, and 0.8 and 0.7 mn accounts.

34.9 mn people (62.8%) of the total number of brokerage account holders had no assets in their accounts in 2025 (respective figure in 2024 was 64.7%). As per our estimates, to build the simplest diversified portfolio, a private investor needs to have at least Rb100.000 in their account.

In 2025, the number of private investors possessing the abovementioned investment potential was only 2.9 mn people, or 5.3% of the total number of brokerage account holders (in 2024, the share of such investors was 5.3%). Similar figures for individual trust management accounts evidenced 0.3 mn people with a share of 34.2% in 2024 and 0.2 mn people and 32.3% in 2025.

Table 19

Data on distribution of the number of private investors and value of client assets depending on the value of assets in the brokerage account in 2021–2025

a) Clients and brokers

	Number of clients						Portfolio volume					
	2021		2022		2023		2024		2025		2021	
	Mn people	%	Mn people	%	Mn people	%	Mn people	%	Mn people	%	Rb trillion	%
1. From Rb1 mn and higher	0.6	3.0	0.5	1.8	0.7	1.8	0.8	1.7	1.0	1.7	7.6	91.1
2. From Rb100.000 and higher	2.0	9.9	2.0	6.9	2.4	6.2	2.5	5.3	2.9	5.1	8.2	99.1
3. Up to Rb100.000	5.4	26.8	8.0	27.4	11.2	28.7	14.2	30.0	17.9	32.1	0.1	0.9
4. Empty accounts	12.8	63.3	19.2	65.7	25.3	65.1	30.7	64.7	34.9	62.8	0.0	0.0
5. Total (sum of lines 2 and 4)	20.2	100.0	29.1	100.0	38.9	100.0	47.4	100.0	55.6	100.0	8.3	100.0

6) Trust manager clients

	Number of clients						Portfolio volume					
	2021		2022		2023		2024		2025		2021	
	Mn people	%	Mn people	%	Mn people	%	Mn people	%	Mn people	%	Rb trillion	%
1. From Rb1 mn and higher	0.1	9.3	0.1	9.1	0.1	11.0	0.1	10.5	0.1	11.9	1.1	88.4
2. From Rb100.000 and higher	0.4	48.0	0.4	43.0	0.3	42.6	0.3	34.3	0.2	32.3	1.2	98.9
3. Up to Rb100.000	0.4	51.8	0.5	56.7	0.5	56.7	0.5	65.0	0.5	67.0	0.0	1.1
4. Empty accounts	0.0	0.2	0.0	0.3	0.0	0.7	0.0	0.7	0.0	0.7	0.0	0.0
5. Total (sum of lines 2 and 4)	0.8	100.0	0.8	100.0	0.8	100.0	0.8	100.0	0.7	100.0	1.2	100.0

Note. Data on the number of clients in the “Less than 0” category, including client portfolios for which the volume of net liabilities to the broker exceeds the amount of assets, is included in the “Empty accounts” line, and for net assets in the category of clients with assets from Rb0 to 10.000.

Source: Statistical data for a review of key indicators of professional participants in the securities market. Bank of Russia. URL: https://www.cbr.ru/securities_market/statistic/

Table 21 also shows high level of concentration of assets of private investors and brokers: In 2025, only 1.0 mn people having assets worth Rb1 mn or more held 94.1% of assets held in brokerage accounts. The same figures for individual management accounts were 100.000 people and 97.4% of assets. Thus, the stock market continues to face challenges of more actively attracting moderate-income groups of households to invest in securities.

In 2024 and 2025, amid high bank deposit rates, people increased investments in deposits from Rb59.7 trillion in 2023 to Rb75.1 trillion in 2024 and Rb83.0 trillion in 2025; the share of deposits in the structure of household assets increased from 49.7 to 52.9 and 54.0%, respectively (*Table 20*). On the contrary, investments in listed shares decreased from Rb7.2 trillion in 2023 to Rb7.0 trillion in 2024, with a subsequent increase to Rb7.3 trillion in 2025; their share in the structure of financial assets fell from 6.1 to 4.9 and 4.7%, respectively. Over the period under review, the share of household investments in bonds remained virtually unchanged: in 2023, it was 3.6%, then fell to 3.3% in 2024 and again returned to 3.6% in 2025. The share of investments in investment funds (primarily closed-end mutual funds) in household financial assets increased significantly — from 5.1% in 2023 to 7.6% in 2025.

However, cash currency reserves remained the second-largest category of household financial assets. Their share of these investments dropped from 23.2% in 2023 to 15.9% in 2025; their value decreased slightly, from Rb24.9 trillion in 2023 to Rb24.4 trillion in 2025. Over the previous two years, the share of organized forms of collective investments in terms of pension and insurance reserves in the value of household assets has not changed, remaining at 5.9% in 2023 and 2025.

Thus, the consolidated portfolio of household financial assets in 2025 remained emphatically conservative, focused more on preserving value in risk-free assets rather than on generating additional income from investments in risky assets.

Private investors became the main driving force supporting the exchange liquidity of shares and bonds in 2025 after non-resident investments in securities of Russian issuers had been frozen in 2022 and the level of development of domestic institutional investors evidenced insufficiency.

Fig. 59 shows that a share of non-residents in stock market transactions on the Moscow Exchange fell from 48.5% in 2021 to 0.5% in 2024, but then rose to 3.6% in 2025. According to Kommersant experts (2026)¹, this was facilitated by the introduction of “In” accounts, which lowered the market entry barrier for foreign capital. Most investors represented the EAEU and CIS countries.

Conversely, a share of private investors increased from 38.5% to 72.2% over the same period. However, in 2025, it declined to 64.8%, which may be explained

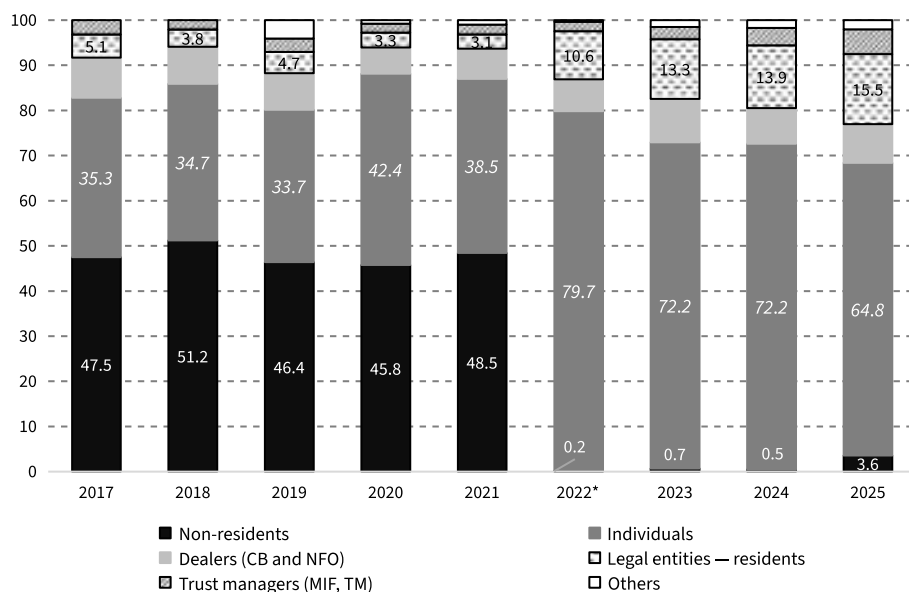
1. Kovalev A. Foreigners are flocking to the stock exchange. The share of non-residents in Russian stock market transactions has reached a three-year high // Kommersant. 15.03.2026. URL: https://www.kommersant.ru/doc/8512634?from=glavnoe_5

Table 20

Structure of household financial assets from 2017 to January 2025, % of total

	2017	2018	2019	2020	2021	2022	2023	2024	2025	January 2026
Cash	22.6	23.4	21.4	24.0	22.2	22.7	20.7	18.1	15.9	15.7
Deposits and funds in escrow accounts	52.8	51.7	51.2	48.3	47.9	49.2	49.7	52.9	54.0	53.7
Cash at brokers	0.3	0.3	0.5	1.1	1.1	0.6	0.5	0.3	0.3	0.2
Shares of public companies	3.4	3.3	4.0	4.9	6.2	4.8	6.1	4.9	4.7	4.7
Residents' unlisted shares	8.3	8.0	8.6	7.6	7.6	9.0	8.4	8.4	8.1	8.0
Bonds	1.7	2.1	2.7	3.0	3.6	3.0	3.6	3.3	3.6	3.7
Investment funds	2.1	2.6	2.7	3.1	3.7	3.5	5.1	6.3	7.6	7.8
Pension and insurance reserves	8.8	8.6	8.8	8.0	7.6	7.0	5.9	5.7	5.9	6.2
Financial assets -total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: own calculations according to Bank of Russia. URL http://www.cbr.ru/statistics/macro_itm/households/



*January 2023.

Fig. 59. Structure of investors in shares secondary trading on the Moscow Exchange from December 2017 to December 2025, %

Source: own calculations according to Review of financial instruments of the Bank of Russia from 2022 to 2025 and the Moscow Exchange for an earlier period.

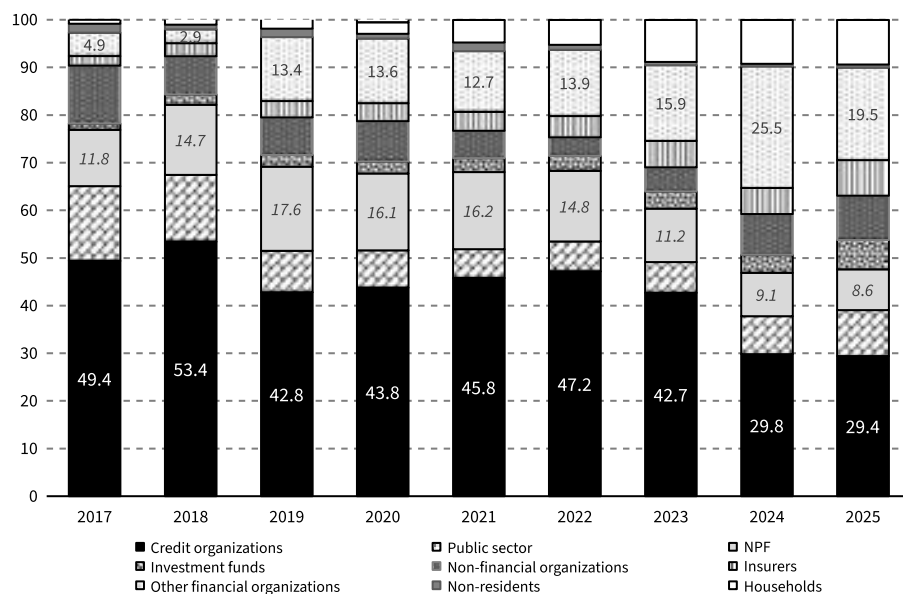


Fig. 60. Structure of corporate bonds owners in 2017–2025, %

Source: own calculations according to Review of financial instruments of the Bank of Russia for a number of years. URL: https://www.cbr.ru/ec_research/analytics/

by the increased role of other market participants, particularly legal entities and collective investments.

The Bank of Russia research (2026)¹ shows that private investors' market behavior in 2025 was countercyclical: they reduced their equity investments during market expansions and acted as net buyers during market contractions. Moreover, 94% of the value of private investor equity portfolios was concentrated in listed securities.

According to Kommersant experts (2026),² in H2 2025, a share of non-resident transactions on the Russian stock market more than tripled compared to previous years, exceeding 3.5% of total turnover. This was due to the introduction of "In" accounts, which lowered the entry barrier for foreign capital. Most investors came from the EAEU and CIS countries.

Data presented in Fig. 60 and Table 21 show that main owners of corporate bonds are credit institutions, other financial organizations, public sector (institutions)

1. Retail investment market. Information and analytical material. Bank of Russia. 2026. URL: https://www.cbr.ru/analytics/finstab/retail_investment_market/

2. Kovalev A. Foreigners are flocking to the stock exchange. The share of non-residents in Russian stock market transactions has reached a three-year high // Kommersant. 15.03.2026. URL: https://www.kommersant.ru/doc/8512634?from=glavnoe_5

Table 21

Structure of owners of corporate bonds in 2017–2025, %

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Credit organizations	49.4	53.4	42.8	43.8	45.8	47.2	42.7	29.8	29.4
Other financial organizations	4.9	2.9	13.4	13.6	12.7	13.9	15.9	25.5	19.5
Non-residents	1.9	1.0	1.8	1.0	1.8	1.0	0.7	0.6	0.6
Households	0.8	1.0	1.9	2.4	4.7	5.2	8.8	9.2	9.4
NPF	11.8	14.7	17.6	16.1	16.2	14.8	11.2	9.1	8.6
Investment funds	1.3	2.2	2.5	2.5	2.9	3.2	3.6	3.8	6.1
Public sector (development institutions)	15.7	14.0	8.7	7.8	6.0	6.3	6.4	8.0	9.6
Insurers	2.0	2.7	3.4	3.8	4.0	4.5	5.5	5.4	7.4
Non-financial organizations	12.1	8.0	7.9	8.5	5.7	3.9	5.1	8.6	9.3
Others	0.0	0.0	0.0	0.6	0.0	0.1	0.1	0.0	0.0
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
<i>For reference: share of non-residents according to previous data of the Bank of Russia, published before 2023</i>	14.0	10.0	13.0	12.0	11.0	1.0			

Source: own calculations according to Review of financial instruments of the Bank of Russia for a number of years. URL: https://www.cbr.ru/ec_research/analytics/

of development, households and non-state pension funds (NPF). However, compared to 2023, a share of credit institutions in the structure of corporate bond holders decreased from 42.7% to 29.8% in 2024 and 29.4% in 2025. This could be due to reorientation of banks' portfolios towards investments in Russian government bonds in the context of a worsening of a surplus of free banking liquidity. In addition to banks, a share of non-state pension funds (NPF) decreased from 11.2% in 2023 to 8.6% in 2025, as did the already low share of non-residents, from 0.7% to 0.6%.

In the structure of corporate bond investors, a share of other financial institutions increased from 15.9% to 19.5% in 2023–2025, a share of the public sector increased from 6.4% to 9.6%, non-financial organizations increased from 5.1% to 9.3%, investment funds increased from 3.6% to 6.1%, insurers increased from 5.5% to 7.4%, and households increased from 8.8% to 9.4%.

Fig. 61 shows that currently credit institutions, non-state pension funds, and other non-banking financial institutions — non-residents, are main owners of government bonds. In 2023–2025, the share of credit institutions in the composition of government bond holders increased from 61.5 to 62.9%, while investment funds grew from 2.3 to 3.3%, other financial organizations from 6.8 to 8.0% and households from 2.3 to 3.3%.

At the same time, during this period, the share of non-state pension funds (NSPFs) decreased moderately from 11.6 to 10.7%, public sector (development institutions) from 3.5 to 2.4%, and insurers from 4.5 to 3.9%. The share of non-residents decreased more significantly — from 8.1 to 3.4%.

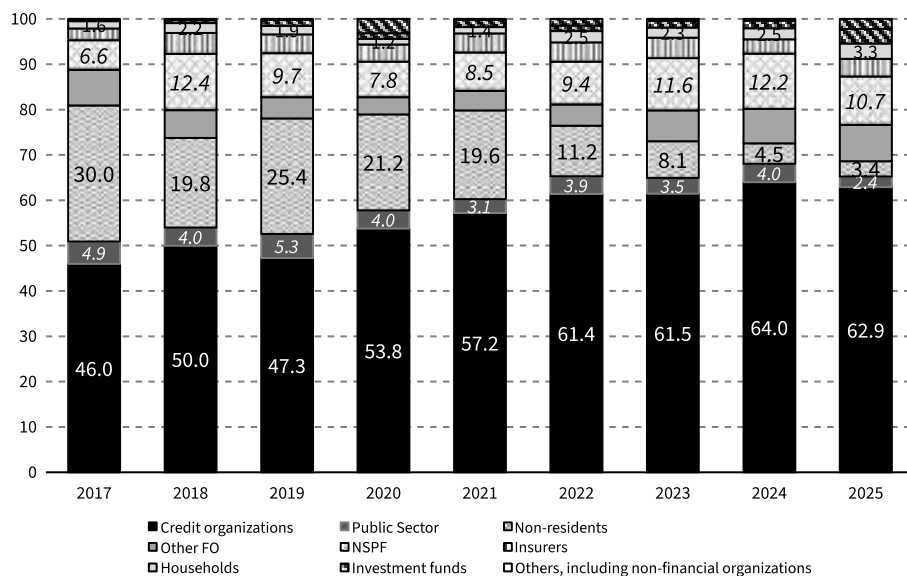


Fig. 61. Structure of government bonds owners in 2017–2025, %

Source: own calculations according to Review of financial instruments of the Bank of Russia for a number of years. URL: https://www.cbr.ru/collection/collection/file/55196/review_2024.pdf

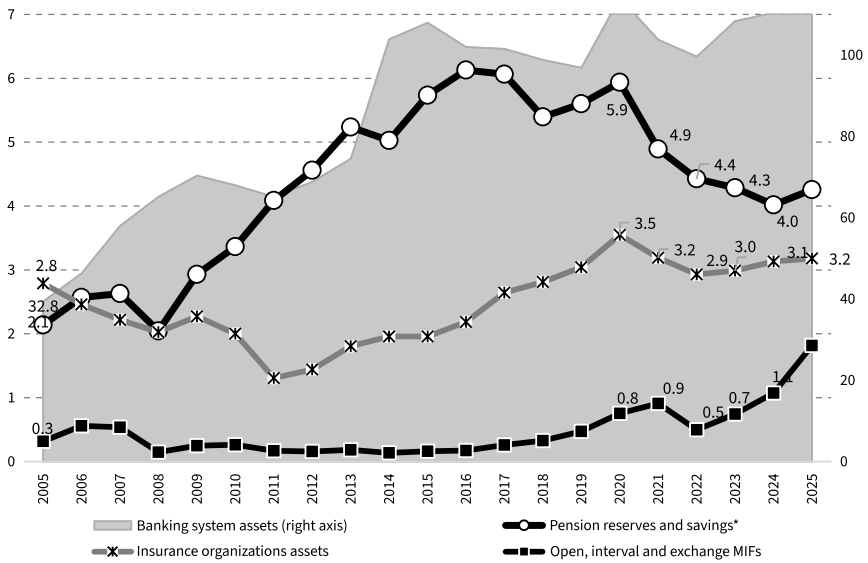
Fig. 62 shows that in 2025, compared to 2021, value of financial institutions' assets vs. to GDP increased from 112.8% to 120.3%. However, main growth in this indicator was driven by banks, whose share of assets in GDP increased from 103.8% to 111.3%. Most other financial institutions showed mixed dynamics in their share of GDP: share of net asset value of open-end, interval and exchange-traded mutual funds (MIF) in GDP increased from 0.9% in 2021 to 1.8% in 2025, share of pension reserves and savings decreased from 4.9% to 4.3%, and share of insurers' assets remained unchanged at 3.2%. Thus, the size of long-term household savings still lags significantly behind bank deposits.

In 2025, net asset value growth of open-end, interval, and exchange-traded mutual funds accelerated significantly compared to previous years. However, main driver of collective investment growth remained money market exchange-traded funds, which demonstrated high resilience despite declining value of stock and bond portfolios.

Fig. 63 shows that value of net assets (VNA) of the exchange-traded MIFs has increased from Rb355 bn in 2023 to Rb1860 bn in 2025 or by 5.2 times. However, VNA MIFs of the monetary market increased in the same period from Rb207 to Rb1576 bn or by 7.6 times. Thus, money market funds accounted for almost all of the growth in exchange-traded mutual funds.

Russian economy in 2025

Trends and outlooks



* For 2025, data on pension reserves and savings are provided as of October 1.

Fig. 62. Share of bank assets, pension reserves and savings, assets of insurance organizations and net asset value of open-end, interval and exchange-traded mutual funds in GDP in Russia in 2005–2025, %

Source: own calculations according to Bank of Russia, VEB and Rosstat.

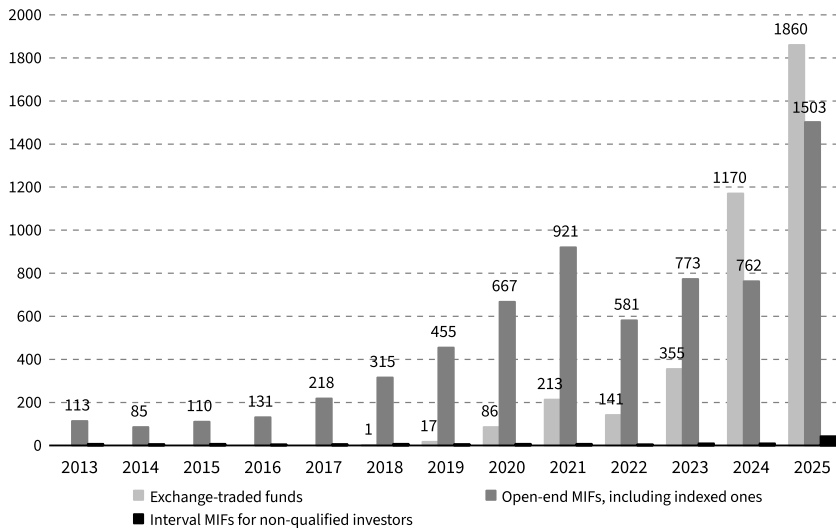


Fig. 63. Value of net assets, open-end and exchange-traded MIFs from 2013 to February 2025, bn rubles

Source: own calculations according to Investfunds.ru, including value of blocked assets funds.

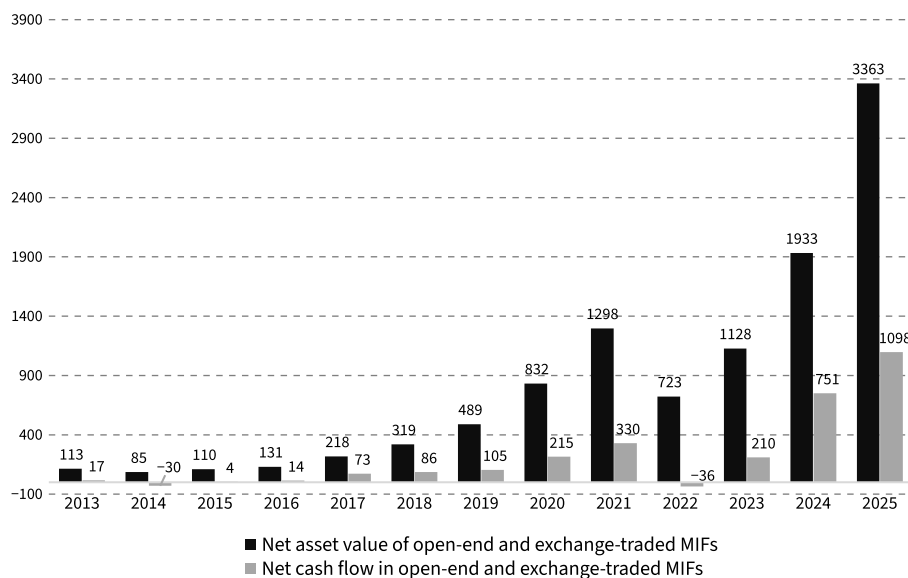


Fig.64. Net asset value of open-end and exchange-traded mutual funds and net cash flow of investors into these funds in 2013–2025, bn rubles

Source: own calculations according to Investfunds.ru.

The VNA of open-end mutual funds increased from Rb773 bn in 2023 to Rb1.503 bn in 2025, or by 94.4%. Among open-end equity mutual funds, money market funds and bond funds were the most popular.

Attractiveness of investments, primarily in exchange-traded money market mutual funds, ensured an influx of new investor funds into MIFs in 2025 (*Fig. 64*). Value of net cash inflows into exchange-traded and open-end mutual funds increased from Rb210 bn in 2023 to Rb1.098 bn in 2025 or by 5.2 times.

2.9. Summary

In 2025, amid difficult atmosphere of sanctions and high turbulence in the global economy, the Russian financial market continued to resolve a previously started complex task of its development, primarily through resources of domestic savings.

The goals set in the Executive Order No. 309 of the President of the Russian Federation dated May 7, 2024, within the national project “Efficient and Competitive Economy” began to be implemented this year: increasing stock market capitalization to at least 66% of GDP by 2030 and increasing the share of long-term savings of individuals in their total savings to at least 40%.

Reduction of inflation and of the key rate of the Bank of Russia, stability of the national currency, sufficient liquidity in the banking system and the interest of the RF Ministry of Finance in attracting funds to the budget by issuing government bonds on market terms, became drivers of financial market growth in 2025.

The year 2025 was not entirely favorable for the stock market due to high real returns on risk-free instruments (OFZs and bank deposits), financial problems of issuers amid high interest rates, inflated expectations of the risk premium by investors, including due to an unstable investment climate.

The volume and state of the IPO market in 2024 and 2025 are not yet in line with expectations. However, active efforts of financial regulators and their interaction with issuers and financial institutions give hope for accelerated growth of the stock market, including public offering segment in the medium term. In this review, we attempted to show which monetary policy and macroeconomic policy guidelines create favorable conditions for growth of the market under study.

Positive results for 2025 include steady growth of government and corporate bond markets and emerging growth of the derivatives market, largely supported by the expansion of commodity market.

The range of long-term investment instruments offered to people (LTI, IIA) changed positively. Retail and closed-end mutual funds became the most dynamically developing segment of long-term savings.

2.10. Cryptocurrency Market Trends in 2025¹

For most of 2025, the total market capitalization of the cryptocurrency market fluctuated within a fairly wide range of \$2.5 trillion to \$4.4 trillion (*Fig. 65*). The market showed growth in the first three quarters, and by the start of the fourth quarter, its total market capitalization reached a new high of \$4.3 trillion. However, in October, the positive trend gave way to a decline, and by the end of the year, market capitalization had shrunk to approximately \$3.0 trillion. Over the last three months of the year, the market lost about 23.7% of its market capitalization, or nearly \$1 trillion. Compared to the end of 2024 (approximately \$3.35 trillion), the total market capitalization of the cryptocurrency market in 2025 decreased by about 10% year-over-year (versus growth of more than 100% in 2024).

The structure of the cryptocurrency market in 2025 remained concentrated. The two largest cryptocurrencies (ETH and BTC) continued to account for the bulk of the crypto market's total market capitalization (averaging over 70%). Bitcoin (BTC) ended 2025 with a share of about 58%, slightly strengthening its dominance over the year (compared to 56% at the beginning of the year). During 2025, Bitcoin's price managed to hit

1. Authors: *Larionova V.M.*, Junior Researcher, Digital Finance Studies Department, Gaidar Institute; *Sherbakov G.A.*, Junior Researcher, Digital Finance Studies Department, Gaidar Institute.

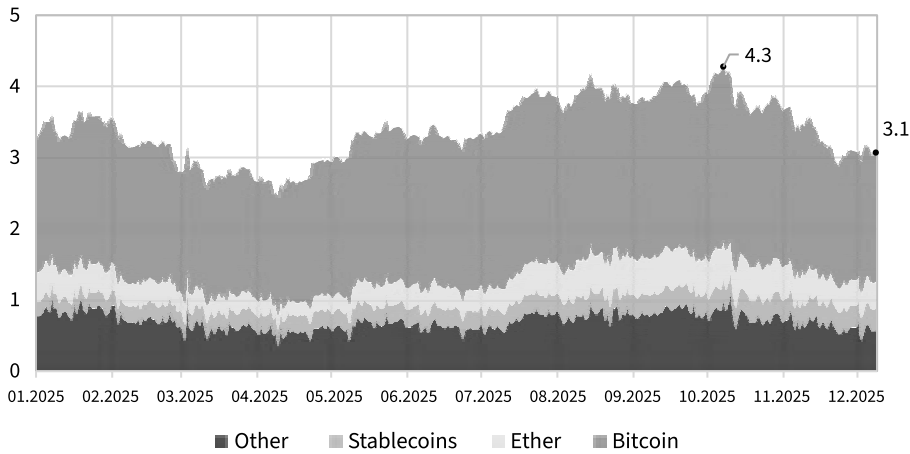


Fig. 65. Trends in the cryptocurrency market capitalization in 2025, in trillions of dollars

Source: own compilations based on data. URL: coinmarketcap.com

new all-time highs several times. The most recent of these was reached in October, when Bitcoin's price exceeded \$125,000 at the market peak. However, by the end of December, the price of the largest cryptocurrency had already fallen to around \$88,000, which is approximately 6% below the levels seen at the start of the year.

2.10.1. Factors affecting overall market dynamic

Market dynamics in this sector in 2025 were primarily driven by the high sensitivity of assets to macroeconomic shocks, the impact of which consistently outweighed the significance of internal narratives within the crypto sphere. Throughout the year, one of the key factors influencing the market was uncertainty regarding expectations for U.S. economic policy¹ following the inauguration of the country's newly elected president.

The market reacted particularly strongly to the new administration's actions regarding trade policy and tariffs, which was also reflected in the dynamics of various uncertainty indicators. Thus, the Global Economic Uncertainty Index (GEPU)² reached its all-time high in April 2025 (Fig. 66). The S&P 500 Volatility Index (VIX) also showed fairly high values.

1. Hong J. W. Economic Policy Uncertainty and Cryptocurrency Bubbles: Case of Donald Trump's Return to Office// Available at SSRN 5898043. 2025. URL: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5898043
2. URL: https://www.policyuncertainty.com/global_monthly.html

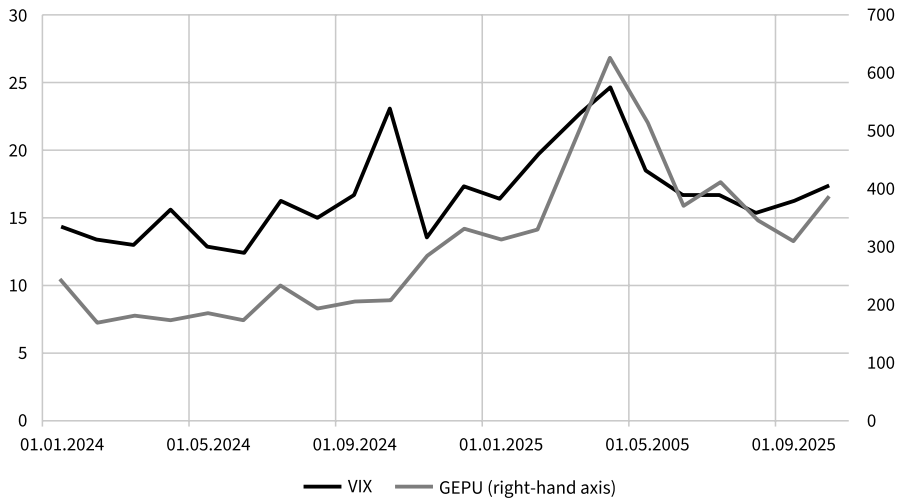


Fig. 66. VIX and GEPU indices dynamic in 2024 and 2025

Source: own compilations based on data. URL: <https://fred.stlouisfed.org/series/>

The increased uncertainty has led to a cautious mood in financial markets and has been accompanied by a widespread flight from risky assets. For example, during the April wave of “tariff wars,” when the U.S. announced the imposition of 50% and then 145% tariffs on Chinese goods, the U.S. market (the S&P 500 index) posted a return of –15.3% relative to the start of 2025. A decline was also observed in the cryptocurrency market; however, while Bitcoin fell by a comparable 18.4% relative to the start of January, other volatile altcoins¹ plummeted by 40–60% in the vast majority of cases; Ether, for example, fell by 55.8%. Nevertheless, the U.S. and China reached an agreement fairly quickly (as early as May) to reduce mutual tariffs to an acceptable level, after which both traditional and cryptocurrency markets resumed growth and hit new highs as early as August.

The next episode of the “tariff war” took place in October 2025, when the U.S. once again imposed additional tariffs of 100% on Chinese goods. Markets reacted with another drop on October 10; however, while the S&P 500 fell by only 2.7% that day, the total market capitalization of volatile cryptocurrencies plummeted by more than 20% in an instant. Bitcoin fell by 15.27%, Ether by 21%, and other altcoins by an average of more than 43%. By early October, the cryptocurrency market had a fairly large volume of positions opened using leverage.² Consequently,

1. A collective term for all cryptocurrencies other than Bitcoin and stablecoins.

2. URL: <https://www.vaneck.com/us/en/blogs/digital-assets/matthew-sigel-vaneck-mid-october-2025-bitcoin-chaincheck>

the sharp price drop caused by the introduction of fees triggered a spiral of cascading liquidations of open margin positions totaling approximately \$19 bn over 12 hours — the largest amount in the history of the crypto market.¹ Over the following week, the crypto market's total market capitalization shrank by approximately \$1 trillion, and prices did not stabilize until late November.

Another key factor influencing the cryptocurrency market throughout the year was U.S. monetary policy. Following a series of aggressive rate hikes, the Fed shifted to a more cautious tone; however, markets remained in a wait-and-see mode for an extended period, with discussions focusing on the likelihood of a recession and the timing of a potential shift toward rate cuts. This was accompanied by heightened volatility in financial markets, which was reflected, among other things, in the dynamics of the VIX index, which reached a level of more than 25 points during the year.² At the same time, Bitcoin's annual realized volatility, calculated based on daily price changes, stood at around 30–35% during certain periods of 2025, significantly exceeding the figures for most traditional financial assets.³

In Q4, the macroeconomic situation began to gradually stabilize. The Fed signaled a possible shift toward monetary easing and, in December, announced its first — albeit modest — rate cut of 0.25 p.p. Markets interpreted this as a positive signal: expectations of further tightening eased, the VIX index fell to multi-year lows by about 12 points, and the S&P 500 continued to rise, closing the year with a return of +16%. As for the cryptocurrency market, following the events of October 10, it continued its downward trend despite a positive local price reaction to the Fed's decisions.

Overall, the moving correlation between the logarithmic returns of Bitcoin and the S&P 500 remained predominantly positive throughout the year, though it fluctuated significantly (*Fig. 67*) and averaged around 0.4, which is comparable to previous years. During the stressful periods of April and October, a brief decline in this correlation was observed due to the higher volatility of cryptocurrencies compared to the stock market; however, during recovery phases, the synchronization of price movements strengthened again. It is worth noting that during phases of U.S. monetary policy easing (or rising expectations of such easing), the correlation strengthened again and rose toward the upper limit of the annual range — to a level of approximately 0.6–0.7.

It is worth noting that amid the aforementioned shock events, gold — as a traditional safe-haven asset — posted phenomenal growth of over 72% over the course of the year, whereas its “digital counterpart,” Bitcoin, was unable to fully fulfill

1. URL: <https://www.coindesk.com/ru/coindesk-indices/2025/10/15/crypto-s-black-friday>

2. URL: <https://fortune.com/2025/11/21/vix-cboe-volatility-index-highest-level-trump-tariffs-nvidia-tech-stocks-valuations/>

3. URL: <https://www.postfinance.ch/en/blog/investing-in-simple-terms/understanding-volatility-cryptocurrencies>

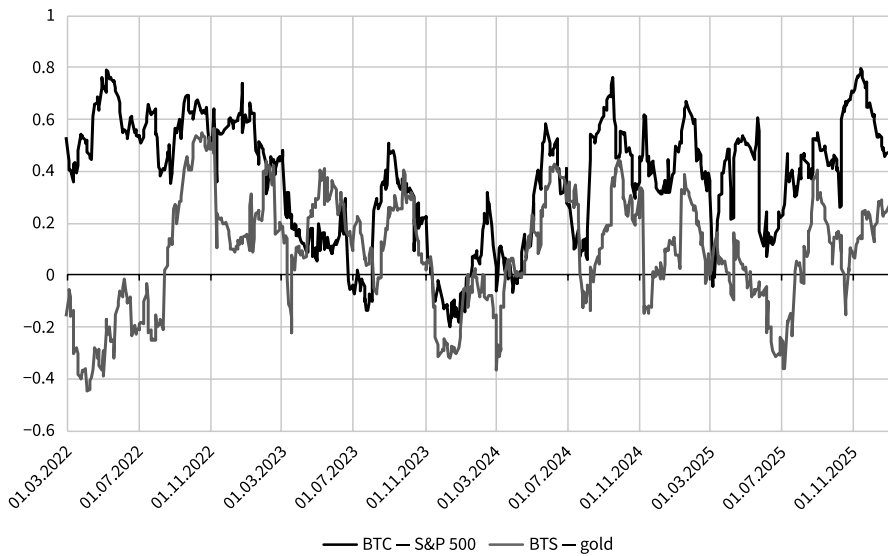


Fig. 67. Moving correlations between the daily logarithmic returns of BTC and the S&P 500, and between BTC and gold (30-day windows) in 2022–2025

Source: own compilations based on data. URL: <https://developers.coindesk.com/> and <https://finance.yahoo.com/>

a similar protective role. Although there were periods when the correlation between BTC and gold briefly rose to 0.2–0.3, this link weakened noticeably during times of increased uncertainty.

2.10.2. The Institutionalization of Cryptoassets

By 2025, the topic of institutionalization had firmly established itself as one of the central themes of the crypto market. While in previous years the focus was more on its early stages (the launch of trading in shares of exchange-traded funds (ETFs) investing in cryptocurrencies, and isolated corporate purchases), the participation of major investors, public companies, and government agencies in this market has now become significantly more prominent in scale.

In 2025, investor inflows into exchange-traded funds (ETFs) focused on cryptocurrencies continued (Figs. 68 and 69), although their trends showed some variation both across assets and over time.

January 2025 proved to be a very significant month for Bitcoin funds (+\$5.3 bn) but February saw a substantial outflow from them (–\$3.6 bn), while March remained close to zero. Starting in April, inflows resumed and intensified in the second

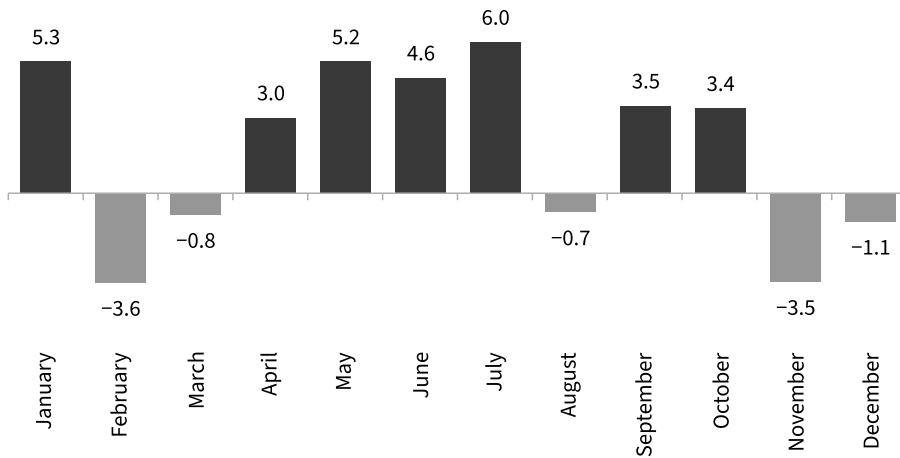


Fig. 68. Net inflows/outflows into Bitcoin ETFs in 2025, in USD bn

Source: own compilations based on Farside Investors.

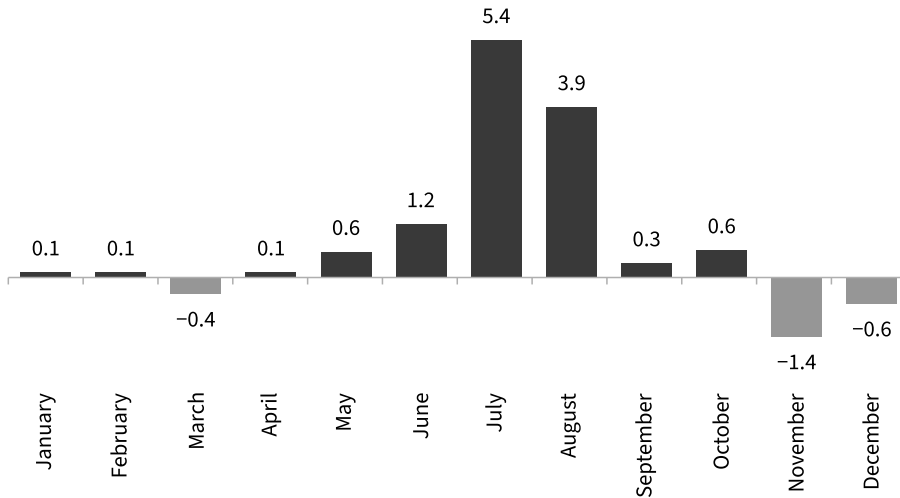


Fig. 69. Net inflows/outflows of funds in Ether—ETF in 2025, USD bn

Source: own compilations based on Farside Investors.

and third quarters; July was particularly notable (+\$6.0 bn for BTC and +\$5.4 bn for ETH), coinciding with rising prices and increased interest in crypto assets. In June–August, demand for Ether specifically rose significantly, driven by the successful Pectra network upgrade in May 2025, as well as the adoption of stablecoin regulations in the U.S. (the Genius Act, discussed in more detail below), a significant

portion of which are traded on the Ethereum blockchain. In the first five months, Ether-based exchange-traded products were in low demand among investors.

Until the fall, inflows into crypto ETFs remained generally positive, largely against the backdrop of geopolitical uncertainty in April 2025. However, after October, investors began reducing their positions in the funds: in November and December, net outflows were observed for several weeks in a row, including the largest in the history of individual funds. For example, more than \$0.5 bn was withdrawn from a fund managed by BlackRock on November 18 alone, and the total outflow from Bitcoin ETFs for November–December exceeded \$4.3 bn.

Despite the autumn correction, assets under management across all exchange-traded crypto products increased for the full year 2025. The total net inflow into these products amounted to approximately \$47.2 bn, which is comparable to the figure for the partial year 2024 (\$48.74 bn). As for the geographic distribution of these funds, the bulk of them went to the U.S., while in Europe and globally, the figures were significantly more modest;¹ in some countries, including Sweden and Brazil, there was a net outflow of such funds. As expected, Bitcoin remained the leader in terms of inflow volume — BTC funds received approximately \$26.9 bn over the year (net of outflows). Interest in Ether also increased: net inflows into it amounted to about \$12.7 bn, more than double the previous year's figure. Among altcoins, XRP and Solana stood out: ETFs for these assets, launched in November 2025, attracted \$3.7 bn and \$3.6 bn, respectively, by the end of the year, which was many times their initial volumes.

Since exchange-traded fund (ETF) shares have proven to be a convenient and popular way to invest in Bitcoin (as reflected in the volume of inflows over the past year), this has led to significant changes in the ownership structure of the largest cryptocurrency. Thus, by early 2026, approximately 7.1% of the total cryptocurrency supply (about 1.49 mn BTC) was concentrated on the balance sheets of Bitcoin ETF issuers alone, compared to 6% in early 2025. Nearly one-fifth of the total supply of 21 mn BTC (about 4.1 mn units) was held on the balance sheets of institutional entities, including public companies, investment funds, and governments, with this share growing by nearly 5 percentage points over the year (from 14.2% to 19.1%). Within this group (*Fig. 70*), ETFs and other funds accounted for about 37%, primarily the largest spot Bitcoin ETFs managed by BlackRock and Fidelity.

Public companies accounted for approximately 28%, with Strategy emerging as the largest holder. Governments (primarily the U.S. and China) accounted for 16%. The remainder was distributed among private companies, DeFi/smart contracts, and exchanges/custodians.

By 2025, cryptocurrency purchases by public companies had become systematic. Whereas such decisions were previously viewed as isolated cases, this period saw the emergence of an entire segment of companies for which accumulating

1. URL: https://www.kucoin.com/news/flash/crypto-funds-record-47-2b-net-inflows-in-2025?lang=en_US

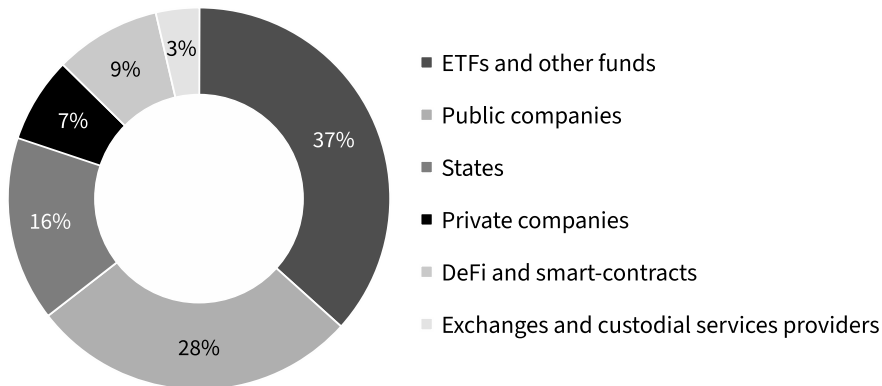


Fig. 70. Distribution of BTC across institutional organizations' balance sheets in 2025

Source: URL: bitcointreasuries.net

digital assets became a core strategic focus. The number of so-called Digital Assets Treasury Companies (DATCOs) doubled over the year, reaching 142 companies. Previously, this practice was associated primarily with Bitcoin, but in 2025, this trend also spread to Ether, BNB, Solana, and TRON. Many market participants, following Strategy's example, used borrowed funds, additional share issuances, and the issuance of convertible bonds to acquire assets, which, according to analysts, served as a driver of market capitalization but simultaneously increased systemic risks in the event of a correction.

The market capitalization of these companies (primarily Strategy) began to grow quite rapidly, especially during the summer and early fall. This called into question the need to include them in various market indices, which would have compelled funds that build portfolios based on such indices to purchase their shares. In October 2025, the financial index provider MSCI put forward a proposal for public discussion to exclude from its indices companies in which the majority of assets (50% or more) consist of digital assets. MSCI noted that such issuers largely resemble investment funds, whereas MSCI indices serve as benchmarks for companies directly engaged in some form of operational activity. This news drew criticism from some market participants,¹ as many companies hold digital assets as part of their core business and should not automatically be equated with funds, while certain companies (such as Strategy) also engage in actual commercial activities. In January 2026, MSCI abandoned its initial plan to exclude DATCO and announced a revision of the criteria for classifying non-operating companies.² This decision redu-

1. URL: <https://www.coindesk.com/opinion/2025/12/02/why-the-market-crashed-on-october-10-and-why-it-s-struggling-to-bounce>

2. URL: <https://finance.yahoo.com/news/msci-drops-plan-exclude-crypto-083540378.html>

ced market uncertainty and fears of forced sell-offs, which could have exacerbated the effects of the October crash.

In addition to companies directly purchasing cryptocurrencies for their own accounts, another key sign of the institutionalization of cryptocurrencies has been the growing number of companies whose businesses are directly linked to the cryptocurrency market. In 2025, major players went public: the issuer of the USDC stablecoin, Circle¹ (IPO worth \$1.05 bn) and the crypto exchanges Bullish² (IPO worth approximately \$1.1 bn) and Gemini³ (IPO worth \$425 mn). 2026 began with the IPO of the custodial provider BitGo:⁴ the company raised \$212.8 mn in its initial public offering, was valued at approximately \$2.08 bn at the offering price, and following a surge in its share price at the start of trading, its valuation reached \$2.59 bn.⁵

Alongside ETF issuers and public companies, sovereign states have firmly established themselves as a distinct and influential category of digital asset holders by 2025. The United States made the most significant contribution to this trend by radically revising its approach to managing crypto assets seized during law enforcement operations: instead of selling them off, the government adopted a policy of long-term retention. In the spring of 2025, an executive order was signed to establish the Strategic Bitcoin Reserve, as well as the “U.S. Digital Asset Stockpile.” The Strategic Reserve includes only BTC previously confiscated in criminal and civil cases, while the “Digital Asset Stockpile” is intended for other confiscated crypto assets (altcoins). According to public estimates, the reserve includes approximately 200,000 BTC, which have been designated as a long-term asset and are not intended for sale. With this executive order, BTC was formally recognized for the first time in U.S. official policy as a government reserve asset, thereby strengthening its legitimacy at the state level. At the same time, a bill (the BITCOIN Act of 2025) was introduced in Congress, providing for a program to purchase 1 million BTC over the next five years (200,000 BTC per year) with subsequent long-term storage; however, as of early 2026, it remains in the introduction stage.

In a broader context, governments as a whole are significant holders of BTC (typically through confiscations). For instance, China has accumulated a large volume of crypto assets seized from criminal schemes, and there is periodic discussion within the country about how to handle these assets.⁶ Germany, on the other hand,

1. URL: <https://investor.circle.com/news/news-details/2025/Circle-Announces-Pricing-of-Upsized-Initial-Public-Offering/default.aspx>

2. URL: <https://www.bullish.com/news-insights/pricing-of-upsized-initial-public-offering>

3. URL: <https://investors.gemini.com/news-releases/news-release-details/gemini-announces-pricing-initial-public-offering>

4. URL: <https://www.businesswire.com/news/home/20260121850585/en/BitGo-Holdings-Announces-Pricing-of-Initial-Public-Offering>

5. URL: <https://www.reuters.com/business/crypto-custody-firm-bitgos-shares-jump-246-nyse-debut-2026-01-22/>

6. URL: <https://www.reuters.com/world/china/china-debates-how-handle-criminal-crypto-cache-2025-04-15/>

chose to sell 50,000 confiscated BTC in 2024, which subsequently led to a public debate on whether the state should hold BTC as a strategic asset.¹ El Salvador, unlike most countries, continues to build up its state reserves through BTC purchases and publicly manages them as part of the financial system.² As a result, BTC is gradually becoming the subject of strategic decisions by governments, although there is still no unified approach to managing confiscated reserves.

2.10.3. Trends in certain crypto economy spheres

Memecoins

In 2025, the meme coin segment experienced a significant decline. At the beginning of the year, trading activity remained high, largely due to the successful development in 2024 of platforms designed to simplify the launch of custom tokens, such as Pump.fun (launchpad platforms). In early January 2025, the meme coin market capitalization stood at approximately \$116.7 bn (*Fig. 71*).

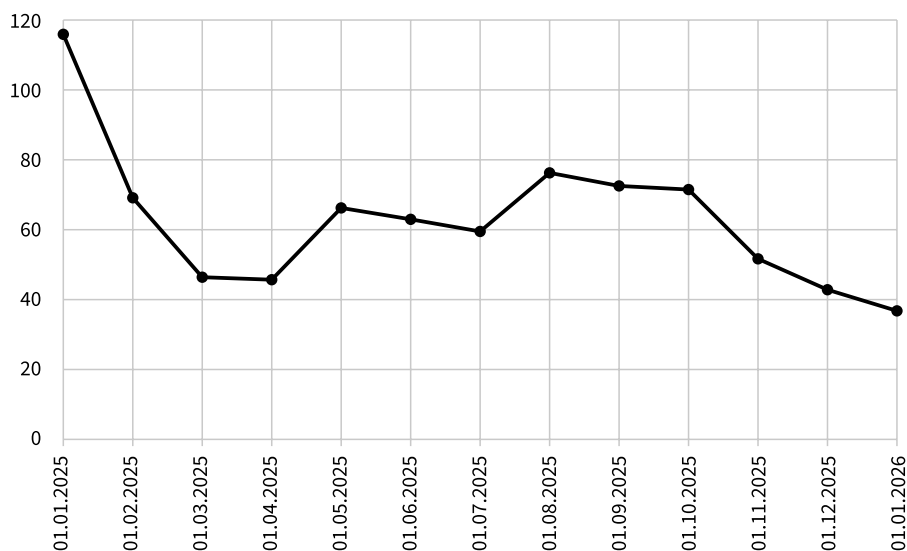


Fig. 71. Monthly trends in the total market capitalization of memecoins in 2025, in USD bn

Source: own compilations based on data: URL: <https://coinmarketcap.com/view/memes/>

1. URL: <https://finance.yahoo.com/news/while-traders-hodl-germany-loses-101127779.html>
2. URL: <https://www.coindesk.com/policy/2026/01/29/el-salvador-s-central-bank-buys-usd50-million-of-gold-as-government-keeps-adding-bitcoin>

The launch of the TRUMP meme coin¹ marked the peak of this sector's growth, after which both its market capitalization and user activity began a prolonged decline. Launched just a few days before the inauguration of the newly elected U.S. president and reaching a market capitalization of over \$9 bn in two days, it fell by 66% (nearly threefold) over the following month. Against the backdrop of such events and a large number of short-term speculative launches, interest in the sector declined significantly, and by early March 2026, the total market capitalization of meme coins stood at just over \$47 bn. Despite a brief rise in the sector's market capitalization during the summer and fall, memecoins, along with the rest of the market, also experienced a decline in October and November, closing the year at around \$36 bn.

Anonymous cryptocurrencies

By the end of 2025, there was a marked increase in attention toward privacy coins—cryptocurrencies designed to provide enhanced privacy and limited transaction traceability. The growing interest in such instruments largely coincided with the tightening of regulatory requirements for crypto market participants. In various jurisdictions, requirements for KYC (Know Your Customer), AML (Anti-Money Laundering), and the exchange of transaction information (Travel Rule) are already in effect or being phased in, along with mechanisms for exchanging information on digital asset transfers between service providers. Under these conditions, some users began to view instruments with built-in privacy protection as a way to minimize the disclosure of data on transaction activity. This was reflected in the price dynamics of assets such as Monero (XMR), Zcash (ZEC), and Dash (DASH), which demonstrated significant growth over the course of the year (*Fig. 72*).

While anonymous cryptocurrencies generally moved in tandem with the market in the first half of the year and did not show any significant outperformance, their price movements have become more volatile since the start of autumn. The most notable growth was seen in Zcash: in October and November, its price increased significantly, substantially outperforming both Bitcoin and other anonymous cryptocurrencies. Monero and Dash also demonstrated growth, albeit less extreme. By the end of the year, Zcash had recorded a 782% increase, Monero just over 120%, and Dash only 5.7% (compared to a 7.3% decline in BTC).

It is noteworthy that, among the anonymous cryptocurrencies under consideration, Dash showed the lowest returns. Unlike Monero and Zcash, privacy on the Dash network is not enabled by default but is implemented as an optional feature while maintaining blockchain transparency. This makes the asset somewhat more acceptable to regulated platforms, which may partly explain its more moderate overall returns.

1. URL: <https://www.coindesk.com/markets/2025/12/17/memecoin-boom-turns-into-capitulation-one-year-after-usd150-billion-market-peak>

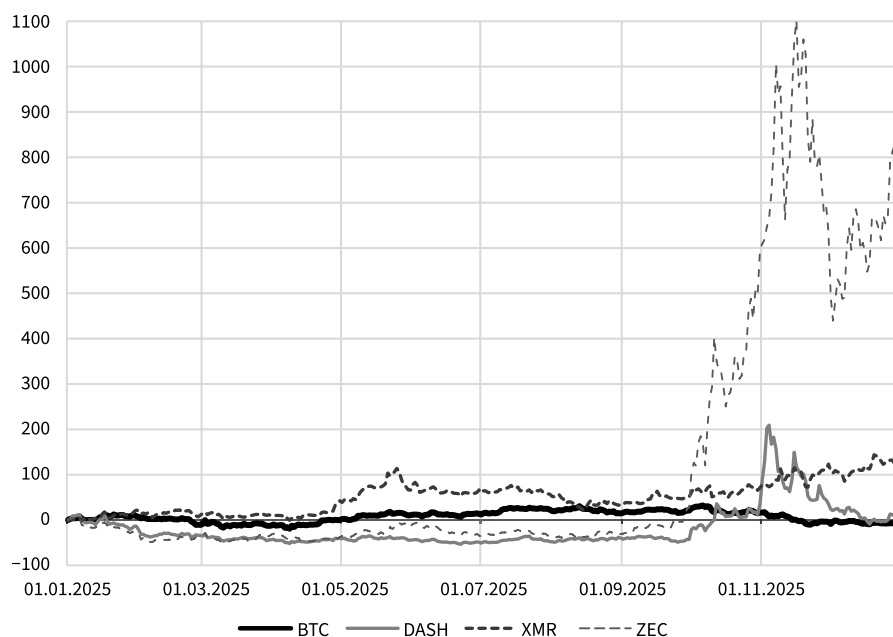


Fig. 72. Prices of anonymous cryptocurrencies (BTC) in 2025 (normalized to January 1, 2025), %

Source: own compilations based on data. URL: <https://finance.yahoo.com/>

2.10.4. Hacks

In 2025, security remained one of the traditional risk factors for the cryptocurrency market, with a significant portion of vulnerabilities linked to the architecture of decentralized finance (DeFi). According to Immunefi, the total losses from cryptocurrency hacks and fraud for the year amounted to approximately \$3.4 bn (the highest figure since 2022); the total number of recorded attacks exceeded 400.¹ Although the largest losses were incurred by centralized services (losses resulting from the February Bybit hack amounted to approximately \$1.46 bn²), it was the DeFi infrastructure that was most frequently targeted by hackers. Cross-chain bridges³ — services that help move liquidity between different blockchain networks — once again proved to be the most vulnerable element of DeFi. According to analysts' esti-

1. URL: <https://phemex.com/news/article/80-of-hacked-crypto-projects-fail-to-recover-immunefi-reports-54269>

2. URL: <https://ru.investing.com/news/cryptocurrency-news/article-93CH-2665667>

3. URL: <https://digitalbytes.substack.com/p/the-hidden-costs-of-decentralisation>

mates, hacks of these bridges accounted for up to 40% of all losses in 2025 (about \$2.8 bn). Bridge exploits led to the loss of collateralized assets¹ and destabilized certain tokens, causing price distortions and cascading liquidations in related DeFi protocols that use such assets as collateral.

Vulnerabilities in the DeFi protocols' smart contracts themselves also persisted. According to CertiK, exploits related to contract logic errors, oracle manipulation,² and other issues accounted for approximately 14% of total losses (out of a total of \$2.46 bn) in the first half of 2025.³ Operational risks also played a significant role: according to CertiK, incidents caused by compromised wallets, with total losses exceeding \$1.7 bn,⁴ became the largest source of damage in the cryptocurrency sector. In a number of cases, such incidents were caused by the compromise of private and administrative keys. For DeFi, such incidents are particularly critical, as the capture of administrative keys allows for the direct theft of protocol funds, which is in fact not caused by any direct vulnerabilities in smart contracts. Another cause of this situation was phishing attacks on users of DeFi applications (approximately \$410 mn in losses in the first half of 2025).

The unique challenge of DeFi lies in the extreme difficulty of mitigating the consequences of hacks. The absence of compensation mechanisms and external intervention leads to a sustained outflow of liquidity and a loss of trust: according to Immunefi, approximately 80% of projects that have survived major attacks have been unable to recover their previous TVL levels and user base. Thus, DeFi vulnerabilities translate into greater risks for the cryptocurrency market as a whole, making the security of decentralized finance one of the most critical structural challenges facing the crypto industry. The scale of losses and the recurrence of incidents limit investor confidence and increase the cost of capital, as the risk of a hack is increasingly factored into the required return on cryptocurrency.

2.10.5. Prediction markets

Another sector closely associated with the cryptocurrency market that experienced significant growth and moved beyond niche products in 2025 was prediction markets, with Polymarket and Kalshi serving as the leading platforms. Polymarket is a decentralized prediction market built on the Polygon blockchain, while Kalshi operates as a regulated exchange in the U.S. under the supervision of the CFTC.

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1. An exploit is the use of a vulnerability in software code or protocol logic to perform actions not intended by its normal operation (e.g., bypassing restrictions, gaining unauthorized access, or withdrawing assets).
 2. Services that broadcast third-party information to the blockchain, such as asset price quotes from cryptocurrency exchanges, prices of real-world assets, etc.
 3. URL: <https://deepstrike.io/blog/crypto-hacking-incidents-statistics-2025-losses-trends>
 4. URL: <https://www.certik.com/resources/blog/hack3d-the-web3-security-quarterly-report-q2-h1-2025>

Both projects saw a sharp increase in trading volume in 2025: trading volume on the Kalshi platform reached \$26 bn during this period¹ (compared to \$2 bn a year earlier), while Polymarket recorded approximately \$19.5 bn.² (against \$8 bn in 2024).

The growing interest in prediction markets stemmed not only from their betting aspect but also from their practical utility. By 2025, such markets were increasingly being used to factor in event-driven factors when making investment decisions. Contracts tied to U.S. Federal Reserve decisions, the release of macroeconomic data, and regulatory and political events allowed investors to factor in the probabilities of specific scenarios when establishing positions in cryptoassets and other asset classes. For example, purchasing a contract on monetary policy tightening could partially hedge open positions in risky assets and in the same cryptocurrencies that had actively reacted to U.S. monetary policy throughout the year. Thus, prediction markets complemented traditional financial instruments, allowing for event-driven uncertainty to be accounted for in a more explicit manner.

Regulation played a significant role. In 2025, Kalshi secured its status as a regulated exchange in the U.S., and a court upheld the legitimacy of trading contracts on events outside the realm of finance and the economy.³ Polymarket, in turn, took a step toward regulation by acquiring a licensed U.S. platform. This boosted confidence in prediction markets and paved the way for larger players to participate in them.

It is noteworthy that in a number of cases, prediction markets were quicker than other sources to reflect shifting expectations in the cryptocurrency market. For example, the probability of an Ethereum ETF being approved, as traded on Polymarket, rose sharply several days before official statements from regulators, outpacing traditional sources of information. In 2025, such quotes began to be used by the media and analysts as an additional indicator of market expectations.

Overall, 2025 was a turning point for prediction markets: they were increasingly viewed less as a form of gambling and more as an independent financial instrument. Increased liquidity, arbitrage opportunities, and regulatory approval make them potentially attractive to institutional investors and corporations. In the long term, prediction markets could establish a firm foothold alongside futures and options, particularly in the segment of hedging narrowly focused macroeconomic and regulatory risks.

Meanwhile, prediction markets have faced criticism related to the risks of insider trading. There have been instances of sharp price movements in individual contracts shortly before the publication of official decisions or the release of statistics, raising suspicions of the use of non-public information. Since the legal frame-

1. URL: <https://www.kalshidata.com/>

2. URL: <https://dune.com/filarm/polymarket-activity>

3. URL: <https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2025/current-state-prediction-markets.pdf>

work for such platforms remains less detailed compared to the securities market, oversight of trading in event-driven contracts is an issue that regulators are likely to address in the near future.

2.10.6. The tokenized assets market (RWA)

Another significant development in 2025 was the growth of the Real-World Assets (RWA) tokenization segment. RWAs refer to traditional financial assets — such as government bonds, funds, loans, and commodity assets — represented as tokens on a blockchain. Throughout the year, this market grew at an accelerated pace: according to RWA.xyz, the total value of tokenized real-world assets (excluding stablecoins) increased from approximately \$15 bn at the beginning of the year to \$40 bn by the end of the year (Fig. 73).

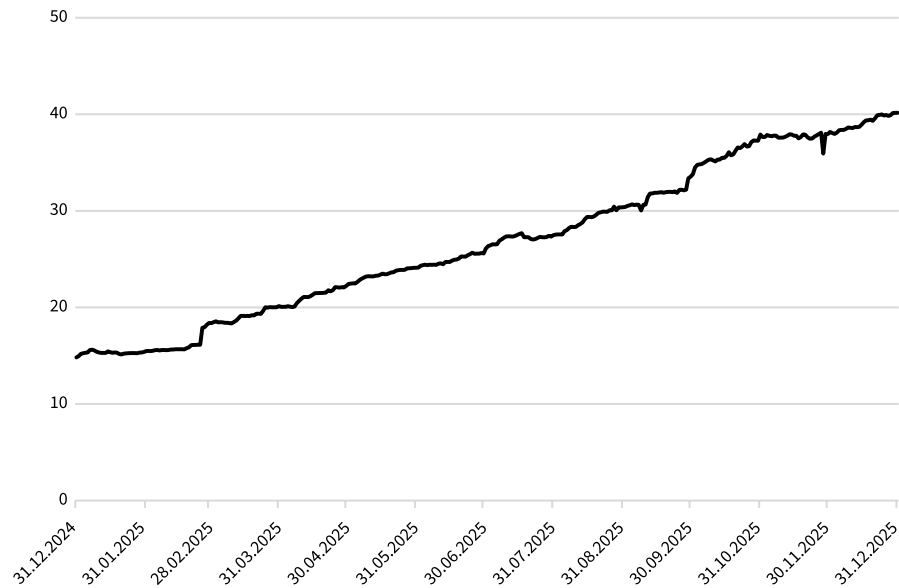


Fig. 73. RWA Market Capitalization Trends in 2025, in USD bn

Source: own compilations based on data. URL: <https://app.rwa.xyz/commodities>

A key driver of this trend has been tokenized U.S. Treasury securities — essentially on-chain equivalents of money market funds that offer returns in line with Fed rates. Between 2024 and 2025, the volume of such instruments grew to over \$10 bn.¹

1. URL: <https://21x.eu/the-16-trillion-opportunity/>

A “tokenized cash” market has emerged on the blockchain, serving as an alternative to stablecoins: these tokens generate interest income and are used as collateral in DeFi. And some stablecoins, such as USDtb, are directly backed by tokenized money market funds. At the same time, the success of individual products was largely determined not by the issuer’s brand, but by the depth of integration into the crypto infrastructure. This was reflected in trading volumes, the liquidity involved, and the number of protocols in which the tokens were simultaneously used in lending, settlement, and yield strategies.

In addition to treasury securities, tokenization has extended to funds and credit assets. In 2025, asset management firms and fintech platforms expanded the issuance of tokenized fund shares and on-chain loans backed by real assets.¹ Such instruments began to play a significant role in DeFi ecosystems, bringing real-world interest rates onto the blockchain.

The interest in RWA stems primarily from its infrastructure advantages: blockchain simplifies the issuance, accounting, and settlement of assets, reducing costs and speeding up transactions. By 2025, major banks and international institutions were already using tokenization for repo transactions and bond placements, achieving faster and more efficient settlements compared to traditional markets. A notable example is the institutional blockchain infrastructure Canton Network, which has placed a total of more than \$6 trillion in tokenized assets.²

Thus, by 2025, the tokenization of real-world assets moved beyond the experimental stage and entered a phase of practical application. Tokenized bonds, funds, and loans began to function fully and attract significant capital. For the crypto market, this means an influx of more stable assets and further convergence with the traditional financial system, while RWA is becoming one of the key drivers of its institutionalization.

2.10.7. Trends in Cryptocurrency Market Regulation

In current regulatory practice, the prevailing view is that stablecoins constitute a distinct class of cryptoassets whose functionality is more akin to payment systems and/or electronic money (e-money) systems. Accordingly, requirements are now imposed on stablecoin issuers that are, in essence, similar to banking regulations. For example, in 2025, the GENIUS Act³ was signed in the U.S., which requires stablecoin issuers to fully back their coins with reserves of highly liquid, low-risk as-

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1. URL: <https://cryptoslate.com/blackrock-just-lost-control-of-the-10b-tokenized-treasury-market-to-circle-for-one-simple-mechanical-reason/>
 2. URL: <https://www.coindesk.com/ru/business/2025/12/09/blockchain-network-canton-with-usd6t-of-real-world-assets-taps-redstone-for-defi-access>
 3. URL: <https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-president-donald-j-trump-signs-genius-act-into-law/>

sets, as well as to regularly disclose the composition of these reserves. In practice, this means that a significant portion of the reserves is formed from short-term U.S. government bonds: stablecoin issuers already hold about \$200 bn in U.S. Treasury bills, with a total market capitalization of about \$310 bn.¹

The EU has implemented the MiCA (Markets in Crypto-Assets) regulation, which imposes strict requirements on the collateralization of stablecoins, requires crypto-exchanges to register users, ensure the security of client assets, disclose information, and protect investors from market manipulation and fraud. At the same time, European authorities emphasize that their regulation is motivated not only by investor protection and ensuring financial stability, but also by the need to avoid the risks of increased dollarization and the undermining of the eurozone's monetary sovereignty.² Stablecoin regulation is also being implemented in other countries, including Canada (Stablecoin Act), Hong Kong (Stablecoins Ordinance), and the UAE (Federal Decree-Law No. 6 of 2025).

At the same time, stablecoins are increasingly being used outside developed economies. In countries with high inflation, currency restrictions, or sanctions risks, dollar-pegged stablecoins are beginning to serve as a means of saving and making payments (for example, in Venezuela³). This trend is also currently being discussed as a risk to the banking system:⁴ international organizations point out that the widespread adoption of stablecoins could displace local currencies and bank deposits, affecting financial stability and the transmission mechanisms of monetary policy.

As for the regulation of other, volatile cryptocurrencies, leading jurisdictions are also currently actively working on this issue. In the U.S., the CLARITY Act⁵ is being drafted, aimed at establishing a unified legal framework for digital assets and regulating the market. The bill distinguishes between digital commodities (decentralized cryptocurrencies such as BTC, ETH, LTC) and investment contract assets (those issued or previously issued via ICOs, such as XRP, SOL) and also establishes the division of authority between the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC). A separate set of requirements concerns market infrastructure: cryptocurrency exchanges, brokers, and custodial providers must register, comply with rules regarding the safekeeping of client assets, the prevention of market manipulation and conflicts of interest, and adhere to anti-money laundering legislation.

1. URL: <https://www.binance.com/en/square/post/33785629481018>

2. URL: <https://www.ecb.europa.eu/press/blog/date/2025/html/ecb.blog20250728~e6cb3cf8b5.en.html>

3. URL: <https://www.wsj.com/finance/currencies/maduros-crypto-backed-oil-deals-put-tether-at-center-of-venezuela-money-drama-3fc53b29>

4. URL: <https://www.reuters.com/world/stablecoins-could-put-competitive-pressure-monetary-frame-works-imf-official-says-2026-01-22/>

5. URL: <https://www.congress.gov/bill/119th-congress/house-bill/3633>

In the EU, the crypto market is regulated by the MiCA Regulation,¹ which establishes a single status for crypto-asset service providers (CASP) and requires authorization from a national regulator. Such companies are subject to requirements regarding client protection (including rules on the safekeeping and handling of client assets, internal controls, and complaint handling), as well as requirements to combat market abuse (such as insider trading and market manipulation on platforms).

The United Kingdom is actively developing a comprehensive regulatory framework for cryptoassets.² Starting in September 2026, the Financial Conduct Authority (FCA) will begin accepting applications for the authorization of crypto companies. The framework for the new regime is being established through HM Treasury regulations under the Financial Services and Markets Act 2000 (FSMA). The final version of the relevant legislation was introduced to Parliament in December 2025.³ However, certain regulatory elements are already in effect, including requirements for crypto-financial advertising and the “travel rule” for crypto-asset transfers.

Overall, regulation of the cryptocurrency market in many countries boils down to licensing providers, strengthening KYC/AML measures, and attempting to bring the stablecoin and exchange segments out of the gray area. At the global level, standards are set by the FATF (Financial Action Task Force), which requires crypto providers to implement AML procedures.⁴

As for Russia, by early 2026, the ownership of and investment in crypto assets will effectively be permitted, though only indirectly, via cash transactions or foreign infrastructure. At the same time, Russia remains one of the largest markets in terms of actual cryptocurrency usage. According to Chainalysis, between July 2024 and June 2025, Russia received \$376.3 bn in crypto assets⁵ and was among the top ten global leaders in terms of adoption rates.⁶ In December 2025, the Bank of Russia presented a concept for regulating cryptocurrencies,⁷ under which digital currencies and stablecoins are recognized as monetary assets and established in the legal framework as investment vehicles, but not as a means of payment. A comprehensive legislative framework is expected to be ready by mid-2026.

1. URL: <https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica>

2. URL: <https://www.fca.org.uk/firms/new-regime-cryptoasset-regulation>

3. URL: <https://www.gov.uk/government/publications/regulatory-regime-for-cryptoassets-regulated-activities-draft-si-and-policy-note>

4. URL: <https://www.fatf-gafi.org/en/topics/virtual-assets.html>

5. URL: <https://www.chainalysis.com/blog/europe-crypto-adoption-2025/>

6. URL: <https://www.chainalysis.com/blog/2025-global-crypto-adoption-index/>

7. URL: <https://cbr.ru/press/event/?id=28213>

Section 3

Real sector of the economy

3.1. Russian economy in 2025: Factors and requirements of production¹

3.1.1. Key trends in the domestic market

Over the past three years, the Russian economy demonstrated strong growth potential. GDP growth of 10.3% and a 20.1% increase in final household demand during 2023–2025 were supported by a 16.3% rise in fixed capital investment and an 8.0% increase in government spending. Active government measures and regulatory mechanisms to adapt the interaction between domestic and foreign markets mitigated the impact of certain aspects of sanctions on the real and financial sectors of the economy and shaped the nature of structural changes.

The trajectory of the domestic economy during this period was quite uneven. A key feature was the growing role and importance of the domestic market. During the structural transformation of 2022–2023, the Russian economy demonstrated a high degree of resilience to adverse external shocks: its 4.1% growth in 2023 fully offset the 1.4% decrease in the previous year and marked a phase of active recovery driven by the expansion of the domestic market with effective government support.

In 2024, economic growth accelerated to 4.9% amid rapid growth in production, import substitution, and a fundamental shift in trade and economic relations with the outside world. Qualitative changes in the structure of the domestic market, which grew by 5.0% during this period, were driven by the outpacing growth of fixed capital formation (up 8.6%) and final household consumption (up 6.8%).

The pattern of growth in the real economy was significantly influenced by the varying conditions for adapting to new forms of interaction among economic activities. The acceleration of industrial growth in 2024 to 5.1% — up from 4.3% a year earlier — was driven by the outpacing growth of the manufacturing sector (to 9.1%), which offset the subdued overall performance in mineral extraction and production and distribution of electricity, gas, and water. Positive factors driving industrial growth in 2024 included reduced dependence on raw material exports and the dy-

1. Author: *Izryadnova O.I.*, Senior Researcher, Center for Real Sector, Gaidar Institute.

namic growth of high-tech industries: the share of the non-oil and gas sector in GDP rose to 84% in 2024, up from 80% in 2022, while the share of high-tech and knowledge-intensive products rose to 24.2%, up from 21.9%.

At the same time, despite the industry's stable performance, 2024 saw a gradual slowdown in positive growth in core economic sectors to 5.5%, driven primarily by a slowdown in the investment and construction sector to 3.8% from 9.0% a year earlier amid changes in financial and credit conditions; second, a 3.3% decline in agricultural production rates; and third, weak growth in freight turnover (0.5%), which failed to overcome the negative trends of the previous two years. It should be particularly noted that the shift in trends and the contribution of transport to GDP, resulting from the development of new transport and logistics schemes for the movement of goods in domestic and foreign markets by geography and cargo type, opportunities for developing multimodal transport infrastructure, as well as improvements in financial and insurance services, became one of the most important characteristics of economic development during this period.

In 2025, the features of the economic situation were shaped by inertial factors: imbalances between supply and demand in the domestic and foreign market segments; a slowdown in the quarterly dynamics of the real economy; and persistent high inflationary pressure on businesses' financial and economic activities and consumer behavior; monetary and foreign exchange policy parameters.

In 2025, against the backdrop of the high base from the previous year, GDP growth slowed to 1.0% compared to 2024, and domestic demand growth slowed to 1.2%. Output growth rates across key economic sectors declined to 1.3% from 5.1% a year earlier. With a growth rate of 1.3%, industry continued to have a positive impact on the economy. Manufacturing remained the key driver of this impact in the real sector, despite a slowdown in its growth rate compared to the previous year to 3.6%.

In 2025, the overall economic situation was positively influenced by a 4.9% increase in agricultural production, which fully offset the previous year's decline in the sector.

The situation was complicated by the continuation of the trend toward a slowdown in growth rates in the construction and investment sector, which had been observed since 2024, down to 2.5%, and was linked to changes in monetary policy parameters, an increase in the key interest rate, and rising borrowing costs, as well as general economic conditions.

The economic slowdown in 2025 was accompanied by a deceleration in the development of market infrastructure sectors: wholesale trade turnover during this period amounted to 97.2% and freight turnover to 99.3% of the corresponding figures for the previous year.

Starting in H2 2024, the impact of private demand on the economy has significantly increased. The rise in interest rates on deposits exceeding the inflation rate, coupled with the continuing trend of rising household incomes, stimulated an increase in household savings while household spending on current consumption

grew modestly, leading to a slowdown in retail trade turnover to 2.6% and in paid services to households – to 2.7%, compared with 7.7% and 4.3%, respectively, a year earlier (*Table 1*).

Table 1

**Changes in key macroeconomic indicators from 2022 to 2025,
% on corresponding period of the previous year**

	Domestic market: production											
	2022	2023	2024					2025				
			Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
GDP	98.6	104.1	104.9	105.4	104.3	103.3	104.5	101.1	101.4	101.1	100.6	101.0
Output by major economic sector	99.9	105.9	105.5	107.2	105.9	103.2	105.8	101.4	100.8	101.2	101.0	102.3
Industry	100.7	104.3	105.1	106.2	104.8	103.4	106.1	101.3	100.1	101.5	101.2	102.3
Agriculture	111.3	100.2	96.7	101.5	110.5	93.6	92.7	104.9	100.6	101.4	103.8	112.0
Construction	107.5	109.0	103.8	103.2	105.2	102.8	105.9	102.5	105.8	101.9	101.3	102.3
Transportation	97.7	99.4	100.5	101.5	99.1	100.4	100.9	99.3	98.7	100.7	98.3	99.5
Wholesale turnover	83.3	110.0	106.8	112.6	109.1	102.8	104.4	97.2	97.9	95.8	97.2	98.0
Retail turnover	93.5	108.0	107.7	111.5	108.5	106.3	105.1	102.6	102.6	101.6	102.1	104.0
Paid services to population	105.0	106.9	104.3	105.0	105.0	103.4	103.9	102.7	102.3	102.4	102.5	103.5
Foreign market ^a												
Foreign trade in goods	109.2	83.8	101.0	94.2	98.4	101.6	109.4	98.2	96.6	98.6	98.1	99.3
Export of goods	119.8	91.7	102.1	97.7	102.9	100.0	107.7	96.7	94.9	94.4	99.3	97.9
Import of goods	91.8	109.6	99.5	89.8	92.3	103.9	112.0	100.4	99.0	104.9	96.5	101.1
Balance of foreign trade in goods	163.4	38.6	110.3	117.5	133.9	91.2	97.6	88.3	87.0	73.3	106.5	89.1
Ruble exchange rate (average for the period), Rb/USD	77.6	64.0	92.53	90.75	90.58	89.20	99.62	83.6	93.25	80.83	80.62	79.9
Urals price, USD/bbl	77.6	64.0	68.3	67.6	70.6	69.3	64.1	60.5	65.5	63.6	63.3	49.6

^a According to the balance of payments methodology.

Sources: Rosstat; CB RF.

The political and economic environment in 2022–2025, which restricted Russian businesses' access to global markets for goods, services, and technologies, led to a transformation of the existing operational model and domestic market, as well as the Russian economy's export-import sector.

Despite the high dependence on export and import components at the level of individual industries, as well as final and intermediate demand, all measures

adopted during these years — actions to support systemically important enterprises and small and medium-sized businesses, exports of Russian goods, imports and import substitution of general and critically important goods and technologies, and the development of alternative transport and logistics routes for the domestic economy — demonstrated continued resilience to external shocks.

The impact of sanctions on the real and financial sectors of the economy was protracted in both duration and nature, which allowed Russian businesses to respond fairly quickly to disruptions in trade, transport and logistics, and production and technology chains, and to actively refocus on establishing new business ties in friendly markets for goods and services. The intensification of import-substituting production had a dampening effect on economic activity, which made it possible to somewhat mitigate the negative impact of volatile changes in imports of goods and services in 2023–2025 against the backdrop of increasingly complex foreign trade relations and settlements, particularly transportation and financial and insurance services. Starting in H2 2024, measures to change the conditions for exchange rate policy management began to have a significant impact on the nature and structure of the foreign trade component of the economy. The dynamics of foreign trade turnover throughout 2022–2025 were extremely volatile and depended on changes in market conditions and prices for key commodities on the global market, on permanent sanctions restrictions on Russian exports and imports, and on difficulties in international settlements.

Changes in net exports of goods and services, amid existing sanctions on financial and insurance transactions and the cross-border payment system, limited the ability to transfer net revenues from foreign trade to support the domestic market. Amid difficulties in developing new directions and formats for international economic relations, the 1.1% increase in the volume of foreign trade in goods in 2024 (according to balance of payments methodology) was driven by a 2.1% rise in exports of goods, coupled with a 0.5% decline in imports compared to the previous year. In 2025, foreign trade in goods decreased by 1.8%, including a 3.7% decline in exports, while imports increased by 0.4%. Net exports in 2025, against the backdrop of divergent fluctuations in their components and amid a constantly changing political and economic situation, amounted to 88.3% of the previous year's figure, declining from 4.4% of GDP (according to the SNA methodology at current prices) in 2024 to 2.6% of GDP in 2025 (*Table 2*).

Foreign trade and financial restrictions had a significant impact on the state of the economy: its focus on the domestic market was accompanied by accelerated growth in final private and public consumption and a pickup in the pace of gross capital formation.

The shift in the balance of aggregate supply and demand and in the ratio of key factors of production — characterized by a significant increase in capacity utilization and high demand in the labor market — put pressure on prices given the prevailing level of labor productivity.

Table 2

Dynamics and structure of GDP utilization in 2021–2025

	% of total at current prices					% change on previous year in comparable prices				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
GDP	100	100	100	100		105.9	98.6	104.1	104.3	101.0
Including:										
Domestic demand	90.5	87.4	95.8	95.6	97.4	109.6	100.3	110.5	105.0	101.2
Net Exports	9.5	12.6	4.2	4.4	2.6	79.5	N/A	N/A	N/A	N/A
— exports	30.0	27.5	22.9	22.2	17.8	103.2	N/A	N/A	N/A	N/A
— imports	20.5	14.9	18.7	17.8	15.2	119.1	N/A	N/A	N/A	N/A
For reference:										
Average exchange rate, Rb/USD	73.65	68.12	85.12	92.53	83.59	102.2	92.5	125.0	108.7	90.3
Brent average price USD/bbl.	70.44	99.82	82.1	80.2	63.0	167.6	141.7	82.2	97.7	78.5

Source: Rosstat.

The gradual slowdown in the growth of industrial producer prices was reflected in consumer inflation: while the inflation rate reached 9.5% in 2024 (+2.1 percentage points compared to the previous year), it stood at 5.6% in 2025. Changes in domestic economic conditions and the pace of price increases led to a correction in monetary policy, with a gradual reduction in the Bank of Russia's key rate from its all-time high of 21% per annum (December 21, 2024) to 16.0% (December 19, 2025) (*Table 3*).

The economy's adjustment to domestic market price ratios and the ruble exchange rate occurred simultaneously with a shift in the income composition of GDP. While changes in the volume of foreign imports and the ruble exchange rate had a fairly strong impact on the increase in the share of net taxes on production and imports to 8.1% in 2025, the level of the economy's gross income was significantly influenced by fiscal and budgetary instruments for regulating business and fulfilling social obligations, which intensified the redistribution of the economy's gross profit and other mixed income within the GDP structure in favor of wages for hired workers. The share of wages for hired workers in 2025 rose to 48.1% of GDP, compared to 44.2% of GDP in 2024 and 40.6% of GDP in 2022, while nominal wage growth rates in 2024 and 2025 reached their highest levels in the past 16 years. In the context of a structural labor shortage, this allowed businesses to retain skilled personnel and maintain social stability in the labor market while keeping the overall unemployment rate at historically low levels.

At the same time, given the long-standing trend in the Russian economy of wages outpacing labor productivity, income redistribution required effective measures to restructure employment in line with shifting labor demand for specific qualifications, competencies, and skills; however, the implementation of these measures has

Table 3

Financial conditions: Key rate and price index in 2024–2025, % on previous year

	2024					2025				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Key rate (corresponding period end), % per annum	17.5	16.0	16.0	18.0	21.0	19.2	21.0	20.0	17.0	16.0
Consumer prices	109.5	102.0	101.9	101.8	103.5	105.6	102.7	101.0	100.5	101.3
Producer prices										
Industrial goods	107.9	101.9	101.9	103.1	100.8	96.7	99.9	96.1	102.5	98.3
Extraction of mineral resources	104.4	102.4	101.0	100.7	100.2	78.5	96.3	85.3	103.4	92.4
Manufacturing	108.4	101.7	102.9	102.8	100.8	99.7	100.7	98.9	100.7	99.4
Agricultural products	105.9	99.5	97.3	101.1	108.2	97.6	102.7	98.0	99.5	97.4
Capital goods	108.1	101.3	101.9	101.9	102.7	109.5	100.1	103.7	103.7	101.7
Freight transportation tariff index	113.7	103.0	108.3	108.3	94.1	104.1	93.5	108.6	105.6	97.1

Sources: Rosstat; Bank of Russia.

Table 4

Structure of GDP by revenue source in 2021–2025, % to GDP

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
GDP	100	100	100	100	100	100	100	100	100
Including:									
Remuneration of employees	40.7	40.6	42.2	44.2	48.1	50.2	49.5	46.2	44.4
Net taxes on production and imports	10.1	7.7	8.8	7.3	8.1	7.9	4.9	8.9	13.0
Gross profit of the economy and gross mixed income	49.2	51.7	49.6	48.5	43.8	41.9	45.6	44.9	42.2
For reference:									
Total unemployment rate, in % of the number of the employed	4.8	4.0	3.2	2.5	2.2	2.3	2.2	2.1	2.2
Growth rate of nominal wages, in % to the previous year	111.5	114.1	114.6	119.0	113.5	113.8	114.9	114.0	111.2

Source: Rosstat.

not yet become systematic. With rising production costs, the share of gross profit and gross mixed income in the economy fell to 43.8% of GDP in 2025, while the net financial result of organizations at current prices amounted to 96.1% of the previous year's figure (*Table 4*).

The business responded to the change in profit margins by adjusting production volumes and investment plans.

3.1.2. Structural changes in domestic production

The state of the domestic market in 2024 and 2025 had a significant impact on the nature and structure of the economy: domestic demand expanded during these years to reach its highest share of GDP and grew at a faster pace. The dynamics of the domestic market as a whole during this period were linked to a sharp acceleration in the growth rate of gross fixed capital formation relative to the dynamics of final consumption and GDP growth rates. With GDP increasing by 5.9% and final consumption by 8.6% over the past two years, the 10.4% growth in gross fixed capital formation drove a 6.2% expansion of the domestic market. However, it should be noted that in 2025 the situation changed due to a sharp slowdown in the growth rate of gross fixed capital formation (to 1.7% from 8.6% a year earlier), which led to new trends in the construction and investment sector (*Table 5*).

Table 5

Dynamics and structure of domestic market in 2021–2025

	% of total in current prices					% on previous year in comparable prices				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
GDP	100	100	100	100	100	105.9	98.6	104.1	104.3	101.0
Including:										
Domestic market	90.5	87.4	95.8	95.6	97.4	109.6	100.3	110.5	105.05	101.2
Final consumption	67.7	64.4	68.4	69.0	71.0	107.8	99.1	107.4	105.5	102.9
Gross savings	22.8	23.0	27.4	26.9	26.4	115.1	103.9	119.3	103.5	97.0
Including gross saving of capital assets	19.2	20.7	22.3	22.8	23.6	109.3	106.7	111.0	108.6	101.7

Source: Rosstat.

Adaptation to the new operating conditions of the domestic market led to a fairly significant shift in the structure of economic activities. In 2023 and 2024, the long-standing trend of the services sector outpacing goods production persisted, but in 2025, as overall GDP growth slowed, the growth in gross value added in the goods sector exceeded that of the services sector by 0.8 percentage points. Following very significant average annual growth in the latter in 2023 and 2024, in 2025, growth in gross value added slowed to 2.2% for information and communication services, down from 12.1% in the previous two years; to 3.8% for financial services and insurance, down from 24.3%; public administration and defense services — to 4.8% versus 5.2%, and hospitality, culture, sports, and tourism — to 5.8% versus 10.7%, which together accounted for nearly one-third of the gross value added of services provided.

The growth of new formats for providing trade, transport, and logistics services in 2023 and 2024 — which together accounted for 18.8% of total value added

in the economy and 27.8% of gross value added in the services sector during this period — outpaced the growth rate of goods production. In 2025, issues related to the decline in activity across various modes of transport, freight and passenger transportation, traffic routes, the material and technical support of rolling stock, and the condition of transportation routes remained a focus of the government's attention.

A defining feature of industrial production in 2023–2025 was the shift in the structure and contribution of industry to economic growth: external shocks and cyclical factors in the domestic market determined both annual and quarterly changes in industrial output during this period.

Imbalances between supply and demand in the markets for materials and technical resources, as well as for final investment and consumer goods, occurred alongside critically high capacity utilization, labor shortages, and the prevailing situation regarding the utilization of factors of production. In 2025, industrial growth slowed to 1.3% from 5.1% a year earlier, while output growth in the manufacturing sector stood at 3.6% compared to 9.1%, with the decline in mining deepening to 1.6% from 0.5% and in the production of electricity, gas, and water — by 1.6%.

The extractive sector continued to experience negative trends due to tighter external restrictions on exports of mineral products and goods, as well as domestic measures regulating activities in the fuel and energy sector. In particular, a change in the oil and gas sector's share of GDP was recorded: between 2022 and 2025, it declined from 20.0% to 13.1%. During this period, the non-oil and gas sector of the economy demonstrated faster growth relative to GDP and shaped the nature of the Russian economy's diversification (*Table 6*).

Structural changes in industrial growth were driven by the outpacing performance of the manufacturing sector, whose focus over the past three years has shifted from responding to immediate operational challenges toward addressing long-term strategic objectives. Production in high-tech and knowledge-intensive sectors — amid the sustained positive growth of the past three years — doubled in 2025 compared to 2022, accounting for 25.3% of GDP (*Table 7*).

Table 6

Dynamics of oil and gas and non-oil and gas sectors in 2022–2025, %

	2022	2023	2024	2025
Growth rates on previous year:				
Oil and gas sector	99.9	93.6	100.9	89.3
Non-oil and gas sector	98.3	106.7	105.7	103.2
<i>For reference:</i>				
Share of GDP:				
Oil and gas sector	20.0	16.5	16.0	13.1
Non-oil and gas sector	80.0	83.5	84.0	86.9

Source: Rosstat.

Table 7

**Growth rates and share of GDP accounted for by high-tech
and knowledge-intensive industries in 2021–2025**

	2021	2022	2023	2024	2025
Growth rates, in % on previous year	115.2	106.8	126.7	128.3	126.4
Output share in GDP, %	22.9	21.9	23.7	24.2	25.3

Source: Rosstat.

The machine-building sector made a key contribution to the growth of manufacturing output in 2023–2025, demonstrating a fairly robust diversification of its system of production, technological, trade, and logistics interactions within the domestic market. At the same time, the sector saw the localization and expansion of domestic manufacturers' output capacity, as well as the development of new niches in the foreign market for suppliers and the sale of finished products. The implementation of proven mechanisms for regulating foreign trade operations and new directions for importing technologies, components, and equipment, as well as the resolution of logistical and financial issues (taking into account the role of changes in the key interest rate), was supported by increased budgetary assistance and the maintenance of business credit activity. The main trend in the machine-building sector was the localization of production, accompanied by a restructuring of activities from import-substituting production of finished goods to the substitution of materials and components, the production of which lagged behind domestic market demand.

It is worth noting the high degree of differentiation within the machine-building sector by type of activity. The production of computers, electronics, and optical devices, as well as vehicles and defense industry equipment, remained in a zone of intensive growth in 2025, with growth rates of 11.7% and 32.0%, respectively, compared to the previous year. However, the negative dynamics of motor vehicle production, with a 23.1% drop in output, machinery and equipment by 5.0%, and electrical equipment by 3.8% compared to the previous year, led to a slowdown in the sector's growth to 7.7% following rapid growth of 19.8% a year earlier and an average of 22.4% over the previous two years.

Changes in domestic demand for construction materials from the machine-building and investment-construction sectors, along with the restructuring of the economy's foreign trade component, account for the slowdown in the growth of the metallurgical sector's output in 2025 to 2.1%, compared with 6.5% a year earlier and 8.7% in 2023. In 2025, metallurgical production itself declined to 97.9% of the previous year's output, while the positive growth trend in the production of finished metal products continued (up 18.0% compared to 2024), partly due to increased exports.

In 2025, the situation in the chemical sector deteriorated, with output growth remaining extremely weak — 0.5% compared to 6.5% the previous year. Here, the production of pharmaceuticals maintained a stable position in the domestic market, as it remained outside the scope of strict restrictions on trade in chemical and biological substances and possessed certain potential for development and import substitution due to the domestic production base for chemical products and substances. Production of pharmaceuticals and medical supplies increased by 15.4% in 2025 compared to the previous year and, given the strong growth demonstrated in 2024, exceeded the 2023 figure by 37.7%.

The state of the chemical sector was significantly influenced by the capacity of the domestic market and changes in the volume and structure of exports, while sanctions pressure persisted and challenges remained in establishing new production-technological and trade-distribution chains. Due to shifts in export destinations and the structure of exports for key commodities, the chemical industry faced intense competition from producers in friendly countries in both domestic and foreign markets. Limited access to foreign technologies and service capabilities for specialized imported equipment, as well as limited adoption of domestic technologies, negatively impacted the sector's development and economic efficiency. Production across the chemical sector as a whole was supported by the output of agrochemical products. In 2025, the production of chemicals and chemical products decreased by 0.8% compared to the previous year, and that of rubber and plastic products decreased by 6.7%, while fertilizer output increased by 5.3%.

The petrochemical sector faced a challenging situation, with output in 2025 declining by 0.4% compared to the previous year. Direct anti-Russian restrictive measures against the largest oil and gas and refining companies, as well as systematic threats of secondary sanctions, temporarily destabilized operations of the domestic producers in this sector.

In the timber industry, as in the chemical industry, a limited domestic market without adequate measures to stimulate exports hindered the restructuring of production and the development of new approaches to industry growth, particularly the formation of clusters. In 2025, production in the sector declined by 5.1%; a worsening of negative quarterly trends was observed here toward the end of the year, including a 3.5% decline in wood processing and the manufacture of wood products, a 3.9% decline in the production of paper and paper products, and a 13.7% decline in printing activities (*Table 8*).

After two years of growth in the consumer sector, a trend reversal occurred in 2025. The food industry recorded a 0.5% decline compared to the previous year, driven by instability in agricultural production over the past two years and import restrictions. In the light industry, output fell by 3.1% during this period, despite support from government orders. The contraction in the volume of domestically produced consumer goods and their imports led to a slowdown in retail trade turnover to 2.6%, including food products — to 2.2% compared to 5.9% a year earlier — and non-food

Table 8

**Dynamic of extraction and manufacturing sectors 2021–2025,
% on corresponding period of the previous year**

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
Industry	106.3	100.7	104.3	105.1	101.3	100.1	101.5	101.2	102.3
Extraction of mineral resources	104.2	101.5	99.0	99.5	98.4	95.8	98.6	99.4	99.6
Manufacturing sectors	107.4	100.3	108.7	109.1	103.6	103.9	103.6	102.5	104.3
Consumer complex:									
food industry	104.6	101.6	105.2	105.0	99.5	98.5	99.3	99.9	100.2
light industry	111.6	104.5	111.4	110.2	96.9	96.9	94.8	97.5	97.2
Timber processing complex	110.5	98.0	101.3	104.3	94.9	98.2	94.8	95.6	91.3
Chemical complex	108.7	99.7	104.9	106.5	100.5	101.9	100.6	99.7	99.8
Petrochemical complex	103.6	99.4	102.5	98.6	99.6	99.5	102.6	96.5	99.8
Construction complex (non-metal mineral products)	109.3	103.9	100.9	106.8	91.7	92.2	91.7	90.5	92.6
Metallurgical complex	104.1	102.7	108.7	106.3	102.8	104.5	102.0	99.1	106.3
Machine building complex	111.8	94.1	125.0	119.8	107.7	113.7	107.8	109.3	103.2
computers, electronics, optics	109.9	109.4	139.4	126.4	111.7	112.4	117.8	113.3	106.5
electrical equipment	107.7	101.1	120.6	109.7	96.2	100.1	94.7	96.4	94.7
Machinery and equipment not included in other groups	117.1	99.3	108.1	102.2	93.10	99.0	93.6	86.8	93.9
Road transport trailers and semi-trailers	114.6	55.8	116.0	118.5	76.9	90.1	76.8	74.5	68.5
Other means of transport and equipment	110.5	97.9	129.0	127.8	132.0	138.9	128.1	140.1	126.3
Electricity, gas and vapor supply		100.5	100.	102.4	98.4	95.5	100.1	100.1	99.0
Water supply; wastewater disposal, waste utilization		96.8	100.3	104.1	95.71	96.8	95.0	95.4	95.5

Sources: Rosstat; Ministry of Economic Development.

products—to 3.1% compared to 9.3%, respectively. Given the current growth rates of disposable household income and the limited supply of domestic and imported goods, this situation remained a factor maintaining inflationary pressure on the domestic consumer market.

3.1.3. Investment and construction business: structural features in 2025

After the investment pause of 2014–2016, restoration of the positive trend in fixed assets investment and return to the pre-crisis level in 2020 determined the phase of a sharp acceleration of dynamics and growth in the share of gross fixed capital formation in GDP: over the period 2020–2024, fixed assets investment increased by 37.9%, and its share in GDP increased from 19.2 to 22.6%.

Shaping the trend of accelerated growth of investments in fixed assets relative to the dynamics of GDP and final consumption was significantly influenced by government measures aimed to support and regulate construction and investment activities: 1) updating the main provisions of the agreement on protection of investments in terms of capital investments and special investment contracts; 2) restructuring of loans for large businesses; 3) introduction of a regional investment standard; 4) extension of support to small and medium-sized enterprises; 5) verification of prices of government contracts due to increasing cost of resources; 6) adjustment of programs of preferential business lending and preferential mortgages; 7) use of new construction technologies and reduction of document approval terms.

Changes in financial conditions had a significant impact on the nature of investment activity in 2022–2025. In 2022, H1 2023, gradual reduction in the key rate from 20% (28.02.2022–10.04.2022) to 7.5% per annum (19.09.2022–23.07.2023) amid slowing growth in prices for investment-grade products and services allowed business activity in the construction sector to be maintained at 8.2% during this period. However, when the RF Central Bank resumed the practice of raising the key rate as from H2 2023 (15.08.2023) from 12% to the maximum level for the entire 12-year observation period of 21% per annum (28.10.2024–08.06.2025), the adaptation of the construction and investment business to new realities of pricing and exchange rate policy has become more complicated. Notwithstanding that fixed capital investment in 2024 increased by 8.4% and its share in GDP increased by 0.7 p.p. compared to the previous year, given the accumulated growth potential over the previous 4 years, the quarterly dynamics of fixed capital investment and the volume of work in construction demonstrated a gradual decline in growth rates throughout the year.

Maintaining the key rate at its maximum level in H1 2025 amid weakening production growth resulted in a correction in the development path. In H2 2025, the key rate fell from 20% (June 9, 2025 — July 27, 2025) to 17% per annum by September (September 15, 2025), and reached 16% per annum by the end of the year (December 19, 2025). The impact of the key rate on investment activity typically has long lags and depends on the level of economic uncertainty, market structure, potential investor expectations, and business environment. In the macroeconomic situation developed in July–September 2025, quarterly dynamics of fixed assets investment entered negative territory for the first time in the previous five years: while GDP growth slowed to 1.1%, the decline in fixed capital investment in 2025 was 2.3% compared to the previous year. This trend was provoked by current interest rates on loans, which significantly exceeded the internal rates of return for individual current and potential investment projects of companies.

Although restructuring of floating-rate loans supported construction companies, the rising cost of debt financing and rising prices for investment-grade products and services resulted in suspension of low-margin, long-term infrastructure pro-

jects. This negatively impacted the growth of construction volumes, which amounted to 2.5% in 2025, compared to 3.8% the previous year (*Table 9*).

Table 9

**Dynamics of investment and construction activity indicators in 2022–2025,
% vs. corresponding period of the previous year**

	2022	2023	2024	2025				
				Year	Q1	Q2	Q3	Q4
GDP	98.6	104.1	104.9	101.1	101.4	101.1	100.6	101.0
Investments in fixed assets	106.7	109.8	108.4	97.7	106.5	99.0	95.7	94.7
Volume of works in construction	105.7	109.0	103.8	102.5	105.8	101.9	101.3	102.3
Commissioning of residential space	111.0	107.5	97.6	100.4	108.9	83.8	88.1	118.6
<i>For reference:</i>								
Share of gross capital formation in fixed capital in GDP, %	19.7	21.9	22.6	23.2	17.8	21.1	22.2	31.0
Key rate, % per annum	10.6	9.9	17.5	19.2	21.0	20.0	17.0	16.0
Consolidated index of prices for investment products (costs, services)	114.7	110.1	108.1	109.5	100.1	103.7	103.7	101.7

Source: Rosstat.

A steady increase in the share of enterprises' own funds in the funding sources became a distinctive feature of the investments funding in fixed capital over the past five years. The increase in the volume and share of the own funds of enterprises and organizations partially offset the reduction in demand for borrowed funds amid rising interest rates. Furthermore, domestic companies' own funds offset losses from external financing—due to the near-total absence of foreign investment and foreign bank loans. In 2024–2025, the share of enterprises' and organizations' own funds in funding sources for fixed capital investments increased from 55.4 to 58.8%.

Given the specifics of economic functioning under sanctions and implementing a wide range of tasks to ensure national security, state support has become a significant source of funding for investment programs: in 2022, the share of budget funds in fixed capital investment financing reached 20.5%, the highest level in the previous 5 years. Subsequently, budget contribution to investment resources gradually declined: to 19.7% in 2023 and 15.2% in 2025.

However, the reduction in the share of federal budget funds was partially compensated by investment resources from RF regions and local budgets: in 2025, the share of federal budget funds in investment programs dropped to 6.9% against 9.8% in 2022, while for regions it fell from 9.4 to 7.2% respectively.

Introduction of an investment standard for regions and investment infrastructure budget loans had a positive impact on the change in the structure of investment financing across levels of the budget system.¹ In general for the economy, enterprises' own funds and budgetary funds provided almost 3/4 of the volume of investment resources in 2025 and at the same time compensated for the reduction in budgetary support for investment activities.

The role of bank loans in sources of financing investments in fixed capital has changed in recent years over a fairly wide range depending on the level of the key rate. If in 2024, despite the rising cost of loans, the increase in the share of Russian banks and borrowed capital in sources of financing investments in fixed capital became one of the factors in maintaining the noticeable dynamics of investments in fixed capital, then in 2025 the expansion of companies' own funds partially offset the decrease in the total contribution of bank loans and borrowed funds in sources of their funding: in 2025, the share of bank loans in companies' investment sources amounted to 13.1% (+0.7 p.p. vs. 2024) and borrowed funds from other organizations—7.3% (–1.6 p.p.) (Table 10).

Table 10

**Investments in fixed capital by types of funding sources in 2020–2025
(excluding small businesses and investment volumes not observed
by direct statistical methods), % of total**

	2020	2021	2022	2023	2024	2025
Investments in fixed assets	100	100	100	100	100	100
Own funds	55.2	56.0	53.1	53.7	55.4	58.8
Attracted funds	44.8	44.0	46.9	46.3	44.6	41.2
Bank loans	9.9	11.0	10.2	9.9	12.4	13.1
Including: foreign banks	1.8	1.9	1.2	0.4	0.02	0.01
Borrowed funds of other organizations	4.9	4.5	5.9	7.6	8.9	7.3
Foreign investments	0,3	0,4	0,3	0,1	0,02	0,1
Budget funds	19.1	18.3	20.5	19.7	16.6	15.2
Including:						
federal budget	8.7	8.1	9.8	9.3	7.9	6.9
budgets of RF regions	9.2	9.0	9.4	9.3	7.6	7.2
local budgets	1.2	1.2	1.3	1.1	1.1	1.1
state extra-budgetary funds	0.2	0.2	0.2	0.1	0.1	0.1
Other	10.4	9.6	9.8	8.9	6.6	5.3

Source: Rosstat.

1. Regions confirming introduction of standard are eligible to apply for an investment tax deduction; starting in 2023, the standard's implementation will be taken into account when compiling regional national investment attractiveness ranking. Infrastructure budget loans, i.e., finance investment projects for creation of transport, engineering, and public utility infrastructure in the regions of the Russian Federation.

The share of investments in state-owned property in 2025 fell compared to the previous year to 14.3% (–1.9 p.p) in the structure of investments in fixed assets, and their share in GDP amounted to 2.8% vs. 3.2% in the previous year. Investments in fixed assets of private Russian property in 2024 and 2025 retained their leadership in terms of investment activity dynamics: the share of private investment in the structure of investment in fixed assets increased in 2025 to 69.6% (+2.8 p.p. compared to 2024) and amounted to 13.9% of GDP (+0.7 p.p.). Structural changes for institutional investors were determined in 2025 by a drop in investments with various forms of foreign ownership to 7.7% vs. 10.5% in 2022 of the total volume of investments in fixed assets, including foreign ownership, respectively to 1.4% vs. 3.6% (*Table 11*).

Table 11

Share of investments in fixed assets by type of ownership in 2021–2025
(in actual prices)

	Share in investments in fixed assets, % of total					Share in GDP, %				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Investments in fixed assets	100	100	100	100	100	17,2	18,1	19,5	19,7	20.0
Russian property	86.0	89.5	91.7	91.8	92.3	14.8	16.2	17.9	18.1	18.4
State property	16.2	17.0	17.9	16.2	14.3	2.8	3.1	3.5	3.2	2.8
Federal property	7.5	8.3	9.5	8.9	7.1	1.3	1.5	1.9	1.8	1.4
Property of RF regions	8.7	8.7	8.4	7.3	7.2	1.5	1.6	1.6	1.4	1.4
Municipal property	2.8	2.8	2.8	2.6	2.2	0.5	0.5	0.5	0.5	0.4
Private property	61.6	64.8	65.3	66.8	69.6	10.6	11.7	12.8	13.2	13.9
Mixed Russian property	4.4	3.9	4.4	4.7	4.9	0.8	0.7	0.9	0.9	1.0
State corporations' property	1.0	0.9	1.2	1.5	1.3	0.2	0.2	0.3	0.3	0.3
Foreign property	6.5	3.6	1.8	1.5	1.4	1.1	0.6	0.3	0.3	0.3
Joint Russian and foreign property	7.5	6.9	6.5	6.7	6.3	1.3	1.3	1.3	1.3	1.3

Source: Rosstat.

Creating conditions for developing the investment complex's own production and technological base is a priority task for domestic business and is accompanied by a steady increase in capital investments in intellectual property from 4.6% in 2022 to 6.6% in 2025. Nevertheless, the decline in the share of investment in machinery and equipment to 32.7% compared to 39.5% in 2021 remains an issue. This trend can be explained, first, by insufficient production capacity of the domestic mechanical engineering industry and, second, by sharp reduction in the supply of foreign investment goods to the domestic market amid strict sanctions restrictions. In 2021, the share of high-tech goods corresponding to priority areas of modernization of the Russian economy reached 76.3% of the total import volume (*Table 12*).

Table 12

**Structure of investments in fixed assets by type of capital stock in 2020–2025,
% of total**

	2020	2021	2022	2023	2024	2025
Investments in fixed assets — total	100	100	100	100	100	100
Residential buildings and premises	14.5	12.9	14.2	14.0	14.0	14.0
Buildings (except residential) and structures	37.5	37.0	40.2	40.4	40.1	40.8
Machinery, equipment, vehicles	37.1	39.5	34.8	33.8	34.3	32.7
Intellectual property facilities	4.0	4.4	4.6	5.6	6.0	6.6
Other	6.9	6.2	6.2	6.2	5.6	5.9

Source: Rosstat.

The leading coefficients of the capital stock renewal in high-tech and medium-tech high-level types of activity, marked by a significant share of machinery and equipment in the structure of fixed assets demonstrate positive features of the capital stock reproduction and the use of capital investments in recent times.

The fixed asset renewal rate in high-tech activities increased from 9.9% in 2022 to 16.6% in 2024 and created an additional impetus to accelerate the rate of production of high-tech and science-intensive products.

In low-level medium-tech activities and low-tech activities, renewal rates increased in 2024 compared to 2022 to 11.5% (+2.6 p.p.) and 9.7% (+0.4 p.p.), respectively.

Even with a decline in investments in the fixed assets in the economy as a whole in 2025, a positive trend of growth in investment activity compared to the previous year was maintained in manufacturing (1.0%), in provision of electric power (7.9%), in public administration and military security (8.4%), in real estate transactions (15.9%), the total share of which in overall volume of fixed capital investment in the economy as a whole increased in 2025 to 40.6% against 33.3% in 2024.

A drop in investment in transport and logistics infrastructure by 25.5%, in information and communication activities by 10%, in professional and scientific and technical activities by 20%, evidenced negative dynamics in 2025 vs. previous year, as well as negative investment dynamics in agriculture. A reduction in investment in fixed capital in 2025 vs. previous year was observed in the transport and storage sectors, following the dynamic growth of investment activity in 2021–2023, in almost all types of transport system activities: in the activities of freight rail transport (by 41.1%), road freight transport (by 52.9%), pipeline (by 24.3%), air and space (by 1.3%).

By all means, decline in investment volume in certain types of economic activity can be explained by a high base of 2022–2024, however, characteristics of the reproduction and technological state of fixed assets and decrease in the efficiency of their use determine a restrained assessment of the current situation in this area and prospective trends (*Table 13*).

Table 13

**Dynamics of contribution of the capital stock in the fixed assets
by types of economic activity in 2020–2025, % vs. previous year**

	2020	2021	2022	2023	2024	2025.
Total	99.9	108.6	106.7	109.8	108.4	97.7
Agriculture, forestry, hunting, fishing and fish farming	96.0	103.4	99.3	101.0	96.9	96.4
Mining	96.9	100.7	109.9	109.1	107.4	100.9
Manufacturing industries	102.9	109.1	95.6	117.6	119.5	111.0
Provision of electricity, gas and steam	104.1	94.9	102.2	119.8	106.5	107.9
Water supply, sanitation, waste disposal, pollution control	127.2	107.9	105.9	110.0	111.1	94.7
Construction	103.9	114.0	120.1	110.4	106.6	95.1
Wholesale and retail trade	88.4	139.7	88.9	102.3	105.8	99.2
Transportation and storage	88.0	116.4	114.9	108.4	103.4	74.5
Hotel and catering activities	103.2	113.8	110	122.4	105.1	108.6
Information and communication activities	106.3	105.4	92.9	125.2	122.1	90.0
Financial and insurance activities	123.9	112	99.4	106.5	107.1	102.4
Real estate operations	94.6	100.2	19.5	103.4	111.1	115.9
Professional, scientific and technical activities	101.6	132.8	120.9	110.2	97.8	80.0
Public administration and military security	119.2	105.7	121.8	111.6	100.9	108.4
Education	109.8	100.1	102.9	108.8	106	92.9
Healthcare activities	155	95.4	94.1	90.0	107.5	100.3
Culture, sports, recreation and entertainment activities	100.8	112.3	124.6	99.0	103.1	93.6

Source: Rosstat.

Strengthening role of industry became a structural feature of investments in fixed capital in the previous five years (2021–2025) was: in 2025, the share of investments in industry in the total volume of investments in fixed assets (excluding small businesses and the volume of investments not observed by direct statistical methods) reached 42.3% and exceeded the corresponding figure for the previous year by 1.3 p.p., while the share of manufacturing industries amounted to 21.3% (+2.6 p.p.), and extractive industries showed 17.6% (–0.5 p.p.).

Slowdown in investment dynamics in the extractive sector of the economy is associated with structural transformation of mineral extraction by their type. Sustainability of investment programs of oil and gas companies is supported by the performance of service structures, fulfillment of guaranteed obligations under previously concluded contracts for supply and maintenance of process equipment, and the ongoing works on previously initiated projects. The share of investment in crude oil and gas production in 2025 amounted to 63.6% of total investment, dominating the investment dynamics in the extractive sector. As for the associated petrochemical and oil refining industries, due to high sanctions pressure and adjustments to finished product production plans in 2025, investment growth rates declined to 4.2%.

Table 14

**Dynamics of capital stock in fixed assets in manufacturing in 2020–2025,
% vs. previous year**

	2020	2021	2022	2023	2024	2025
Manufacturing industries	102.9	109.1	95.6	117.6	119.5	111.0
Food production	107.1	109.0	86.2	101.0	106.7	118.1
Beverage production	97.7	121.5	71.2	137.3	112.6	103.4
Tobacco production	77.3	123.6	55.6	96.5	101.2	92.1
Textile production	59.2	132.1	106.2	119.8	109.6	107.5
Clothing production	123.7	76.1	87.0	101.7	99.7	89.4
Production of leather and leather goods	97.0	107.5	93.9	104.9	99.6	134.1
Wood processing and production of wood products	110.0	125.1	79.7	94.7	104.3	79.0
Production of paper and paper products	83.7	112.8	86.3	113.6	84.7	82.1
Printing and copying of information media	166.1	106.9	57.4	119.2	102.5	119.5
Production of coke and petrochemicals	115.3	86.5	93.6	82.1	115.1	101.2
Production of chemicals and foods	95.1	108.5	115.6	146.7	142.3	128.8
Production of medicines and materials	186.2	73.7	84.8	104.7	104.6	112.2
Production of rubber and plastic items	84.5	127.5	73.5	119.8	120.4	106.5
Production of other non-metallic mineral products	85.1	132.6	99.4	107.4	108.2	112.5
Metallurgical production	112.2	117.4	108.2	107.6	107.6	103.1
Production of finished metal products	80.8	129.0	90.0	154.2	124.8	117.3
Production of computers, electronic and optical items	98.3	155.1	106.6	133.6	158.3	78.8
Production of electric equipment	81.8	108.7	80.6	178.6	190.8	93.4
Production of machinery and equipment not included in other groups	77.5	116.6	107.1	114.0	127.2	95.8
Production of motor vehicles, trailers and semi-trailers	78.1	143.7	46.7	154.0	135.7	107.6
Production of other transport vehicles and equipment	107.2	111.1	102.7	104.8	119.9	148.3
Furniture production	119.3	98.3	71.8	107.1	102.1	83.2

Source: Rosstat.

The outpacing growth of investment in fixed capital in manufacturing became a factor mitigating the negative trend of falling investment volumes in 2025 across the economy as a whole.

Growth in investment in fixed assets of high-tech economic activities, which include production of medicines and materials for medical purposes, production of computers, electronic and optical equipment, production of aircraft, including spacecraft, and related equipment, to 16.9% in 2025 vs. 15.2% in 2024 and 13.3% in 2022–2023, allows to positively assess the situation in the investment sphere in terms of manufacturing industries and the economy as a whole.

Moreover, this trend is supported by the acceleration of growth in investments in fixed assets in high-tech, medium-level industries, in particular in chemical production, production of electrical equipment, and production of other transport vehicles and equipment, which account for almost 2/5 of the volume of investments in manufacturing industries.

Preconditions are being created for modernizing and reconstructing production of construction materials and components amid the accelerated growth of investment volumes in fixed assets in high- and medium-tech industries and the expansion of their demand for material and physical resources required for implementing investment plans.

In 2025, increased investment activity was observed in production of building materials (non-metallic mineral products), which grew by 12.5% compared to the previous year, in the production of finished metal products by 17.3%, and in the copying information media by 19.5%.

It should be noted that there is a high differentiation in the rates of investment activity both by the level of technological positions in types of activity and by the nature of production of capital goods. In particular, the acceleration of growth in the volume of investment in fixed capital in the mechanical engineering complex for other types of machinery and equipment that are essential for ensuring defense capability reached 48.3% in 2025 compared to the previous year, in the production of motor vehicles—7.6%; however, a drop in investment of 6.6% was recorded in the production of electrical equipment.

Investments in fixed assets in the production of computers, electronic and optical products, increased by 3.5 times in 2021–2024, and their decline in 2025 compared to the previous year by almost 20% is most likely a correction of investment plans. High investment volumes set the basis for increasing production capacity; however, given the lag between capital investments and the commissioning of facilities, it can be assumed that their contribution to the expansion of production potential is realized gradually and depending on the specific functioning of the economy (*Table 14*).

In the current economic realities, the increasing demand for investments and modern high technologies related to investment goods presupposes formation of new mechanisms stimulating technological renewal and new configurations in investment cooperation between innovatively active Russian business structures.

3.2. Industrial Production Dynamics¹

3.2.1. Sectoral Dynamics of Industrial Production

In 2025, the trend component of the Russian industrial production index showed signs of slowing growth. In H1 2025, stagnation emerged as a result of mixed trends' interaction in key sectors: a gradual decline in extractive industries and moderate growth in manufacturing. In H2 2025, near-zero dynamics were observed in mining.

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Considerable intra-industry differentiation still prevailed in manufacturing. A stable positive trend was seen in metallurgy, aircraft manufacturing, the chemical industry, and the food industry, while declines were observed in sectors such as pulp and paper production and the production of rubber and plastic products. The construction sector remained in stagnation throughout the period under review due to declining mortgage demand and reduced commissioning of new housing.

For a correct interpretation of trends observed in individual industries, it is necessary to decompose output into calendar, seasonal, irregular, and trend¹ components; the interpretation of the latter is of particular analytical interest. Experts from the Gaidar Institute identified the trend component of production index series for 2003–2025² using updated Rosstat statistics.

The results of processing the industrial production index series as a whole are presented in *Fig. 1*. *Fig. 2* shows the results for the aggregate indices of the extractive sector, the manufacturing sector, and the production and distribution of electricity, gas and water. The decomposition results for the remaining series are presented in *Table 15*.

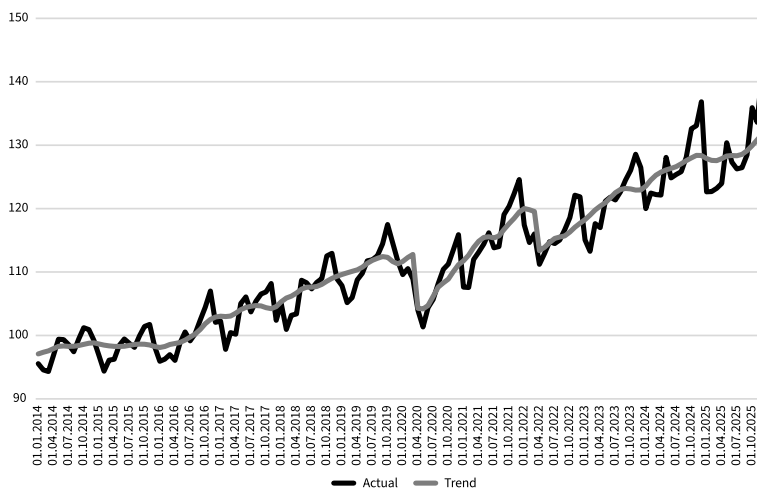


Fig. 1. Dynamics of industrial production index in 2014–2025 (actual data and trend component), % of the 2016 average

Source: Rosstat, own calculations.

1. The trend component is a well-established term used in economic literature. However, it should be noted that this component is not a “trend” in the strict sense used in econometrics for time series analysis; in this case, it is precisely the residue from separating the calendar, seasonal, and irregular components from the series. The trend component is inappropriate for time series forecasting (for most industrial production indices, it is non-stationary in levels (and stationary in differences)); however, it can be used to interpret short-term dynamics and compare them with past events.
2. The trend component was extracted by means of the Demetra package with the X12-ARIMA procedure used.

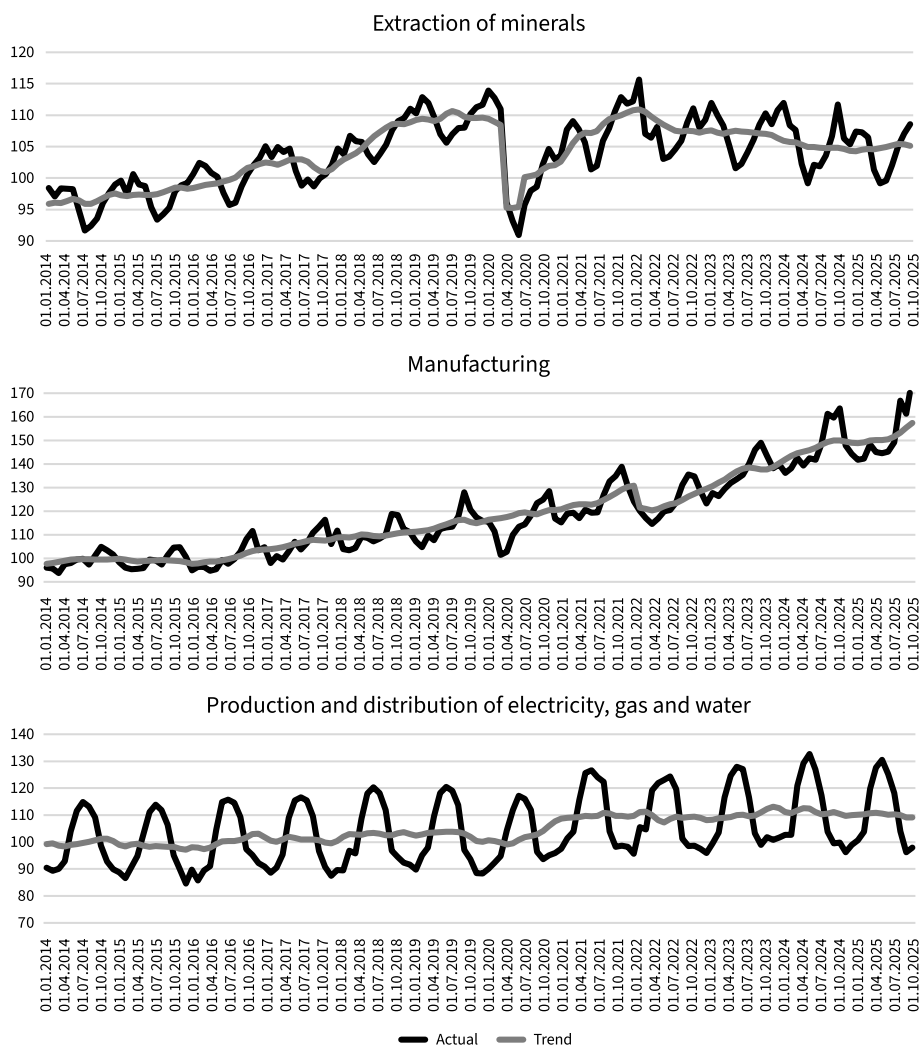


Fig. 2. Dynamics of production indices by industry in 2014–2025
(actual data and trend component),
% of the 2016 average annual value

Source: Rosstat, own calculations.

Overall results indicate that Russian industrial production in 2025 showed signs of slowing growth. This is justified by the near-zero dynamics of the trend component in Q1 through Q3 and slow growth in Q4.

Table 15

Change in the Industrial Production Index by Economic Sector, %

Name of industry	Share in the Industrial Production Index	December 2025 on December 2024	December 2025 on September 2025	Change in Recent Months
Industrial production index		102.61	101.37	Slow growth
Extractive industries	34.54	100.29	99.98	Stagnation
Manufacturing	54.91	105.00	103.87	Growth
Production of food products, including beverages, and tobacco	16.34	109.38	102.46	Growth
Textile and clothing production	1.14	104.28	101.47	Slow growth
Manufacture of leather, leather goods and footwear	0.27	93.93	97.33	Decline
Wood processing and manufacture of wood products	2.02	93.20	95.25	Decline
Pulp and paper production	3.35	68.74	90.45	Decline
Production of coke and petroleum products	17.25	99.27	100.00	Stagnation
Chemical production	7.56	109.66	102.56	Growth
Production of rubber and plastic products	2.14	95.63	102.38	Growth
Production of other non-metallic mineral products	4.02	94.60	100.26	Stagnation
Metallurgical production and production of finished metal products	17.42	118.15	105.46	Growth
Production of machinery and equipment	6.97	92.13	102.08	Growth
Manufacture of electrical, electronic and optical equipment	6.27	99.13	99.33	Stagnation
Production of vehicles and equipment	6.75	124.69	105.07	Growth
Other industries	2.42	106.66	101.99	Slow growth
Production and distribution of electricity, gas and water	13.51	98.74	98.95	Slow growth
Wholesale trade		98.62	100.93	Stagnation
Retail trade		103.64	101.16	Slow growth
Cargo turnover		98.90	100.44	Stagnation
Construction		102.00	100.72	Stagnation
Agriculture		104.38	101.07	Slow growth
Volume of paid services to population		102.74	100.69	Stagnation

3.2.2. Dynamics of industrial production in H1 2025¹

In H1 2025, industrial production showed signs of transitioning from the growth phase of 2024 to a phase of stagnation. In Q1, the trend component amounted to 100.02% compared with the corresponding period of the previous year and 102.59% year-on-year. Manufacturing made a positive contribution, while mining continued to decline slightly. In Q2, the trend component for industrial production as a whole was equal to 102.08% year-on-year and 100.57% relative to the previous quarter, indicating the consolidation of stagnation.

In Q1 2025, the trend component in the extractive sector continued the downward trend observed since 2024 (98.55% compared to the previous relevant period and 96.78% year-on-year). In Q2 2025, the sector's trend component dynamics were near zero.

The key factor curbing oil production was the extension of the OPEC+ agreement on voluntary additional production cuts until the end of March 2025. Since Q2, despite the beginning of a gradual increase in production as part of the OPEC+ plan, actual production volumes in Russia remained below the planned ones due to obligations to compensate for previously exceeded quotas. A decline in both physical and monetary volumes of oil exports had a negative impact on the industry. In Q1, supplies to Turkey, Europe via the Druzhba pipeline, and China, which was increasing its own domestic mineral production, decreased.² In Q2, the deepening discount of Urals crude to Brent to \$12 per barrel led to its price falling below the sanctions ceiling, which destabilized contractual relations and increased the desire of importers, particularly India, to diversify supplies.³ Physical oil supplies to China fell by 10.8% year-on-year in H1 2025. Logistics constraints, including a shortage of tankers, low capacity of the Eastern Pipeline, and port congestion, hindered the reorientation of flows.⁴

Natural gas production dynamics in 2025 were affected by structural shifts. Reduced domestic demand, driven by an abnormally warm winter, and the complete cessation of transit through Ukraine from January 2025 led to a 20% year-on-year decline in pipeline exports to Europe in H1 2025 (the share of Russian pipeline gas in European demand was less than 8%⁵). Liquefied natural gas (LNG) produc-

1. *Kaukin A.S., Levchenko A.G.* Dynamics of industrial production in Q2 2025 // Monitoring of Russia's Economic Outlook. 2025. No. 16 (198). P. 1–5. URL: <https://www.iep.ru/files/RePEC/gai/monreo/monreo-2025-28-1468.pdf>
2. The IEA noted an increase of \$0.7 bn in Russia's oil export revenues in March // Interfax. April 15, 2025. URL: <https://www.interfax.ru/business/1020905>
3. Review: Hydrocarbon exports collapsed in Q1 due to sanctions // RIA. June 2, 2025. URL: <https://riarating.ru/macroeconomics/20250602/630281450.html>
4. *Solovieva O.* Russia will have to look for new buyers of oil // NG. July 29, 2025. URL: https://www.ng.ru/economics/2025-07-29/1_9304_petroleum.html
5. *Aleksandrov K.* Russia will reduce gas production because of serious problems // URA. July 26, 2025. URL <https://ura.news/news/1052969929>

tion also declined due to sanctions pressure, including restrictions imposed in January 2025 on the medium-tonnage Gazprom LNG Portovaya and Cryogas-Vysotsk plants. LNG deliveries to the EU in April fell by 35% on April 2024.¹

The coal industry's situation in Q1 2025 was affected by low global prices, a stronger ruble, and high logistics costs. More than 66% of companies in the industry were unprofitable, with the combined loss amounting to Rb112 bn in H1.² In Q1 2025, coal exports increased slightly by 2% on the relevant period last year primarily owing to deliveries to China under long-term contracts, although shipments to Turkey and India declined.³

Sectors focused on domestic demand and import substitution contributed positively to industrial production dynamics in H1 2025. The manufacturing sector's trend component in Q1 2025 amounted to 105.65% year-on-year and 99.72% of the relevant period in the previous quarter, while in Q2 2025 it was equal to 104.44% and 101.32%, respectively.

The highest growth rates were seen in the production of vehicles and equipment, with aircraft manufacturing being the key driver (an increase of 66.3% year-on-year in January-June). Positive dynamics were also demonstrated by the production of finished metal products, excluding machinery and equipment (an increase of 13.6% year-on-year in H1),⁴ which may be partially related to the substitution of foreign products and demand within the scope of state defense orders.⁵ The chemical complex grew on the back of the production of pharmaceuticals and agrochemicals (pesticide production increased by 19.8% in H1 2025 compared to the relevant period of 2024), which was facilitated by state programs⁶ and increased export demand for fertilizers.⁷

At the same time, a number of industries experienced declines. Pulp and paper production saw a 1.7% decline in output from January to June due to sanctions restrictions on exports to the EU. Production of other non-metallic mineral products (building materials) declined due to reduced demand from the construction sector.⁸

1. *Bakhtina O.* LNG supplies to the EU from Russia fell in April 2025. And what about China amid the trade war? // *Neftegaz.ru*. April 26, 2025. URL: <https://neftegaz.ru/news/spg-szhizhenny-prirodnyy-gaz/887616-ieefa-postavki-spg-v-es-iz-rf-upali-v-aprele-2025-g-silno/>

2. Over 50 coal companies in Russia are on the brink or have already closed // *RBC*. July 15, 2025. URL: <https://www.rbc.ru/business/15/07/2025/687605fd9a79471fa1368685>

3. *Polifanov T., Skorlygina N.* Coal is focused on the east // *Kommersant daily*. April 17, 2025. URL: <https://www.kommersant.ru/doc/7659307>

4. According to Rosstat data.

5. UAC will produce 1.5 times more aircraft in 2025 // *Kommersant daily*. October 3, 2025. URL: <https://www.kommersant.ru/doc/8096630>

6. The Ministry of Economic Development predicts a 13% increase in pharmaceutical production in 2025 // *Pharmprom*. September 29, 2025. URL: <https://pharmprom.news/minekonomrazvitiya-prognoziruet-rost-proizvodstva-farmprodukcii-na-13-v-2025/>

7. *Kulistikova T.* Consumption and production of pesticides may increase considerably. URL: <https://www.agroinvestor.ru/markets/news/43789-potreblenie-i-proizvodstvo-pestitsidov-mogut-znachitel-no-velichitsya/>

8. According to Rosstat data.

The construction industry also stagnated in H1 2025, as evidenced by near-zero growth rates for its trend component in Q1 and Q2 2025. Rising loan costs, the expiration of preferential mortgage programs, and rising market rates triggered a decline in demand. In January through May 2025, housing starts declined in four federal districts, most significantly in the North Caucasus Federal District (by 28.5%). The number of new project launches also declined, particularly in the Central Federal District.¹

An analysis of the dynamics of trend components of production indices for January through June 2025 suggests that Russian industry has entered a phase of stagnation characterized by near-zero growth rates. The main specific is the sharp differentiation in growth rates across sectors and industries. Overall, slight growth was driven by sustained positive dynamics in certain segments of the manufacturing industry focused on domestic demand, import substitution, and government procurement. Meanwhile, the extractive sector saw a decline or near-zero growth, experiencing the combined pressure of sanctions, logistics and price restrictions. A significant constraint on the entire industry was the decline in activity in the construction sector because of reduced lending availability.

Thus, in H1 2025 the stagnation phase was of a structural nature: the economic and institutional support for the manufacturing industries could not compensate for the structural shifts and limitations faced by the raw materials sector, as well as the decline in investment and consumer activity in the domestic market.

3.2.3. Dynamics of industrial production in H2 2025²

In H2 2025, the trend component of the industrial production index was characterized by a transition from stagnation to slow growth. In Q3, the indicator amounted to 100.46% on the relevant period of 2024 and 100.01% on Q2 2025, proving the consolidation of the stagnation trend. In Q4, the trend component demonstrated slow growth (101.37% on the previous period and 102.61% year-on-year). With significant intra-industry differentiation prevailing, near-zero dynamics were observed in Q3 2025 in both the extractive and manufacturing sectors, while in Q4 2025, manufacturing entered a phase of slow growth.

In H2 2025, near-zero growth in mineral extraction consolidated after a prolonged downward trend observed from early 2022 till April 2025. The trend component in Q3 was equal to 100.35% of the previous relevant period and 100.02% year-

1. *Belaya A.* What is now cheap will become expensive: freight carriers are confident of a rapid tariff increase // *Forbes*. 07.04.2025. URL: <https://www.forbes.ru/biznes/534320-desevoe-stanet-dorogim-gruzoperevozciki-uvereny-v-skorom-roste-tarifov?abRecommendationArticles=dsrkbcntv>
2. *Kaukin A.S., Levchenko A.G.* Dynamics of industrial production in Q3 2025 // *Monitoring of Russia's Economic Outlook*. 2025. No. 28 (210). P. 1–5. URL: <https://www.iep.ru/files/RePEC/gai/monreo/monreo-2025-28-1468.pdf>

on-year, while in Q4 it amounted to 99.98% and 100.29%, respectively. The process of reorienting export flows to Asian markets can be considered largely complete, although market contraction risks still remain.

In Q3 2025, the oil industry faced a tightening of sanctions: in September 2025, the EU and the US imposed direct restrictive measures against PAO NK Rosneft and PAO Lukoil, including a transaction ban by the EU and inclusion on the SDN sanctions list.¹ This created additional risks for payments and counterparties. Sanctions attacks on infrastructure, particularly the Druzhba pipeline distribution station, also continued, leading to a temporary halt in supplies.² Production stabilized in Q4: by the end of the year, its volume is estimated at 516 mn tons, close to the 2024 level.³ This process was facilitated by the planned lifting of voluntary restrictions under the OPEC+ deal and the gradual increase in quotas.⁴

At the same time, companies are focusing on cost optimization and concentrating on the most profitable projects, as the cost of an additional barrel keeps rising. The process of reorienting exports from Europe to Asia, primarily China and India, can be considered largely complete. However, this creates new risks of excessive sales concentration, and strengthening positions in African and Southeast Asian markets will require significant infrastructure investments. The main constraints on oil production growth in the medium term, in addition to geopolitical factors, are the structural specifics of the well stock, which prevent rapid production increases.⁵

Natural gas production continued to decline in H2 2025. Total natural and associated petroleum gas production for 2025 amounted to 663 bn cubic meters (a 3.2% decrease compared to 2024).⁶ LNG production for 2025 decreased by 3.7% year-on-year, although a one-time increase was observed in October owing to the resumption of exports from the Portovaya LNG facility. The main factors constraining production are the reduction in both pipeline gas and LNG exports, as well as the contraction in domestic demand due to the unusually warm autumn weather. The latter is partially offset by increased production of gas chemical products, particularly mineral and chemical fertilizers. Ice conditions, which limit shipments from the Arctic

1. European Commission EU Adopts New Sanctions Against Russia // Press release. October 23, 2025. URL: https://commission.europa.eu/news-and-media/news/eu-adopts-new-sanctions-against-russia-2025-10-23_en

2. Media rating of oil and gas companies. Q3 2025 // Interfax. October 21, 2025. URL: <https://scan-interfax.ru/ratings/mediareiting-neftegazovyh-kompanii-3-kvartal-2025/>

3. A. Novak: Oil production in Russia in 2025 will amount to 516 mn tons // Vesti. December 25, 2025. URL: <https://www.vesti.ru/article/4846180>

4. Budrys A. Equation with compensation: why oil prices are not falling after the OPEC+ decision // Forbes. September 10, 2025. URL: <https://www.forbes.ru/biznes/545577-uravnenie-s-kompensaciej-pocemu-neft-ne-deseveet-posle-resenia-opek>

5. Semenovskiy O. Oil production in Russia in 2025 may remain at last year's level // Kommersant daily. November 6, 2025. URL: <https://www.kommersant.ru/doc/8180636>

6. According to Rosstat data.

LNG 2 project, create additional operational challenges.¹ US sanctions, which targeted mid-scale LNG plants in the Baltic region in January, had a significant negative impact on the industry. This led to a 61% decline in production in the Northwestern Federal District from January to November 2025, compared to the relevant period of the previous year.² Thus, despite the strategic importance of developing the LNG sector, its short-term growth is constrained by logistical and foreign policy restrictions.

In 2025, the coal industry saw moderate growth in export deliveries amid stagnant domestic production. Exports grew by 3.8% over the first nine months of the year, and by 13% year-on-year in November owing to strong demand from China and South Korea, as well as the redistribution of flows to Far Eastern ports. However, the industry remained deeply unprofitable: net losses for January–August amounted to Rb258 bn, and the share of unprofitable enterprises increased to 67%.³ Key constraints included low global prices, high rail tariffs, limited throughput at the Eastern Polygon, and, in H2 2025, a decline in demand in China because of increased domestic production and high inventories.⁴

In H2 2025, the manufacturing sector demonstrated mixed dynamics: in Q3, the trend component was equal to 101.01% year-on-year and 99.77% of the previous relevant period, in Q4 it was 105.00% and 103.87%, respectively.

The largest growth was observed in metallurgy, mainly owing to the production of basic precious metals and other non-ferrous metals and the production of nuclear fuel (an increase of 35.3% year-on-year in December); the production of steam boilers, except for central heating boilers (an increase of 15.9% in November compared to the relevant month of the previous year and an increase of 116.7% in December); the production of finished metal products not included in other groupings (an increase of 28% year-on-year in December).⁵

Growth continued in the production of transport vehicles and equipment driven primarily by aircraft production (up 57% year-on-year in October and 40% in December). However, production of motor vehicles declined 40.3% year-on-year in October and 33.3% in November, reflecting a contraction in consumer demand amid high borrowing costs.⁶ A decline was also observed in the production of railway lo-

1. Alifirova A. –3.3%. Gas production and LNG production in Russia decreased in January through November 2025//Neftegaz.ru. 24.12.2025. URL: <https://neftegaz.ru/news/dobycha/911301-3-3-dobycha-gaza-i-proizvodstvo-spg-v-rossii-za-11-mesyatsev-2025-g-snizilis/>

2. Russia reduced its total gas production by 3.3% over 11 months//TASS. URL: <https://tass.ru/ekonomika/26010451>

3. CAA “Pulse of Coal” — November 3, 2025: the coal industry at the moment//EastRussia. November 3, 2025. URL: <https://www.eastrussia.ru/material/puls-uglya-3-noyabrya-2025-ugolnaya-promyshlennost-v-momente/>

4. Trifonova P. Russia has increased coal exports in November by 13% year-on-year//Kommersant daily. 22.12.2025. URL: <https://www.kommersant.ru/doc/8295337>

5. According to Rosstat data.

6. Masyuk I. There is a decline in car production in Russia: figures and trend//KP. December 25, 2025. URL: <https://www.kp.ru/daily/27760/5190189/>

comotives and rolling stock (down 33.6% in October and 29.5% in November 2025, compared to the relevant periods of the previous year).¹

The chemical industry demonstrated steady positive growth driven by the production of pharmaceutical substances (more than doubling year-on-year in October and November 2025) and agrochemical production (up 20.9% in October 2025 compared to the relevant month of the previous year). This positive growth was facilitated by robust export demand, but was affected by the temporary ban on the exports of technical sulfur, a key raw material for the industry.²

The production of machinery and equipment, as well as the production of electrical equipment, electronic and optical equipment, were in a stagnation phase, which was caused by a decrease in investment activity and difficulties in replacing imported components and this constrained production cycles.³

Pulp and paper production is experiencing a deep recession aggravated by a combination of external and internal factors (it is declining, and the growth of paper and cardboard production has practically stopped). The industry has faced a narrowing of sales markets due to sanctions pressure, a sharp drop in prices in the key Chinese market due to an increase in local production, and a reduction in production in the related wood processing industry (wood processing and production of wood products are also in recession). The crisis in China's construction sector, which was the main market for Russian structural lumber, led to a collapse in global demand and the shutdown of many Russian wood processing enterprises.⁴

Thus, the Russian manufacturing sector is demonstrating extreme heterogeneity. Growth is concentrated in a limited number of segments directly supported by government programs (aircraft and shipbuilding industries, light industry). At the same time, traditional export-oriented and consumer industries (metallurgy, automotive industry, pulp and paper industry) are experiencing pressure on the back of declining external and domestic demand, falling prices and structural constraints.

In H2 2025, the construction sector was still in stagnation: the trend component in Q3 was 101.66% year-on-year and 100.00% compared to the relevant period of the previous quarter, while in Q4 quarter it was equal to 102.74% and 100.69%, respectively.

After declining demand during the summer months, November saw an increase in demand for new homes: the number of transactions in cities with a popula-

1. According to Rosstat data.

2. *Tchaikovsky B.* The Russian Federation will increase by 3–4% the production of fertilizers in 2026 (RAPU)// Agroexpert. December 5, 2025. URL: <https://agroexpert.press/numbers/rf-uvlechit-proizvodstvo-v-2026-godu-na-3-4-rapu/>

3. Industrial production in the Russian Federation decreased by 0.7% in November// Interfax. December 24, 2025. URL: <https://www.interfax.ru/business/1064946>

4. *Mordyushenko O.* The crisis in the Russian timber industry: causes and prospects, according to an expert// Kommersant daily. December 25, 2025. URL: <https://www.kommersant.ru/doc/8317237>

tion of over one million increased by 38.4% year-on-year. This growth is explained by pent-up demand, the expiration of high-yield deposits, and buyers' desire to secure mortgage terms ahead of expected changes to government programs.¹ However, in the medium term, the multi-apartment housing market remains under pressure: in January through November 2025, the number of new apartments and apartments sold across Russia as a whole decreased by 6.3% year-on-year.² The high key rate and the reduction in available preferential mortgage programs have led to a redistribution of demand in favor of cash transactions or installment plans from developers. Growth opportunities are emerging in niches related to logistics and tourism, where preferential lending programs are in place.³ Key constraints for the entire industry include the high cost of project financing, rising labor and material costs, and a structural shortage of skilled workers, whose cost of services has increased by more than 70% over two years.⁴ These costs, along with a decline in the number of new projects in 2024 and 2025, are creating inflationary pressure in the construction sector: from January to November 2025, the price per square meter in apartment buildings increased by 8.8%, while the average area of housing sold decreased.⁵

In the short term, the general phase of low growth rates in industry is expected to persist, amounting approximately to 2–3% by the end of 2026.⁶ Resilience in the extractive sector depends on sustained demand in key Asian countries, the absence of further tightening of sanctions and the price environment in global energy markets. In manufacturing, increased sectoral divergence is expected. Growth here will continue to be concentrated in a limited number of segments associated with government procurement and import substitution, such as the production of certain types of vehicles, equipment, and electronics. At the same time, traditional export-oriented (metallurgy, pulp and paper) and consumer industries will experience pressure due to limited external and domestic demand, high interest rates and structural constraints.⁷ Overall dynamics will be sensitive to changes in key sales markets and budget support measures.

1. *Meshkova S.* The demand for new buildings increased by 38% in November // *Kommersant daily*. December 23, 2025. URL: <https://www.kommersant.ru/doc/8314574>
2. *Pavlova-Katkova N.* Analysts estimated the decline in sales in new buildings in Russia in 2025 // *RBC*. December 25, 2025. URL: <https://rbcrealty.ru/news/694c06f59a7947abf85f9050>
3. *Smirnov A.* Construction in Russia 2025: where the money is going // *RBC*. November 5, 2025. URL: <https://companies.rbc.ru/news/Mq6IbxHvFR/strojka-v-rossii-2025-kuda-nesutsya-dengi/>
4. *Meshkova S.* The demand for new buildings increased by 38% in November // *Kommersant daily*. December 12, 2025. URL: <https://www.kommersant.ru/doc/8314574>
5. *Pavlova-Katkova N.* Analysts estimated the decline in sales in new buildings in Russia in 2025 // *RBC*. December 25, 2025. URL: <https://rbcrealty.ru/news/694c06f59a7947abf85f9050>
6. *D. Manturov:* Industrial growth in Russia may reach 2.5–3% in 2026. // *Vedomosti*. URL: <https://www.vedomosti.ru/business/news/2025/12/26/1166635-manturov-rost-promishlennosti>
7. *Rantseva A.* The Russian industry will end 2025 with an increase of more than 2% // *Real Time*. December 25, 2025. URL: <https://realnoevremya.ru/news/374507-rossiyskaya-promyshlennost-zavershit-2025-god-s-rostom-bolee-2>

3.3. Transportation complex¹

3.3.1. The importance of transportation sector to Russian economy

The transportation sector continues to play a vital role in Russia's socioeconomic development, both in terms of fostering trade and freight transportation and in ensuring territorial connectivity, realizing agglomeration effects, promoting labor mobility, and developing tourism destinations.

At the end of 2025, during a speech at the “Transport of Russia” forum, Russian Prime Minister Mikhail Mishustin noted that the transportation sector's contribution to Russia's GDP by year-end could reach about 6% (over Rb13 trillion),² and the government will continue large-scale investments in transportation development. Thus, the relevant investments could amount to nearly Rb6 trillion over three years.

At the same time, it is noted that over the past decade, the relative share of transportation's contribution to the economy, taking into account the growth of other economic sectors, has declined somewhat: while in 2016–2017 the share of the “transportation and storage” sector in gross value added exceeded 7%, this figure subsequently declined gradually to 6%.³

The net financial result (profit minus losses) of profitable organizations in the transportation sector (“transportation and storage”) for January–December 2025⁴ increased by 5.4% compared to the same period last year (while the figure for all economic activities decreased by 4.3%).

Overall, however, the share of profitable organizations in the “transportation and storage” sector continued declining: from 69.3% in 2024 to 67.4% in 2025, although the situation varies depending on the type of transport. For example, in the pipeline transportation sector, 81.7% of organizations were profitable, while in water transportation, only 66.1% were profitable.

3.3.2. Dynamics of transportation sector's key indicators⁵

Freight traffic activity

Freight turnover in 2025 (*Fig. 3*) declined slightly (by 0.73% year-on-year) to 5,538 bn ton-km, compared with 5,579 bn ton-km in 2024. as a percentage of GDP (in constant 2021 prices), freight turnover also continued to decline after peaking

1. Author: *Makarov A.V.* Candidate of Economic Sciences, Researcher, Quantitative Analysis of Economic Effects, Gaidar Institute.

2. Mishustin on the development of transportation, driverless taxis, and the queue at “Verkhniy Lars” // *Kommersant*. URL: <https://www.kommersant.ru/doc/8213597>

3. Structure of gross value added by economic sector in accordance with the 2008 SNA methodology (OKVED 2). URL: <https://www.fedstat.ru/indicator/59210>

4. Based on data available as of February 2026.

5. Excluding statistical data for the Donetsk People's Republic (DPR), the Luhansk People's Republic (LPR), and the Zaporizhzhia and Kherson oblasts.

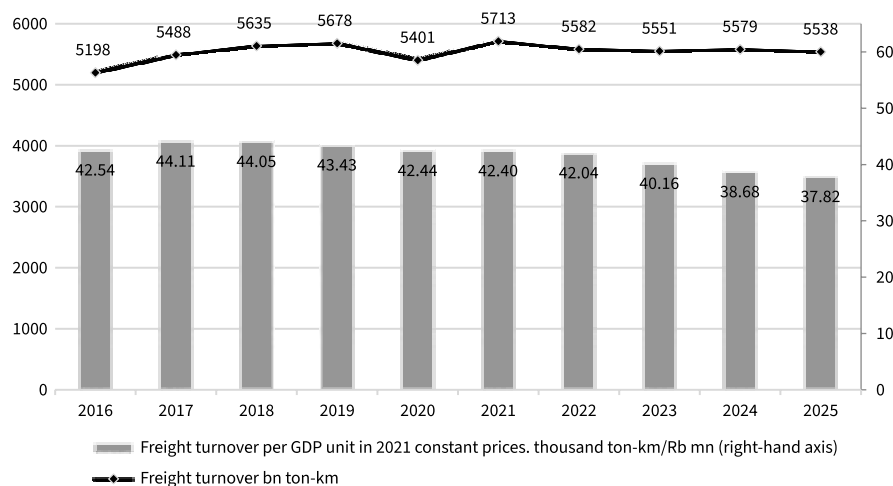


Fig. 3. Freight turnover dynamics, 2016–2025

Sources: Rosstat (URL: <https://rosstat.gov.ru/statistics/accounts>; <https://rosstat.gov.ru/statistics/transport>); own calculations.

in 2017; in 2025, it stood at 37,820 ton-km/Rb mn, having fallen by an additional approximately 2.2% over the year.

At the same time, the dynamics of freight turnover were uneven across types of transportation (Fig. 4). The lion's share was accounted for by rail and pipeline transportation, with each type accounting for about 45%. Comparing the statistics for 2025 and 2024, it is notable that the sharpest declines occurred in air (by nearly 5.3%) and maritime transportation (by 2.7%), which may be linked to increased infrastructure constraints as well as growing sanctions pressure from unfriendly countries. For rail transportation, the decline amounted to approximately 1.8%. The greatest growth was observed for inland waterway (by 3.57%) and road (by 3.37%) transportation.

The volume of freight transportation for 2025 by type of transport is shown in Fig. 5. Based on current available statistics, the total volume of freight transport decreased by 1.28% to approximately 9.17 bn tons. Overall, the decline in freight volumes resulted from a decrease in the rail and maritime segments, which was partially offset by growth in the road segment.

The sharpest declines were seen in air (approximately a twofold decrease) and rail (nearly 14.5%—from 1.3 bn to 1.1 bn tons) transportation, while maritime transportation saw growth of nearly 9.4%.

A defining feature of the past year was the continuation of the trend toward a geographical reorientation of logistics: the eastern direction continued to increase its share amid a steady decline in flows in the western direction.

Russian economy in 2025

Trends and outlooks

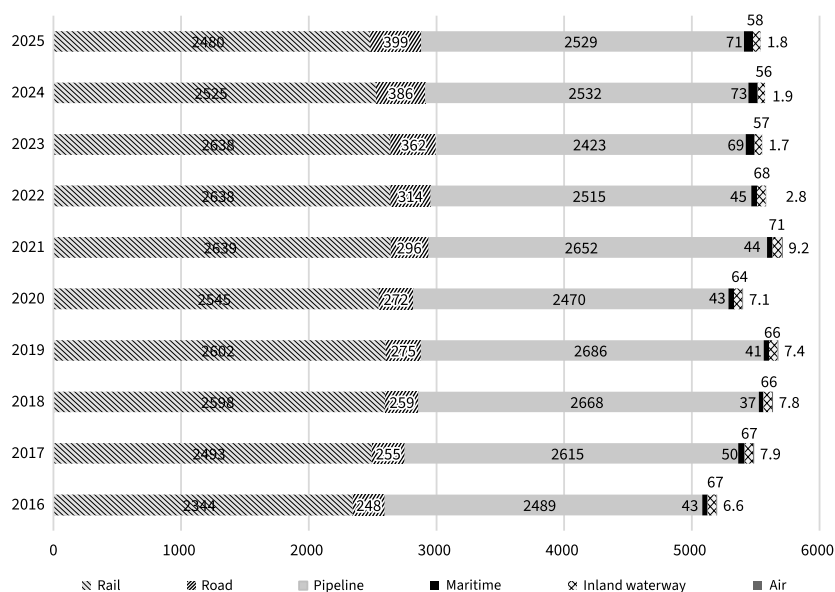


Fig. 4. Freight turnover structure by type of transportation (bn ton-km), 2016–2025

Sources: Rosstat (URL: <https://rosstat.gov.ru/statistics/transport>); own calculations.

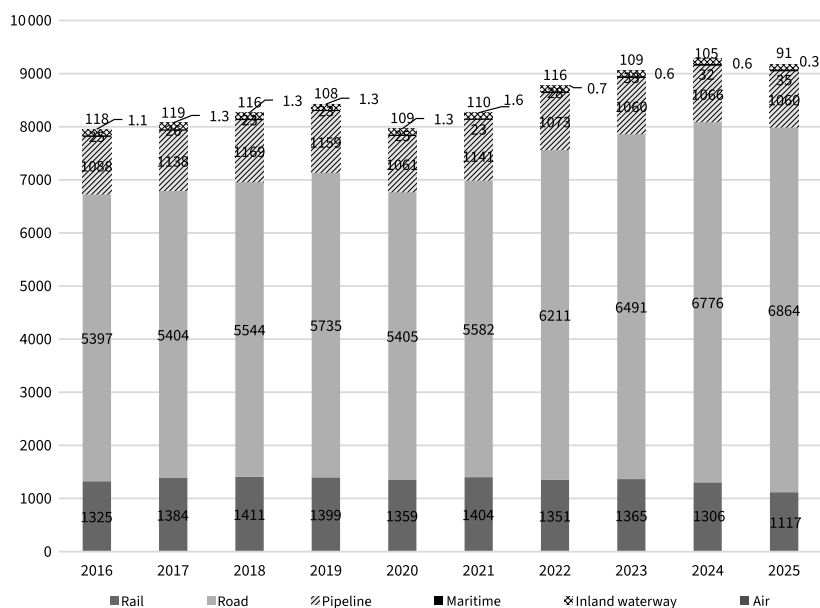


Fig. 5. Freight turnover structure by type of transportation (mn t), 2016–2025

Sources: Rosstat (URL: <https://rosstat.gov.ru/statistics/transport>); own calculations.

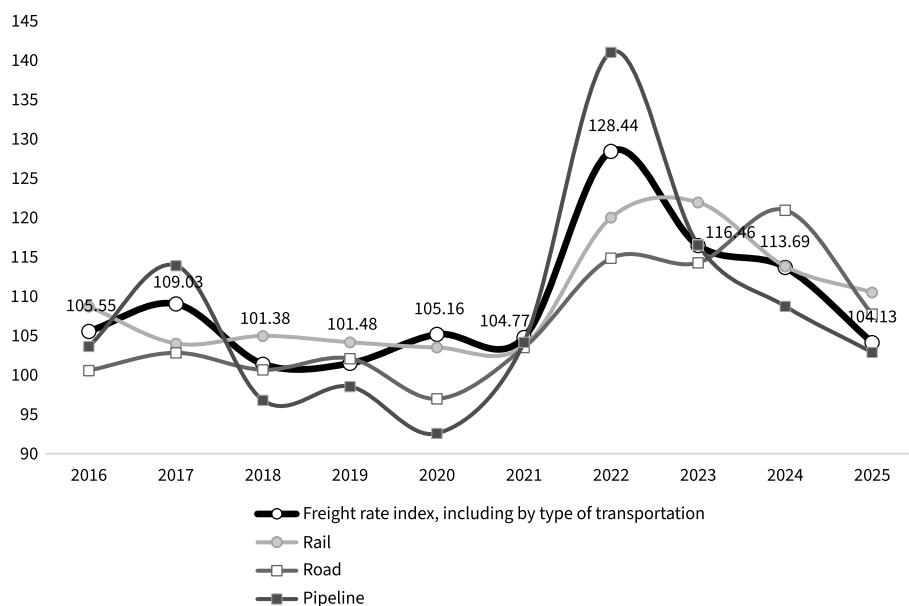


Fig. 6. Freight rate dynamics (aggregate and type of transportation)
December to December of previous year, %

Sources: UIISS (URL: <https://fedstat.ru/indicator/31076>); own calculations.

Significant volatility in demand continued to be observed in the freight transport sector. According to data from the ATI.SU freight exchange, demand for road transport fell by 30% in the first quarter of 2025 compared to 2024, but due to rising demand in the second and third quarters, the number of requests increased by 25%.¹ Requests were largely related to small-scale wholesale deliveries, as well as shipments of construction materials and food products, with significant growth observed in the Moscow metropolitan area. For example, shipments to Moscow increased by nearly 20% over the year, and to the Moscow region by 40%. However, record growth was observed for shipments from the Republic of Mordovia (up 218%) and from the Tambov Region (up 150%).

As for trends in freight rates, according to official data, the average annual price increase in December 2025 was 4.13%.² However, rate trends vary depending on the type of transport (Fig. 6).

1. Much ado about nothing: why freight rates are rising, but profits are not. URL: <https://www.forbes.ru/biznes/547867-mnogo-suma-iz-nicego-pocemu-stavki-na-gruzoperevozki-rastut-a-pribyl-net>
2. Freight rates indices. URL: <https://fedstat.ru/indicator/31076>

Thus, transportation rates increased by a minimum of 2.88% for pipeline, by 7.75% for road, by 7.68% for air transport, and by 1.6% for inland waterway transport, while, following the indexation in December, tariffs for rail transport — which is key in terms of transportation volume — rose by a significant 10.49%, and prices for maritime transport fell by approximately 0.17%. Overall, however, the trend of slowing growth in transportation costs continues, as the average annual growth rate exceeded 22% in 2022, was approximately 16.5% in 2023, and reached about 13.7% in 2024.

Freight rates also vary depending on the route.¹ For example, in road transport on the most important route — from Moscow to Saint Petersburg — rates rose by more than 23% over the course of the year, while in the opposite direction, they rose by only 5.5%.

Various causes and factors driving price increases have been identified: the closure of small companies and reduced competition, a 10–15% rise in fuel prices throughout 2025 (with fuel costs potentially accounting for up to 30% of production costs), a shortage of vehicles, expensive loans, and difficulties in collecting payments from customers. There has also been a deterioration in international transport: for example, in the case of Kazakhstan, industry analysts point to bureaucratic complications, as a result of which, in September–October 2025, transit delivery times for goods from China increased by nearly 1.5-fold, reaching 45 days.² Similar complications arose in other border countries: for example, border controls in Poland were tightened, which also negatively affected the cost of freight transportation.

Passenger traffic

Passenger traffic in 2025 fell by more than 12.4%, totaling 524.9 bn passenger-kilometers, compared to 599.5 bn in 2024. Bus passenger traffic saw the sharpest decline — by more than 18.6% to 95.3 bn passenger-kilometers. Air (284.4 bn passenger-kilometers) and rail (144.3 bn passenger-kilometers) transport accounted for the largest shares; for these types of transport, the decline was within 1%. In terms of growth rates, maritime passenger traffic increased the most — by 7.6%, according to preliminary data.

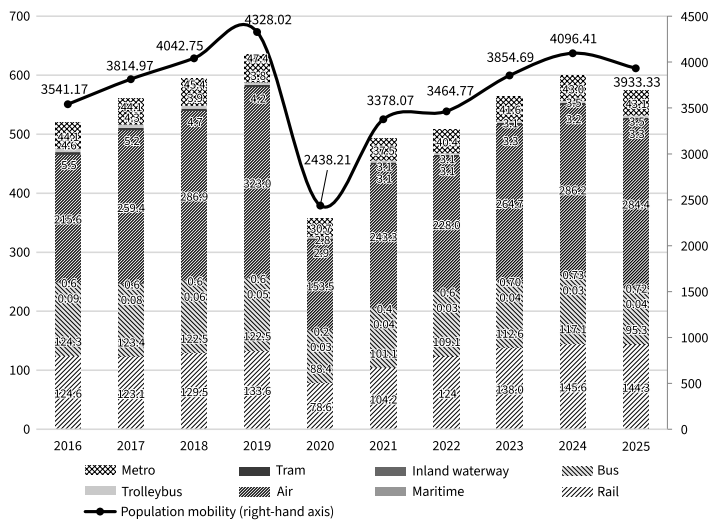
The structure of passenger traffic and the population's transport mobility³ within Russia are shown in *Fig. 7*. At the same time, population mobility declined by nearly 4% after reaching its peak in 2024.

The total volume of passenger traffic across all types of transportation in 2025 declined slightly compared to the previous year (*Fig. 8*).

1. Much Ado About Nothing: Why Freight Rates Are Rising, but Profits Are Not. URL: <https://www.forbes.ru/biznes/547867-mnogo-suma-iz-nicego-pocemu-stavki-na-gruzoperevozki-rastut-a-pribyl-net>

2. Trucks are losing cargo. URL: <https://www.kommersant.ru/doc/8121217>

3. Ratio of passenger traffic to the average annual population (million passenger-km/million people).



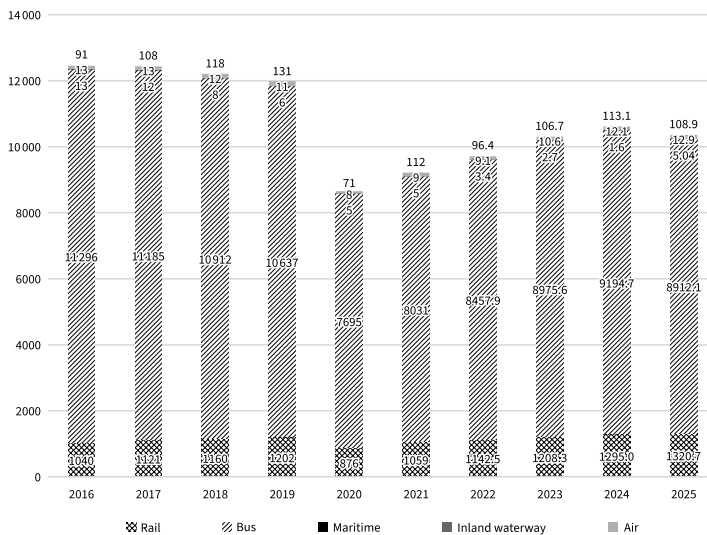
Note. 1. Population mobility — passenger traffic per capita (mn passenger-kilometers per mn people).

2. 2025 based on real-time data (January–December).

Fig. 7. Passenger traffic structure by type of transportation (bn passenger-km), 2016–2025

Sources: Rosstat (URL: <https://rosstat.gov.ru/statistics/transport>; <https://rosstat.gov.ru/folder/12781>);

UIISS (URL: <https://fedstat.ru/indicator/43534>); own calculations.



Note. 2025 based on real-time data for January–December.

Fig. 8. Passenger traffic structure by type of transportation (mn passengers), 2016–2025

Source: Rosstat (URL: <https://rosstat.gov.ru/folder/23455>); UIISS (URL: <https://fedstat.ru/indicator/31315>); own calculations.

When broken down by type of transport, the overall trends vary. The largest increase was seen in maritime transport: while approximately 1.6 bn passengers were carried in 2024, 2025 saw a 223% increase — to over 5 bn passengers. Inland waterway transportation also saw a significant increase in passenger traffic — by nearly 6.65%, to approximately 12.9 bn. Rail transportation remained fairly stable, with a 2% increase. Passenger traffic on bus and air transportation declined by more than 3%.

3.3.3. Current issues and key trends in the development of the transportation sector, broken down by type of transport

Rail

In 2025, rail transportation was the primary contributor to the decline in total freight traffic. Loading on the Russian Railways network totaled 1,116.8 mn tons for the year — 5.6–5.7% less than in 2024 and 13% below the pre-crisis level of 2021. The average monthly loading volume (93 mn tons) was significantly lower than the figures for 2021–2023, when the figure exceeded 100 mn tons. Rail freight turnover amounted to 2,479.8 bn ton-kilometers (–1.8%).

The decline affected all key commodity categories:

- Ferrous metals: –17.7% amid a contraction in metallurgical production.
- Construction materials: –10.5% due to a slowdown in the construction market.
- Petroleum products: –5.0% due to refinery maintenance.
- Coal: –2.1% to 324.5 mn tons; the sharpest decline occurred in April (–7%) and December (–8%).
- Container traffic on the Russian Rail network: –4.1%, reflecting a decline in transit flows from Asia to Europe.

At the same time, the financial situation of Russian Railways remained a pressing issue in 2025. At the federal level, measures to support the company were being considered in light of its difficult financial situation. According to the September 2025 financial statements¹ the company's net profit fell from over Rb100 bn to less than Rb25 bn, while long-term liabilities rose from Rb2.18 trillion to Rb2.58 trillion, although short-term debt decreased slightly (to Rb2.65 trillion). At the same time, banks rejected a proposal to convert debt into company shares, and various options for state support of Russian Railways² were considered, including a possible increase in subsidies, a reduction in the tax burden, and the use of funds from the National Wealth Fund.

1. Consolidated financial statements of Russian Railways (RZD). URL: <https://www.e-disclosure.ru/portal/files.aspx?id=4543&type=4>

2. RZD began discussions with banks regarding debt relief in 2026. URL: <https://www.forbes.ru/biznes/550742-rzd-nacali-obsuzdat-s-bankami-oblegchenie-dolgovogo-bremani-v-2026-godu>

In 2025, discussions took place regarding Russian Railways' investment program, which largely determines the key priorities for the development of rail transport. In 2024, the total volume of the investment program amounted to Rb1.275 trillion; in 2025, it was reduced to less than Rb891 billion; subsequently, a program for 2026 was discussed within the range of Rb1 trillion.¹ as a result, on December 29, 2025, the approval of an investment program totaling less than Rb714 bn was announced, although even more radical recommendations to reduce it to Rb590 bn were voiced during the discussions.²

The reduction in the investment program led to the announcement that a number of capital-intensive investment projects would be abandoned, such as the construction of the North Siberian rail to China (the project cost could have reached up to Rb50 trillion, taking into account the geological characteristics of the territory in question).³ More localized cost-saving measures were also adopted, including the sale of some offices, the transfer of a number of employees to regional offices, and the indexation of employee wages by only 0.1%.

Meanwhile, active construction of the Moscow–Saint Petersburg high-speed rail line continues. More than 7,000 workers and 3,000 pieces of equipment are involved in the project, which is scheduled for completion by 2028.⁴ The route will be nearly 700 km long, with a planned maximum speed of up to 400 km/h, which will reduce travel time between the largest metropolitan areas to 2 hours and 15 minutes, while travel time from Moscow to Tver is expected to be reduced to approximately 40 minutes. It is expected that this will mark the beginning of active high-speed rail construction in other regions of Russia as well.

Nevertheless, plans for developing the high-speed rail network require careful consideration in terms of both selecting optimal routes (where necessary, minimizing not only environmental risks but also the risks of land expropriation from owners) and the effectiveness of such infrastructure projects, especially given the challenges of budget deficits.

Road

Road transportation was the only segment to show positive growth in freight volume in 2025: freight turnover reached 398.5 bn ton-km (+2.9%). However, the pace of growth slowed significantly: in 2024, growth stood at 6.5%, compared to 22.1%

1. RZD's investment program for 2026 will be presented to the government in December. URL: <https://www.interfax.ru/business/1058670>
2. The RZD Board of Directors approved the investment program for 2026. URL: <https://www.rbc.ru/business/29/12/2025/69526cec9a79475cd74316c7>
3. Russian authorities plan to abandon the construction of a new railway line through the Khanty-Mansi Autonomous Okrug. URL: <https://www.kommersant.ru/doc/8250305>
4. Work is proceeding on schedule on all sections of the Moscow–Saint Petersburg high-speed rail line. URL: <https://mintrans.gov.ru/press-center/news/12127>

in 2023. The combined revenue of major road freight transportation companies reached approximately Rb2.63 trillion — an increase of no more than 1% compared to 13% in 2024.

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The industry is facing stagnant rates, rising operating costs (fuel, loans for fleet renewal), and the threat that some small carriers may exit the market. Industry experts note a fairly high risk of bankruptcy for freight carriers,¹ and this mainly concerns medium and large firms. There are issues with high interest rates, which complicate business operations given the industry's heavy reliance on credit financing.

While a few years ago the interest rate for leasing a truck could be around 15%, it has recently reached 30%, which hinders fleet renewal, as the average age of carriers' vehicles is 23 years. Given these interest rates, a nominal vehicle price of 20 mn under a lease agreement translates into a payment of 100 mn over five years, forcing many companies to return the vehicles they leased. Consequently, truck production has also declined; for example, over 10 months it amounted to 109,000 units, which is almost a third lower than the corresponding figure for 2024.²

However, many companies were forced to continue operating at a loss in 2025; by the end of 2024, it was noted that, on average, 17% of transportation costs remained uncovered.³ Furthermore, such companies are sometimes unable to withstand competition from carriers who underreport their costs using shady schemes; according to industry estimates, up to 70% of the road freight market may rely on such schemes.

The typernization of public transportation in Russia's regions has continued, largely with federal support,⁴ as the goal has been set to bring 85% of public transportation vehicles up to standard by 2030. Thus, it is noted that over the past three years, 12,500 vehicles have been transferred to the regions, with plans to deliver over 30,000 more. More than 420 trams and nearly 300 electric buses — conside-

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1. Logistics costs are rising//Kommersant. URL: <https://www.kommersant.ru/doc/7364615>
Crisis in Russia's transportation logistics: Overview of the situation and regional characteristics in 2025//URL: <https://логисты-юга.рф/news/tpost/dxflx23221-krizis-v-transportnoi-logistike-rossii-o>
 2. Passenger car production in Russia has fallen to a record low. URL: https://www.gazeta.ru/auto/news/2025/11/27/27279193.shtml?utm_auth=false
 3. "We'll Transport Goods on Donkeys." The Russian Freight Market on the Brink of a Systemic Crisis. URL: <https://www.fontanka.ru/2025/03/07/75191300/>
 4. The "Public Transport 2025" forum defined the direction of development for urban transport in Russia. URL: <https://gortransport.com/na-forume-obshhestvennyj-transport-2025-opredelili-vektor-razvitiya-gorodskogo-transporta-rossii/>

red an important eco-friendly type of transportation — have been purchased. Meanwhile, when typernizing public transport in cities and metropolitan areas, it is necessary to conduct public and expert discussions to prevent a decline in transport accessibility for the population, which often occurred when route taxi systems were phased out and public transport was monopolized by state-owned carriers. When typernizing the system, it is important to maintain competition, including in the field of transportation services.

A serious debate continued in 2025 regarding taxi regulations. A corresponding federal law¹ was adopted, which was scheduled to take effect on March 1, 2026. In line with the logic of import substitution, the law effectively prohibits the registration of new foreign-made vehicles in the taxi registry, allowing only vehicles that meet domestic production requirements. Two options for vehicle approval were provided:

- 1) The vehicle must be manufactured under a Special Investment Contract (SIC) concluded between March 1, 2022, and March 1, 2025.
- 2) The vehicle must earn the required number of localization points, which means manufacturing a greater number of components at a plant in Russia. In accordance with the requirements, only 6 car brands were included in the approved list,² which may create restrictions both for the purchase of new vehicles and for the procurement of components.

Such drastic measures to promote import substitution have raised concerns among experts, as, according to estimates³ the Government Analytical Center, the taxi industry could lose more than 500,000 drivers — or about 51% of the total — in part because new vehicles that meet the requirements are more than twice as expensive as those purchased previously, and rising prices could negatively impact the affordability of taxis for the public.

As a result, amendments to ease the regulations began to be discussed. In particular, a mechanism was proposed stipulating that, until January 1, 2033, a quota of at least 25% of the entries in the regional taxi registry would be established; within this quota, drivers (self-employed individuals) will be able to use their own vehicles that do not meet the localization requirements.⁴ Ultimately, in December, Bill No. 964819-8 was adopted, which enshrined this relaxation, with the stipulation

1. Federal Law No. 116-FZ of May 23, 2025 “On Amending Articles 9 and 10 of the Federal Law ‘On the Organization of Passenger and Luggage Transportation by Passenger Taxis in the Russian Federation, on Amending Certain Legislative Acts of the Russian Federation, and on Recognizing Certain Provisions of Legislative Acts of the Russian Federation as No Longer in Force’”.

2. Taxis in Russia after 2026: which vehicles will be allowed and why this has caused controversy. URL: <https://favorit-motors.ru/articles/actuale/taksi-v-rossii-posle-2026-goda-kakie-mashiny-razreshat-i-pochemu-eto-vyzvalo-spor/>

3. The State Duma passed a law on taxi localization. How it will work. New requirements could deprive the industry of half its drivers//RBC. URL: <https://www.rbc.ru/life/news/6824878f9a794719d7c65485>

4. Authorities supported quotas for taxi drivers’ personal non-localized vehicles// RBC. URL: <https://www.rbc.ru/politics/24/11/2025/6923483d9a79470026285e8c>

on that the self-employed individual must personally use the vehicle and have owned it for more than six months.

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It is worth noting that there has recently been a trend among citizens to give up their own cars, including an increase in taxi use; for example, according to surveys, 92% of young people (aged 18 to 30) use this type of transportation.¹ Moreover, while in 2020, 32% of respondents stated they did not own a personal car, this share has now risen to 35%. Researchers note that not owning a car is not only a matter of financial constraints but also of a changing lifestyle in general, as among those who do own a car, only 8% rely solely on this type of transportation, while 73% of them still actively use taxis. This is accompanied by a sharp rise in car-sharing usage: while this market was valued at Rb44 bn in 2023 and exceeded Rb63 bn by the end of 2024, it is expected to grow to as much as Rb230 bn by 2028.

In late 2025, an important legal change in the regulation of toll roads was discussed. Specifically, the authorities of Moscow (and the federal territory of “Sirius”) were granted the authority to establish toll zones, for which the federal law’s requirement that an alternative free road be available for any toll road was waived. The consequences of this law are not yet clear; it is sometimes suggested that tolled entry may affect only “Skolkovo” and the Business Center in Moscow City.² However, theoretically, the law allows any district of Moscow to be designated a tolled entry zone, which could lead to adverse social consequences.

A significant trend in 2025 was the record growth in wages in the transportation sector, including for drivers, given the current shortage. Thus, it is noted that over the first nine months of 2025, wages increased by 12% to nearly 140,000 rubles, and in just two years, wage growth reached nearly 70%,³ making it comparable to other relatively prestigious types of work. At the same time, wage increases are also driven by the need for higher qualifications (knowledge of digital systems (including navigation), accounting software, and 1C).

1. Russians are increasingly less in need of their own cars. URL: https://www.ng.ru/economics/2025-11-16/1_9380_car.html

2. The State Duma passed a law allowing for the introduction of toll zones for driving in Moscow. URL: <https://www.forbes.ru/society/552368-gosduma-prinala-zakon-o-vozmozhnosti-vvodit-platnye-zony-dla-proezda-v-moskve>

3. Drivers’ salaries in Russia have risen by 68% over two years // Kommersant. URL: <https://www.kommersant.ru/doc/8142446>

In the meantime, the gradual rollout of autonomous vehicles is also a possibility. For instance, in 2026, Yandex¹ plans to launch 100 autonomous taxis on the streets of Moscow. There is already some experience with developing this type of transportation: as early as 2021, Yandex and the Russian Ministry of Economic Development agreed to conduct such an experiment; the first experimental driverless taxis appeared in the Yasenevo district of Moscow (40 locations), in Innopolis in Tatarstan, and in the Sirius federal territory. Currently, the focus is on launching relatively widespread use.

In 2025, the regulatory framework for the expansion of driverless commercial transport was established: in November, authorities expanded the permitted operating area for highly automated trucks on public roads.

Air

In 2025, the aviation industry recorded its first decline in passenger traffic since 2022. According to estimates by the Ministry of Transport, airlines carried approximately 108.5 mn passengers in 2025 (about half of whom were carried by Aeroflot), which is 2.5–3% less than in 2024. Transportation breakdown: domestic market — 81.2 mn people (about 74%); international routes — 27.4 mn people (about 26%).

According to Rosaviatsiya, the projected passenger volume for 2026 is 110.4 mn passengers,² whereas in 2024, passenger traffic reached 111.7 mn people.³

International traffic showed a slight increase (+1.6%); the growth was driven mainly by flights outside the CIS (+8.4%, 17.72 mn passengers). The decline in the overall figure was driven by a shortage of transport capacity — a reduction in the fleet due to the inability to maintain Western aircraft. Air cargo traffic (transport aviation) fell even more sharply — by 8.9%, to 0.4 mn tons.

In the air transport sector, challenges related to sanctions-imposed restrictions remained relevant in 2025, leading to a decline in the purchase of new aircraft and spare parts, the aging of the fleet, and an increased risk of accidents. Following the departure of foreign manufacturers from the Russian market (Boeing, Airbus), plans for import substitution (e. g., using the Tu-214) were also not fully implemented.⁴

As part of the national project “Efficient Transport System,” the typernization of airport infrastructure is continuing, including efforts to meet the goal of increa-

1. Yandex.Taxi will introduce a new type of robotaxi and expand its service area. URL: <https://www.forbes.ru/biznes/548249-andeks-taksi-vnedrit-robotaksi-novogo-formata-i-rassirit-zonu-ego-ispol-zovania>

2. Russian airlines may carry 110.4 million passengers in 2026. URL: <https://tass.ru/ekonomika/26091631>

3. Aviation is on a downward trend. URL: <https://expert.ru/promishlennost/aviatsiya-vzyala-kurs-na-snizhenie/>

4. Tu-214 deliveries are behind schedule due to difficulties with personnel and contractors. URL: <https://www.vedomosti.ru/business/articles/2025/03/27/1100437-postavki-tu-214-v-etom-godu-otstanut-ot-plana>

sing the number of flights per capita by 50% by 2030.¹ Since 2019, 35 airports have been typernized. as part of the typernization, longer runways are being built to accommodate larger aircraft, and new lighting equipment is being installed to help airports operate even in adverse weather conditions, which is particularly important for a number of regions.

The expansion of air travel is planned through the active development of inter-regional routes that do not require a layover in Moscow. as a result, more than 53% of domestic flights were operated without a layover in Moscow.² This was made possible in large part by government subsidies. For example, special fares were offered for nearly 270 routes in 2025, with more than 70 of them being new routes.

Aircraft maintenance remains a key challenge, particularly regarding spare parts; additionally, there is an ongoing need to import wide-body aircraft for long-haul flights, as these are not manufactured domestically. As part of import substitution efforts, the first deliveries of MC-21 and SJ-New aircraft are expected in the fall of 2026. Air travel will also be influenced by the fairly active use of ground transportation, especially for distances of 400–500 km; the development of high-speed rail could also become an important factor.

Maritime and waterway transportation

In recent years, maritime cargo throughput has declined slightly, partly due to sanctions-related restrictions and the reorientation of trade toward the East. By the end of 2025, cargo throughput at Russian seaports had decreased by 0.4% to 884.5 million tons (*Table 16*). Trends varied across different basins.³ For example, despite an overall decline in cargo turnover, ports in the Far Eastern basin showed significant growth (+6.6% year-over-year).

Nevertheless, some ports saw an increase in throughput: for example, Primorsk and the Main Port of Saint Petersburg saw increases of 5% and 3%, respectively.

Maritime transportation is widely used for the sale of crude oil and petroleum products. According to industry estimates, maritime oil shipments reach 3.2 mn bbl per day, with the main buyers being India (1.7 mn bbl), China (1.1 mn bbl), and Turkey (0.3 mn bbl).⁴

However, it is noted that the development of water transportation is being held back by the current shortage of container ships.⁵ For instance, Russian vessels ge-

1. Air Gateways for Tourism. How Airport Typernization Is Changing the Map of Travel in Russia. URL: <https://lenta.ru/articles/2025/12/01/aviavorota-dlya-turizma/>

2. 72 new routes without extra fees or layovers: regions take control of the skies. URL: <https://www.moneytimes.ru/articles/perevozchik/114931/>

3. Typerate Correction // Kommersant. URL: <https://www.kommersant.ru/doc/8377537>

4. Who buys Russian oil. URL: <https://alfabank.ru/alfa-investor/t/kto-pokupaet-rossiyskuyu-neft/>

5. The growth of maritime freight transportation in Russia has been hampered by a shortage of container ships. URL: <https://www.dp.ru/a/2025/12/01/spustit-na-vodu>

Table 16

Structure and trends in freight turnover at seaports

Source	Freight turnover in 2025, mn t	Dynamics, %
All ports (total)	884.5	−0.4
Far East Basin, including:	252.1	+6.6
— dry cargo	169.1	+9.4
— liquid cargo	83.0	+1.2
Baltic Basin	271.3	−0.6
Arctic Basin	87.1	−6.3
Azov-Black Sea Basin	265.4	−3.9
Containers (all ports)	54.0	−2.7

Source: Association of seaports.

nerally lag significantly behind foreign competitors in terms of capacity. At the same time, according to industry data, total demand could reach 500 cargo ships by 2030, but currently the rate at which old ships are being decommissioned is roughly twice the rate at which new ones are being built.

The Northern Sea Route (NSR) ended 2025 with a volume of approximately 37 mn tons, which is 0.4–0.9 mn tons below the record level of 2024 (37.9 mn tons). Nevertheless, it is not entirely accurate to interpret this as a setback: cargo traffic along the route has increased ninefold compared to 2014 (4 mn tons). A structurally significant achievement was the 2.6-fold growth in transit shipments, while the volume of Russian-Chinese shipments via the NSR doubled. The number of vessel trips increased by 20% by 2024.

Measures are being taken to promote more active use of inland waterway transport for both freight and passenger transportation, taking into account trends in the development of domestic tourism (for example, in 2024, more than 420,000 tourists were transported¹). Closer integration of waterway transportation with rail and road transportation should serve as an additional driver of development to improve the transport accessibility of regions.

For instance, the federal “River Highways” project includes plans to add new routes. For example, a route from Rybinsk to Gorodets was launched in 2025, and routes from Kazan to Perm, Ulyanovsk to Saratov, and Saratov to Astrakhan are also planned by 2030. Under the project, companies that transport passengers on the Volga River using high-speed vessels are eligible for state support.

1. In 2025, approximately 100 vessels will operate on inland waterways in the European part of Russia. URL: <https://transportrussia.ru/razdely/rechnoj-transport/12358-v-2025-godu-na-vnutrennikh-vodnykh-putyakh-v-evropejskoj-chasti-rossii-budut-khodit-poryadka-100-sudov.html>

This project began in the fall of 2023; in 2024, nearly Rb50 mn were allocated to subsidize river transport, and in 2025, the amount increased to Rb150 mn. The subsidy amounts were determined based on scientific research conducted at VSUVT; the cost of transportation per kilometer was calculated depending on the destination, vessel type, and lock transit waiting time.

According to the plan, 33,800 people were to be transported in 2024, and the target was nearly met.¹ Initially, only three regions participated in the project — the Nizhny Novgorod oblast, Tatarstan, and Chuvashia — but it gradually began to expand to other promising regions.

The development of inland waterway transportation also requires corresponding infrastructure development. Over the past 10 years, more than 20 new piers have been built, including in Elabuga, Kostroma, Ples, and others. New vessels are also needed, resulting in the expansion of production of these vessels; for example, the Moscow government is implementing a project to develop a typern shipyard in the Nagatinsky Backwater.

Pipeline

Many trends from previous years continue to shape the development of pipeline transportation, including those related to sanctions pressure and the shift of supplies from the European market to other jurisdictions. Within the European Union, discussions continued on further steps to phase out Russian gas; specifically, plans were made to phase out short-term contracts for liquefied natural gas (LNG) starting in April 2026, and long-term contracts starting in early 2027.²

As for pipeline gas, similar bans are scheduled to take effect in June 2027 for short-term contracts and in September 2027 for long-term contracts, although it is noted that specific dates may be adjusted depending on the pace of storage filling. At the same time, such a decision regarding pipeline gas can hardly be called a major blow to the Russian gas industry, since gas supplies to the EU have already fallen by nearly tenfold (from 150 bn m³ per year to 15 bn m³); in fact, only three EU countries — Hungary, Slovakia, and Greece — are currently purchasing gas in this manner. U.S. authorities plan to persuade Hungary and Slovakia to stop purchasing gas.³

At the same time, a potential halt to LNG purchases is highly significant, as European countries accounted for roughly half of all shipments. In particular, the Yamal LNG project played a major role in these supplies (with a capacity of over 17 mn tons per year, or about 24 bn m³).

1. High-speed vessels failed to meet passenger transport targets. URL: <https://www.kruiz-info.ru/novosti/otraslevye-novosti/12-rechnye/9600-skorostnye-suda-ne-vypolnili-plan-perevozki-passazhirov>

2. By and large. URL: <https://rg.ru/2025/12/05/po-bolsheму-schetu.html>

3. The U.S. will discuss with Hungary and Slovakia the possibility of abandoning Russian gas. URL: <https://www.rbc.ru/rbcfreenews/698e76529a79470756d5a40b>

Within the structure of Russia's main gas pipeline system,¹ a significant portion is directed to Europe, with only one pipeline going to China. However, a second gas pipeline to China is being designed, which is scheduled to come online after 2030.² This pipeline may be named "Power of Siberia-2" (with a capacity of up to 50 bn m³ per year). For comparison: the existing "Power of Siberia" pipeline has a capacity of 38 bn m³, which was reached in 2024, but by 2027, deliveries of 44 bn m³ are already planned.

That said, the domestic market accounts for a significant share of gas consumption in Russia. For example, by the end of 2024, gas production reached approximately 685 bn m³, exports via pipelines amounted to about 120 bn m³, in the form of LNG — more than 47 bn m³, and the remainder (520 bn m³) was accounted for by domestic gas consumption. The continuation of gasification programs for Russian settlements plays a crucial role.

As for the oil market, oil production in 2025 declined slightly to 512 mn tons (a decrease of 0.8% compared to the previous year).³ In 2025, Russian oil was actively purchased by a number of European countries (Hungary, Slovakia), but the priority market, as in previous years, was China. Thus, it was noted that oil shipments via pipelines reached about 0.8 mn bbl per day, utilizing the Druzhba pipeline (for European countries) and the Eastern Siberia–Pacific Ocean (ESPO) pipeline. The Druzhba pipeline previously had a capacity of 0.7–0.8 mn bbl per day; currently, the northern branch is not in use, while the southern branch supplies only about 170,000 bbl per day for consumption by Hungary and Slovakia.⁴ As for supplies to China via the ESPP, approximately 0.6 mn bbl per day can be shipped from the Skovorodino pumping station to Mohe. In addition, about 200,000 bbl per day are also exported to China via Kazakhstan.

However, it should be noted that supplies to China may decline if sanctions pressure continues. Thus, according to some estimates, by November 2025, China's oil purchases from both state-owned and private entities could decrease by as much as two-thirds due to U.S. policy, since, on the one hand, Shandong Yulong Petrochemical (a major oil refinery) was placed on sanctions lists for actively purchasing Russian oil, and on the other hand, the threat of secondary sanctions for cooperation with major Russian companies has increased. According to industry estimates, sanctions could potentially reduce purchases of Russian oil to 400–500 thousand bbl per day.⁵

1. List of main gas pipelines, the construction, reconstruction, and major repair of which, as well as the construction, reconstruction, and major repair of their integral technological components, are carried out by natural monopolies in the field of gas transportation via pipelines. URL: <http://government.ru/docs/all/156168/>
2. Where does gas from Russia go? URL: https://alfabank.ru/alfa-investor/t/kuda-idet-gaz-iz-rossii/?utm_referrer=https%3a%2f%2fwww.google.com%2f
3. Oil production in Russia in 2025 declined slightly. URL: <https://www.vedomosti.ru/business/articles/2026/01/23/1171377-dobicha-nefti>
4. Who buys Russian oil. URL: <https://alfabank.ru/alfa-investor/t/kto-pokupaet-rossiyskuyu-neft/>
5. China has sharply reduced its purchases of Russian oil. URL: <https://www.gazeta.ru/business/news/2025/11/18/27211028.shtml>

The situation with India is more unpredictable.¹ For instance, while India was purchasing 1.8 mn bbl per day in November 2025, this volume dropped to 1.1 mn bbl per day in January 2026. In February, a deal was announced between the U.S. and India under which India would refrain from additional purchases of Russian oil in exchange for reduced customs duties, although the final terms of the agreement (which is scheduled to be signed in March) remain unclear. Later in 2026, the easing of US sanctions in connection with the situation in Iran had a positive impact on India's purchases of Russian oil.²

* * *

In 2026, according to current trends and forecasts by industry experts, aggregate freight traffic volumes are expected to remain at a level close to that of 2025, without any significant recovery — amid unchanging structural constraints on infrastructure capacity. A key systemic trend of the year may be the deepening of intermodal freight redistribution: the shift of cargo from rail to road transportation, the growth of the eastern vector in maritime transport, and the first commercial results of autonomous logistics.

The situation in the *rail transportation sector* will largely depend on the effectiveness of the package of measures proposed to improve the situation at Russian Railways. This should involve both increasing the efficiency of freight transportation (which accounted for over 80% of the company's revenue) and reducing costs. However, fare increases alone cannot solve RZD's problems, and this issue must be linked to developments in other sectors. For example, coal is the most important cargo for the company, but while half of coal companies were operating at a loss in 2024, this share rose to 75% in 2025,³ which calls into question further tariff increases. Another example: given the rise in tariffs, the share of cement transported by rail fell to 36% in 2025, down from over 70% years earlier.

Forecasts for the trend in rail freight volumes in 2026 differ:

- Russian Railways' financial plan (official target) — 1,132 mn tons (+1.4% compared to 2025).⁴
- The baseline scenario of the Institute for Natural Monopolies (IPEM) — 1,120 mn tons (+0.5%).⁵

1. Relying on China: Will the PRC accept all the Russian oil rejected by India? URL: <https://www.forbes.ru/biznes/555688-molit-sa-na-kitaj-primet-li-kr-vs-u-otvergnutuu-indiej-rossijskuu-neft>

2. India has increased its oil purchases from Russia. URL: <https://www.rbc.ru/politics/16/03/2026/69b7d1019a79478b2a1ae501>

3. Russian Railways has faced financial problems. How will the largest company solve them? // Lenta. URL: <https://lenta.ru/articles/2026/01/13/rzd/>

4. Russian Railroads forecast a 1.4% increase in freight volume on the company's network in 2026 // Interfax. URL: <https://www.interfax.ru/business/1068746>

5. Freight volumes are being recorded for railcars. URL: <https://expert.ru/promishlennost/vagonam-fiksiruyut-pogruzku/>

Passenger segment in 2026, according to various forecasts, the trend is expected to remain stable: building on the momentum of growth in 2025, passenger traffic is projected to continue increasing, with demand for long-haul routes outpacing growth, including in preparation for the launch of the high-speed rail line (HSR).

Road transport remains the only freight segment with a stable growth forecast. According to forecasts¹ by the First Freight Forwarding Company (PEK) and M.A. Research, the road freight market will grow by 3.8–7% in 2026, with part of this growth directly driven by shippers shifting away from rail. According to the baseline scenario of the Russian Ministry of Economic Development, the volume of road freight transport in 2026 will amount to 7,545 mn tons (+11.4%), and freight turnover will reach 431.3 bn ton-km (+11.3%).

The expansion of autonomous freight logistics is becoming a structural factor. In 2026, autonomous trucks will transport approximately 1–1.5 mn m³ of cargo,² and special corridors will be launched on the Saint Petersburg–Kazan route in addition to those already operating on the Central Ring Road. The total fleet of highly automated vehicles will reach approximately 313 units. Concurrently, the Russian Ministry of Transport is preparing a “White Paper” — a practical guide to the implementation of AI in transportation.

The shortage of aircraft remains the key constraint on growth in the *aviation segment*. International routes continue to see typerate growth driven by the Middle East, Southeast Asia, and the CIS, while total passenger traffic is limited by transport capacity rather than effective demand (*Table 17*). Growth in the air cargo segment is projected to range from significant growth (+290% compared to pre-crisis levels) under the Ministry of Economic Development’s baseline scenario to +24.3% under the conservative scenario.

The prospects for the development of *maritime transportation* will depend heavily on the state of international relations, including sanctions policies. That said, seaport capacity is expected to increase by 56 million tons in 2026 and by 225 million tons by 2030.³

The Northern Sea Route is the segment with the most optimistic outlook for 2026. Rosatom Director General A. Likhachev stated⁴ that current cargo turnover

1. PEK and M.A. Research are a partnership between a major Russian logistics operator and an analytical agency that publish joint reviews of the freight transport market. Forecast: In 2026, freight will continue to shift from rail to road. URL: <https://zen.ati.su/news/2026/02/02/prognoz-v-2026-godu-gruzy-prodolzhat-uhodit-s-zheleznih-dorog-na-avtomobilnye-439885/>
2. Ministry of Transport of Russia: In 2026, driverless trucks will transport 1.5 million cubic meters of cargo. URL: <https://www.rzd-partner.ru/auto/news/mintrans-v-2026-godu-bespilotnye-gruzoviki-perevezut-1-5-mln-kubometrov-gruzov/>
3. In 2026, Russian seaports will increase their capacity by 56 million tons. URL: <https://iz.ru/2022/07/2026-01-09/v-2026-godu-rossiiskie-morskie-porty-narastiat-moshchnosti-na-56-mln-t>
4. Cargo traffic along the Northern Sea Route in 2026 may exceed 40 million tons. URL: <https://neftegaz.ru/news/transport-and-storage/915676-obem-gruzoperevozok-po-sevmorputi-v-2026-g-mozhet-pre-vysit-40-mln-t/>

Table 17

Mixed forecasts for the aviation sector on 2026

Source	Projected passenger traffic for 2026, mn people	Change vs 2025, %
Rosaviatsiya	110.4 ^a	+1.8
Russian Ministry of Economic Development—conservative scenario	~108–109	Small growth
Industry analysts	~104 ^b	–4.5

^a Passenger traffic for Russian airlines is expected to reach 110.4 mn passengers in 2026. URL: <https://www.interfax.ru/russia/1066428>

^b Russian airlines will reduce passenger traffic by 4.5% in 2026. URL: <https://www.aviaport.ru/news/aviakompanii-rf-v-2026g-sokratyat-perevozki-na-4-5/>

trends are already outpacing 2025 figures and forecasts that the 40 million-ton mark—a new historical record—will be surpassed. This is 8.1% higher than the actual figure for 2025 (37.02 mn tons). Growth potential is driven primarily by increased Russian-Chinese shipments and Arctic energy projects. The strong performance of Arctic ports in early 2026 (Sabetta: +16%, Varandey: +55.6%) confirms this trend.

Inland waterway transportation may demonstrate fairly successful development, given government support measures and growing demand for domestic tourism. However, according to experts, existing cruise ships are already filled to capacity—sometimes by more than 90%—and therefore new vessels must be purchased. Consequently, growth is expected primarily in international sea cruises (according to some estimates, growth potential of 2–2.5 times by 2026).¹

Pipeline transportation, as the largest segment by cargo turnover (~45% of total ton-kilometers), will remain stable under the baseline scenario for oil and gas supplies; its dynamics in 2026 will be determined by the terms of export contracts and price conditions on global hydrocarbon markets.

In 2026, the dynamics of oil and gas supply *via pipelines* will largely be driven by geopolitical developments and the sanctions regime. At the same time, production of raw materials may increase in 2026: for example, Renaissance Capital forecasts that oil production will reach approximately 480 mn tons per year in 2026.² Gas supplies are expected to grow significantly to Asian countries (Kaz-

1. What will happen to sea and river cruises in 2026, and should Russians expect price increases? URL: https://redigo.ru/abroad/55834117/?utm_content=travel_media&utm_medium=read_more&utm_source=copylink

2. Oil doesn't stay in the ground. URL: <https://expert.ru/promishlennost/neft-ne-derzhitsya-v-zemle/>

akhstan, Uzbekistan), as well as to China if the second gas pipeline is launched.¹ Currently, supplies via the existing pipeline to China are reaching their technical limits. At the same time, by the end of 2025, Russia had taken second place (after Qatar) in LNG supplies to China, which is likely to remain a promising direction in 2026.²

3.4. The state of agriculture and food availability in 2025³

3.4.1. Production in agricultural sector

According to Rosstat, in January–December 2025, agricultural production in the Russian Federation amounted to 104.9% compared to the same period last year. The main contribution to this change was made by grains (+10.2% compared to 2024), which accounted for 78% of the increase (among the main types of crop and livestock production, *Fig. 9*). High potato prices in late 2024 and early 2025 stimulated an increase in acreage, which, combined with higher yields, led to an increase in gross harvest (+9.4% compared to 2024, contribution — 20%). The increase in chicken egg prices in 2024 led to an increase in their production in 2025 (+4.3%) and an increase in their contribution to the growth of agricultural production (+7%). Sunflower seeds (+0.8%) and milk (+0.5%) production deviated slightly from the 2024 level in a positive direction, while meat (−0.2%) and vegetables (−0.9%) production deviated in a negative direction. The latter product will make the largest negative contribution (−6%) to the overall dynamics of production of Russia's main agricultural products in 2025.

The total volume of agricultural production in constant prices in 2025 exceeded the average level of the previous five years by 6.4% (*Fig. 10*). These impressive production figures were achieved thanks to both crop production (which even exceeded the maximum grain harvest in 2022) and livestock production (+10% and +2% respectively compared to the five-year average).

The structure of changes in the size of cultivated areas (*Fig. 11*) reflects a decrease in grain crops (mainly wheat) and an increase in oilseeds (mainly sunflower). This trend is consistent with the dynamics of the profitability of these crops—a decline for grains and an increase for oilseeds—which has been observed since 2023 (*Fig. 12*) and is largely explained by fluctuations in world prices for these products.

-
1. Russian gas is paving new paths for export growth. URL: <https://ria.ru/20260128/gaz-2070585971.html>
 2. Experts have made a forecast for gas production in Russia and its exports for 2026. URL: https://rg.ru/2025/12/29/kto-ostalsia-na-trube.html?utm_referrer=https%3A%2F%2Fwww.google.com%2F
 3. Authors: *Shagaida N.I.*, Doctor of Economic Sciences, Head of Center for Agricultural Policy IAES RANEPa; *Ternovsky D.S.*, Doctor of Economic Sciences, Leading Researcher, Center for Agricultural Policy IAES RANEPa.

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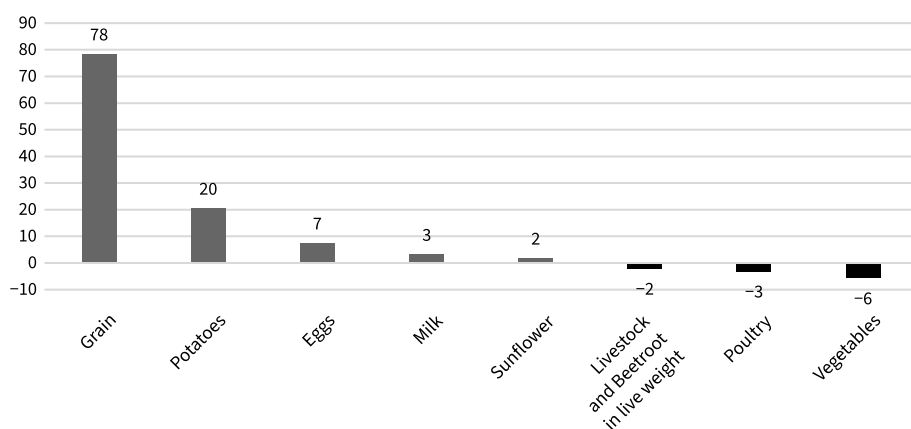


Fig. 9. Structure of absolute growth in physical volume of production of key agricultural products in Russia, 2025 relative to 2024, %

Source: own calculations based on Rosstat data.

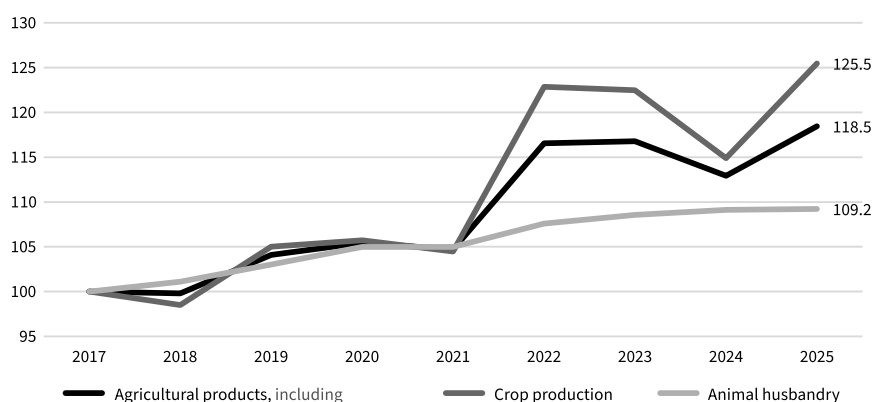


Fig. 10. Dynamics of agricultural production in Russia in 2017–2025, % (2017=100%)

Source: own calculations based on Rosstat data.

The increase in grain production in 2025 compared to 2024 is a result of higher yields and a reduction in acreage. While the total area under cultivation decreased by 1.1% during the period, the area under grain and leguminous crops decreased by 5.1% and reached its lowest level (43.8 mn hectares and 55.2% of the total area under cultivation) since at least 2019.

At the same time, the increase in areas under oilseed crops covers 95% of the absolute reduction in areas under grain crops. The issue of replacing one crop with another, on the one hand, has an obvious quantitative assessment, and on the other hand, requires in-depth study in terms of establishing cause-and-effect relationships.

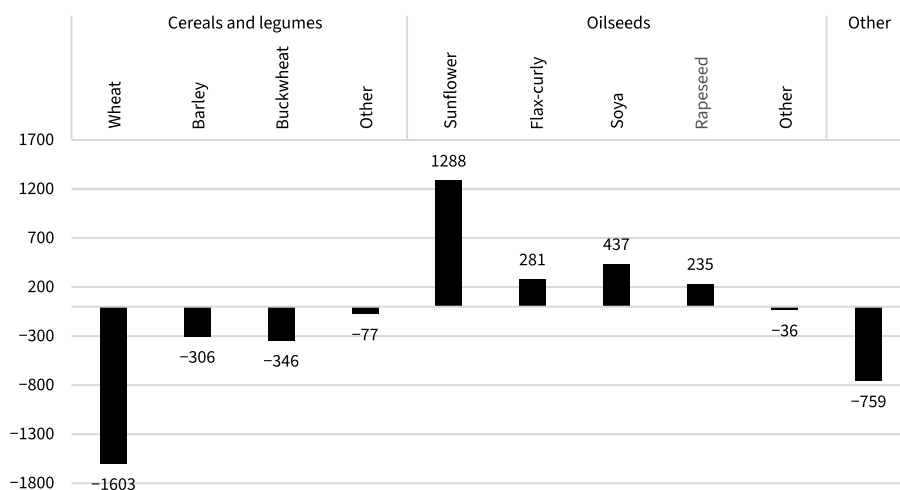


Fig. 11. Absolute increases in sown areas (spring survey) in 2025 compared to 2024 by crop type in Russia, thousand hectares

Source: own calculations based on Rosstat data.

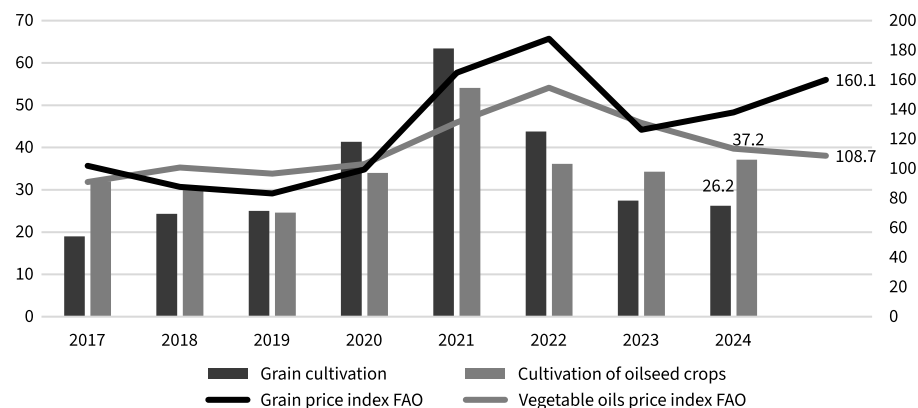


Fig. 12. Dynamics of profitability of grain and oilseed cultivation in Russia, 2017–2024 (% , left axis), and world price indices for grain and vegetable oils, 2017–2025 (2014–2016=100, right axis)

Source: own calculations based on Rosstat and FAO data.

An assessment of the redistribution of land between grain and oilseed crops allows us to set its upper limit at 76%, if we use simplifications and assumptions in the analysis of regional data (more accurate estimates could be made if data were available for individual agricultural producers). This means that approximate-

ly three-quarters of the land taken out of grain production was converted to oilseed crops. At the same time, more than 80% of the land converted to oilseed crops was provided by land taken out of grain production.

The redistribution of cultivated land affected regions that are leaders in oilseed cultivation and also have significant reserves of grain crops (*Table 18*). Thus, the three regions that are leaders in terms of the size of the redistribution of cultivated land from grain to oilseed crops (Altai krai, Saratov and Orenburg oblasts, which account for 40% of the redistributed areas) held leading positions in terms of oilseed crop area in both 2024 and 2025.

Table 18

Regions leading the redistribution of cultivated land between oilseed and grain crops in Russia, 2024–2025

Regions	Sown area, thousand hectares						Contribution to area growth:	
	cereals			oilseeds			grain reduction, %	oilseed growth, %
	2024	2025	increase	2024	2025	increase		
Russian Federation	46 128	43 796	–2332	18 860	21 065	2205	76.4	80.8
Altai krai	3098	2753	–345	1601	1982	381	100.0	90.4
Saratov oblast	2440	2247	–193	1676	1863	187	96.9	100.0
Orenburg oblast	2559	2389	–170	1294	1566	272	100.0	62.5
Novosibirsk oblast	1419	1200	–219	372	534	162	74.1	100.0
Republic of Bashkortostan	1649	1379	–270	494	640	147	54.4	100.0
Omsk oblast	2029	1877	–152	416	562	145	95.6	100.0
Chelyabinsk oblast	1374	1175	–199	248	359	111	55.8	100.0
Republic of Tatarstan (Tatarstan)	1377	1286	–91	483	582	99	100.0	91.7
Ulyanovsk oblast	688	624	–64	314	394	80	100.0	79.7
Orel oblast	768	701	–68	420	478	58	85.9	100.0

Source: own calculations based on Rosstat data.

The shift towards oilseeds is part of a global trend. When Russia became the world's leading wheat exporter and there was talk of expanding its production and exports, the US saw a different trend—a move away from expanding wheat production and towards exporting soybeans and soy products as more profitable.¹ The rise in global

1. The US and Russian Ministries of Agriculture have entered into a forecasting battle. URL: https://www.ng.ru/economics/2019-08-13/1_7648_battle.html

wheat prices since mid-2020 has ensured high profitability for Russian agricultural producers. The level of world prices, the high competitiveness of Russian wheat on the foreign market, and the absence of domestic price restrictions (as was done with sunflower oil) created incentives to expand production for profitable exports. In June 2021, Russia introduced floating duties as part of a grain damper to protect the domestic market. After peaking in March-May 2022, global prices began to decline and are currently at April 2020 levels, making wheat production and exports less profitable. At the same time, domestic demand for wheat for the production and export of other wheat products is limited. All this makes the wheat production business less sustainable and attractive for investment.

The situation is different for sunflower oil. First, even with an export duty on sunflower seeds (50%), the high global price of sunflower oil supports demand from domestic processors. A large number of oil extraction plants have been built in Russia, which compete with each other for raw materials, keeping purchase prices high for agricultural producers even with restrictions on sunflower seed exports. Secondly, the price on the foreign market has fallen since its peak in 2022, but remains well above pre-pandemic levels, providing incentives for agricultural producers to expand production. Third, a by-product of sunflower oil production, meal, is also in demand for feed purposes. Thus, a combination of factors, the main one being global prices, determines the attractiveness of oilseed production and the redistribution of acreage in its favor.

Livestock numbers are changing in different directions. The number of large (cattle) and small ruminants continues to decline: cattle by 2.9% (including cows by 3.0%), sheep and goats by 6.5%. The poultry population remained almost at last year's level (-1.8%), while the pig population grew by 2.0%.

Agricultural production in private households continues to decline. Where they occupied significant positions — potato production (59.0% of total production), vegetables (45.5%), milk (28.9%), cattle (36.5%), sheep and goats (43.3%) — a decline in production was recorded everywhere. For livestock products such as meat, milk, and eggs, the decline was about 5% compared to 2024. Given that private farms are a difficult sector to monitor, the level of decline in production is traditionally revised upwards after the agricultural census, during which continuous data is collected (the next census was scheduled for 2026 but has been postponed to 2027). This will lead to an adjustment in overall agricultural production volumes. On farms that produced a small portion of livestock products, there was also a decline in meat, poultry, and milk production of nearly 4%, while egg production increased by 4% in 2025. The latter indicator demonstrates how quickly farmers responded to the sharp rise in egg prices in 2024 and increased production. The decline in production on private farms is affecting the food market. Accordingly, products that were largely produced on private farms are at risk of price increases due to reduced production on these farms, unless the decline is offset by growth in agricultural organizations and farms.

As the analysis has shown, compensation for the decline in production in private households, if it occurs at all, is difficult (dairy production). The exception is pork production, where the decline was forced and compensated for by the construction of huge livestock complexes.

The reduction in the number of cows is accompanied by an increase in milk yields. This can be considered an unconditional achievement of Russian livestock farming. In agricultural organizations (except for small businesses), milk yields per cow in 2025 amounted to 8.94 tons, compared to 8.53 tons in 2024. The average milk yield per cow (including private farms), for example, in the Leningrad region exceeds the average milk yield in Finland and Sweden (9.97, 9.7, and 9.7 tons, respectively). For comparison: at the beginning of the reforms in 1991, milk yield per cow was 2.6 tons. This is, in fact, all you need to know to characterize the state of agriculture and its efficiency during the Soviet period.

3.4.2. Trends in agricultural support

Funding from the federal budget for four state programs of the Russian Ministry of Agriculture and the state program for the development of the fishing industry grew until 2024, but declined in 2025, leading to a drop in the share of spending on agriculture and fisheries in the federal budget (*Fig. 13*). This imbalance could have been corrected by increasing support from regional budgets, since agricultural issues, including its support, are under the joint jurisdiction of the Federation and the regions in accordance with Article 72 of the Constitution of the Russian Federation. Data confirming this has not yet been made publicly available, which limits the possibility of analysis. Nevertheless, the share of expenditure on agriculture and fisheries in 2025 remains high relative to 2014–2017 and 2021–2022 (*Fig. 13*).

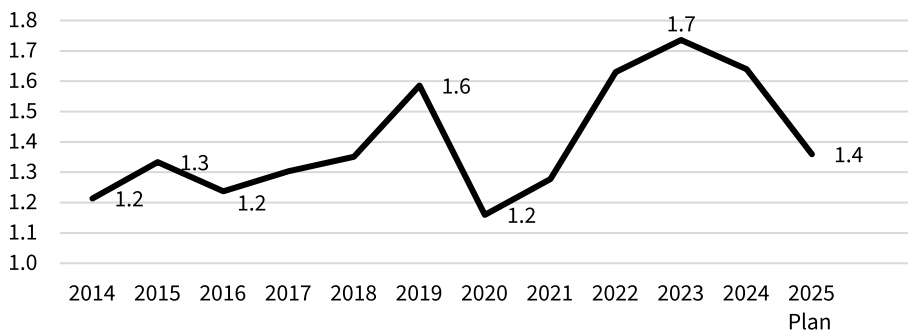


Fig. 13. Share of expenditures on agriculture and fisheries in the structure of federal budget expenditures, %

3.4.3. Investment in agricultural sector

Investment in the agricultural sector continues to decline. Compared to 2017, the decline has been at the same rate since 2021 (*Fig. 14*), which poses risks to the sustainability of agricultural production. However, unlike investment in agriculture, production itself remains stable.

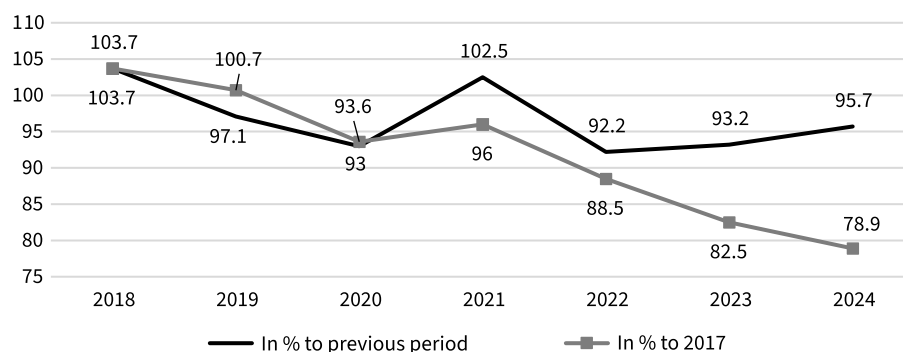


Fig. 14. Index of physical volume of investment in fixed capital in agriculture

Source: Rosstat.

3.4.4. Food prices

In 2025, food products lost their status as a driver of overall price growth. While retail prices for all goods and services rose by 5.6% in December 2025 compared to December 2024, food prices rose by 5.2% (*Fig. 15*). At the same time, the difference in index dynamics recorded in 2024 remains unchanged. The increase in food prices is not directly related to agricultural production. Thus, in December 2025, compared to the same period in 2024, producer prices for agricultural products fell by 2.4% and, taking into account seasonal adjustments, entered a phase of active decline in the second half of 2025. This decline was due to lower prices for livestock products, which are the main item in the food consumption basket.

Despite the decline in producer prices, livestock products are the main contributor to food price inflation, as confirmed by the decomposition of retail price growth rates by individual product groups (*Fig. 16*). Meat and meat products, together with dairy products, account for 2.6 percentage points of the 5.2 percentage points of food inflation. At the same time, both categories show price increases (+6.9% and +6.5%, respectively) above the general inflation rate (the dotted line in *Fig. 16* — 105.6%). After a prolonged period of stagnation, alcohol prices are rising (+11.1%), which is associated with an increase in import duties, as well as the reaction of domestic producers to this, and an increase in minimum retail prices.

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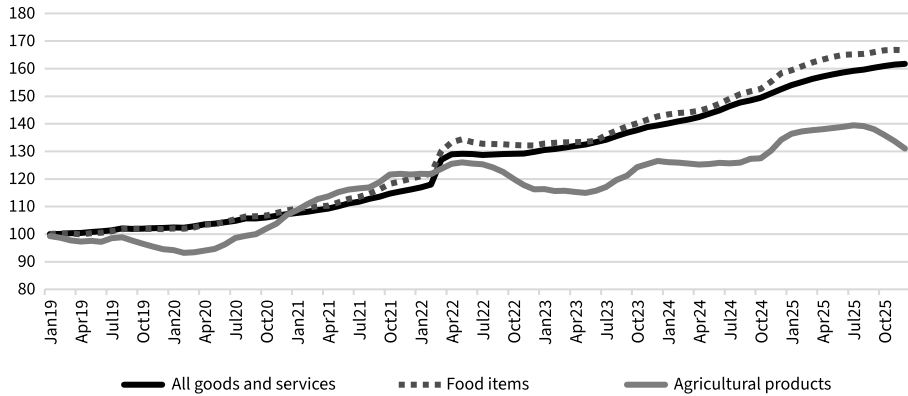


Fig. 15. Dynamics of retail prices for food items and producer prices for agricultural products in Russia in 2019–2025, seasonally adjusted (January 2019=100)

Source: own calculations based on Rosstat data.

The sharp rise in prices for fish and seafood (+10.6%) is caused by a combination of factors, ranging from reduced catch volumes to increased production and logistics costs. The increase in prices for groceries, sugar, and confectionery is mainly due to external factors (rising prices for coffee and cocoa beans, while sugar is becoming cheaper (–6.4%)). The rise in ice cream prices in this category (+11.0%) correlates with the increase in milk prices (+7.7%). The rise in prices for bread and bakery products (+10.0%) looks abnormal against the backdrop of stagnant prices for flour, cereals, and pasta (+0.0%). At the same time, bread prices are already significantly ahead of the average real level of the last 5 years and are at their highest level, taking into account overall inflation, since at least 2014. The decline in vegetable prices (–9.0%) is mainly due to the fall in the price of borscht ingredients (–17.4%) and potatoes (–21.5%).¹ In turn, the more modest decrease in fruit prices (–0.9%) is due to the decline in the cost of tropical fruits and grapes (–7.5%) under the influence of stabilizing world prices and the strengthening of the ruble, while traditional fruits are becoming more expensive (+3.9%). Finally, chicken eggs, offsetting the sharp price increases of 2023–2024, fell in price by 20.0%, returning in real terms to the price level of 2018–2021.

The potato case is notable because the rise in potato prices in spring of 2025 sparked widespread public outcry. The potato market is small; production is geared toward domestic consumption (as is the case with open-field vegetables) and has historically been concentrated among private households. The product is inexpen-

1. At the same time, potato prices rose sharply in the spring of 2025.

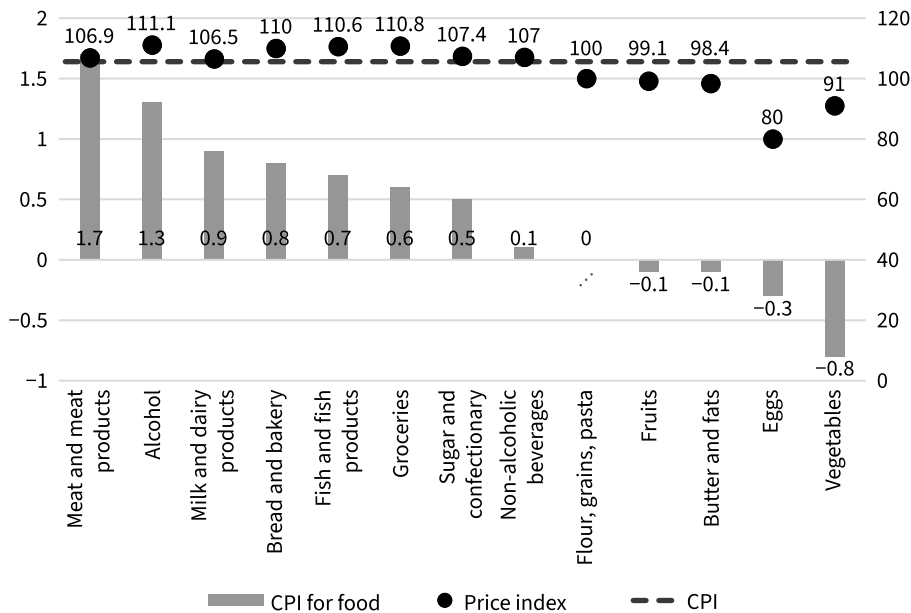


Fig. 16. Changes in food prices by product group, December 2025 compared to December 2024

Source: own calculations based on Rosstat data.

sive. For both economic and social reasons, its production on household farms is declining. As recently as the mid-1990s, the average Russian had to work 45 hours to earn enough for a year's supply of potatoes. Today, it takes only 4–7 hours of work to do so, i.e., 10 times less (Fig. 17). It is evident that the majority of producers from household farms have become consumers.

In spring of 2025, a significant increase in potato prices was recorded. While in January–March 2024, the average monthly per capita income could purchase 1,717.7 kg, in January–March 2025, it could purchase only 964.4 kg. However, by September 2025, a 25-kg bag of potatoes could cost less than Rb500 in Moscow stores. This came after 1 kg of potatoes could be bought for more than Rb100 at retail in May of that same year, and on average across the country, according to Rosstat, for Rb94.8. Although potatoes account for between 0.29% (2024) and 0.42% (2025) of consumer spending, the price surge was widely discussed.

Similar situation is unfolding with regard to vegetables, which are also inexpensive and are still largely produced by private households. The economic and social incentives for their production are diminishing, which increases the risk of sharp price spikes during certain periods.

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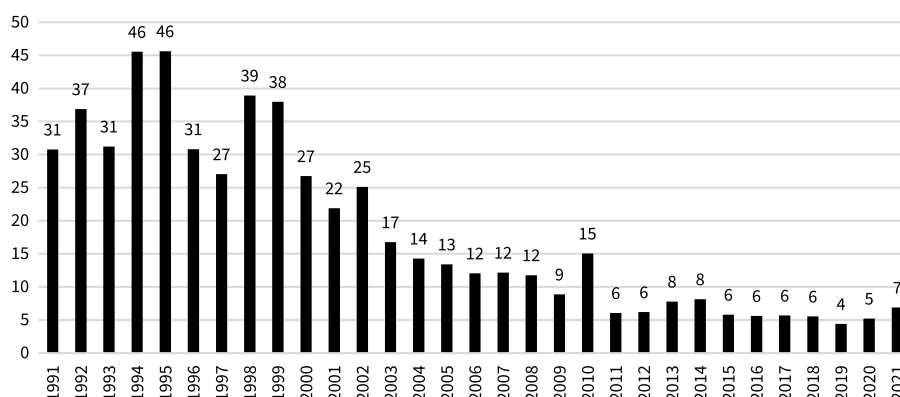


Fig. 17. The number of working hours required, based on the national average wage, to purchase an annual supply of potatoes for consumption in Russia, 1991–2021

Source: according to Rosstat.

Table 19

Number of instances in which the government could have imposed price caps on essential food items

Years	Total	Including seasonality	Years	Total	Including seasonality
2022	37	35	2024	35	22
2023	27	22	2025	18	7

Source: own calculations based on Rosstat data.

In 2025, food price volatility remained high. However, there were fewer instances where conditions existed under which the state could impose maximum retail prices on socially significant food products¹ (Table 19).

3.4.5. Food affordability

Over the past 20 years, there has been a significant transformation in Russia's agricultural policy. In 2023–2024, negative price support for agricultural producers at the expense of consumers was observed (while positive price support for meat

1. The RF Government Resolution No. 530 of July 15, 2010 (as amended on February 1, 2025) "On the Approval of the Rules for Establishing Maximum Permissible Retail Prices for Certain Types of Socially Significant Essential Food Products, the List of Certain Types of Socially Significant Essential Food Products for Which Maximum Permissible Retail Prices May Be Established, and the list of certain types of socially significant food products for the purchase of a specified quantity of which a business entity engaged in commercial activities is not permitted to receive remuneration."

and greenhouse vegetable production remained in place). According to estimates for 2025, this situation has changed: transfers from consumers to producers are re-emerging.

The structure of Russia's agricultural budget does not include an expenditure item for food aid, as is the case in the agricultural budget of, for example, the United States. However, similar support is provided in Russia from the budgets of other government agencies, where regional budgets fund food expenses for certain categories of citizens, as well as school meal programs. These expenditures (calculations for 2023; data was subsequently withheld) already amounted to approximately 120 billion rubles. Compared to the four state programs in the field of agriculture and rural development funded through the Russian Ministry of Agriculture, the amount of such food support accounts for 14% of the total funding for these state programs. In addition, state social subsidies (excluding pensions) account for about 5% of households' cash income.¹ If we assume that the portion of state subsidies received by Russian households goes toward food in the same proportion as household cash income as a whole, then, as calculations have shown, the "food" portion of subsidies creates demand for food equivalent to 6% of total food expenditures (including eating out and alcohol) in the country. In the top decile by disposable income, this share already reaches 23% of families' food budget. These funds are spent on purchasing food, generating income for agricultural producers. This amount exceeds Russia's agricultural budget under the four state programs of the Russian Ministry of Agriculture. Thus, the state actively supports agriculture both through direct subsidies to producers (via the agricultural budget) and by subsidizing consumers (through social programs).

Agricultural policy, which traditionally declares its goal to be the support of agricultural producers, has contributed to increasing the affordability of food, including even such products as milk, sugar, and meat. While the first two products have become quite competitive, meat has not yet reached that level, although the situation has improved significantly (*Table 20*).

Assuming comparable growth in agricultural producer prices in Russia and the FAO World Food Price Index (–2.3%) in 2025, along with a 10% appreciation of the ruble in 2025 compared to 2024, it can be expected that in 2025 the overall NPCc will not exceed 1.1. This means that, according to preliminary estimates, there will be a return to a situation where consumers will overpay Russian producers relative to world market prices. This corresponds to the average NPCc levels in 2015–2020.

The affordability of food is assessed in various ways, most commonly using the indicator "share of food expenditure in total household expenditure." There is only one explanation for this: this indicator is included in the statistics of many

1. Rosstat, 2023. Sample surveys of household income and participation in social programs. Household survey results have not been published since 2024

Table 20

Consumer Nominal Protection Coefficient, NPCc

	2020	2021	2022	2023	2024		2020	2021	2022	2023	2024
Total	1.05	1.00	1.03	1.00	1.01	Sunflower seeds	0.86	0.90	0.96	0.90	0.96
Wheat	0.95	0.93	0.73	0.86	0.97	Raw milk	1.07	1.00	1.16	1.00	1.00
Barley	1.10	0.93	0.85	0.67	1.11	Beef and veal	1.23	1.03	1.17	1.18	1.13
Corn	0.99	0.81	0.85	0.61	0.82	Pork	1.41	1.48	1.65	1.30	1.19
Oats	0.79	0.69	0.78	0.56	0.59	Poultry	1.11	1.02	1.07	1.04	1.01
Raw sugar	1.39	1.04	1.28	1.07	0.95	Eggs	1.00	1.00	1.00	1.00	1.00
Potatoes	1.00	1.00	1.03	1.00	1.00	Other items	1.00	0.98	0.99	0.97	0.99

Source: OECD.

countries, which simplifies cross-country comparisons and the assessment of trends in food affordability in each of them. Typically, in Russia, this indicator is compared with those of other countries, leading to the conclusion that there is a significant gap between them. However, when assessing the share of food expenditure in total household expenditure, several factors should be kept in mind. First, the value of the indicator depends on traditional lifestyles, the level of development of the food service industry, and business taxation. For example, in Lithuania, food expenditures account for 30% of total expenditures, while in Russia they account for 32.2% (2022). At the same time, expenditures on cafes, restaurants, and hotels¹ accounted for 5.8% in Lithuania and 2.9% in Russia. Overall, spending on food at home and away from home is higher in Lithuania than in Russia.² In Switzerland, food expenses account for 12.8%, while spending on cafes, restaurants, and hotels accounts for 11.2%. In this regard, it is hardly appropriate to analyze the indicator based solely on spending on food at home. Second, the share of food expenditures is an indicator of overall well-being or hardship in a family or country. However, it does not imply that where this indicator is higher, access to food is restricted. For example, in Dagestan, the share of food expenses in total consumption expenditures is 65%, compared to the Russian average of 38%³ (Fig. 18).

At the same time, an analysis of actual consumption of various food products on average across households shows that the diet in Dagestan is more nutritious than the Russian average. Thus, the structure of expenditures may lead to incorrect conclusions when assessing food affordability.

1. Rosstat and the statistical agencies of other countries use standard classifications (e. g., the Classification of Individual Consumption by Purpose, COPF). Within these classifications, there are often aggregated groups that are presented in statistical reference books. CPA 55 and 56 ("Accommodation services" and "Food services") are often grouped together.

2. URL: <https://riarating.ru/countries/20221212/630234118.html>

3. Rosstat, 2024.

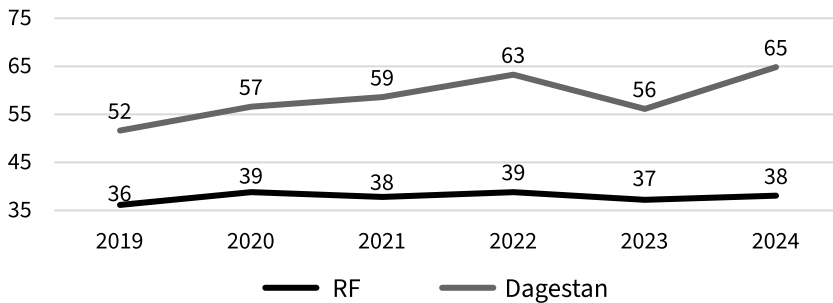


Fig. 18. Trends in the share of food expenditures in total consumer spending in Russia and Dagestan, %, 2019–2024

Source: Rosstat.

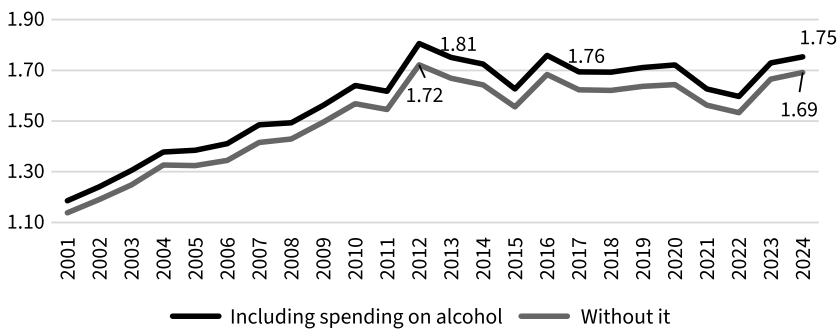


Fig. 19. The number of minimum food packages that can be purchased with the total amount of a family's food expenditures (at home, away from home, and alcohol) and in-kind contributions

If we assess food accessibility in Russia based on the indicator “the share of households that reported a lack of money for food when evaluating their financial situation,” we can conclude that food accessibility has long been ensured in Russia: only 0.02% of households reported an accessibility problem.¹ Estimated food accessibility indicators can be obtained by comparing household expenditures on food (at home and away from home), including alcohol, with the cost of a minimum food basket. From 2012 to 2024, this indicator fluctuates within a fairly narrow range (Fig. 19).

Less optimistic conclusions can be drawn if we compare household food expenditures (both at home and away from home, including alcohol) with an assess-

1. Rosstat, 2023.

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ment of food contributions in kind and the cost not of a minimum food basket, but of a balanced diet¹ (a diet necessary for a fulfilling life). The ability of households to provide themselves with a balanced diet is taken as an indicator of the economic affordability of food² (Fig. 20).

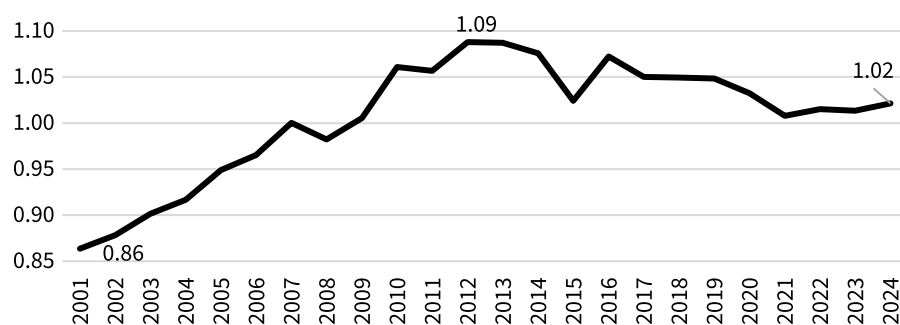


Fig. 20. Food affordability (the ratio of actual food expenditures (including alcohol) and the value of food received in kind to the cost of a balanced diet), %

Source: Rosstat; own calculations.

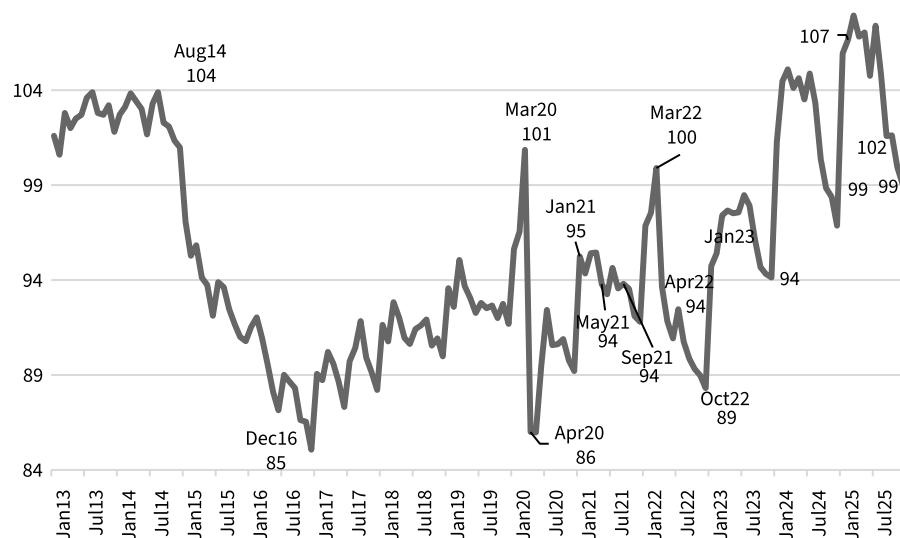


Fig. 21. Changes in retail food sales (in 2012 prices), % compared to the corresponding month of 2012

Source: Rosstat.

1. Approved by the Russian Ministry of Health.
2. This approach is used at the Center for Agri-Food Policy at IAES RANEPa.

The trend in retail food sales (*Fig. 21*), which illustrates changes in supply and demand, indicates that affordability in 2025 was no lower than in 2024.

Since 2020, trends in retail food sales have been characterized by high volatility in sales volumes, yet an upward trend has persisted.

3.4.6. Food export and import

In 2025, the trend of food imports growing faster than exports continued (*Fig. 22*). In 2025, exports of agricultural products decreased by 4.1%, while imports increased by 15.0%. As a result, the value of imports amounted to \$43.4 billion, exceeding the value of exports by \$2.5 billion, or 6.0%.

The price factor also contributes to this imbalance. In 2025, average global prices for grain — the main product of Russian agricultural exports — as measured by the FAO Food Price Index, stood at 107.9 points, compared with 113.5 points in the previous period (*Fig. 23*). At the same time, global prices for dairy products (one of the main components of food imports) rose from 129.7 to 146.7 points, or by 13.1%. In addition, the growth in imports may have been temporarily influenced by large-scale purchases of alcoholic beverages made by importers in anticipation of further increases in import duties.

* * *

Based on the findings of the study, the following conclusion can be drawn: in 2025, the agricultural sector will experience positive growth. However, given the decline in production in 2024, the growth in 2025 will offset this decline.

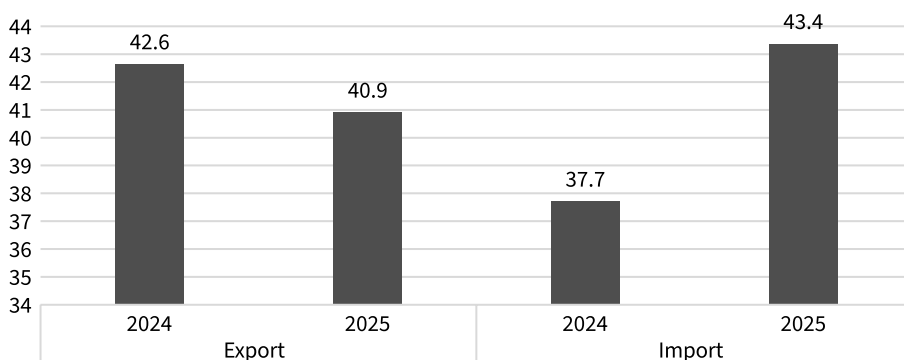


Fig. 22. Russian agricultural products export and import in 2024–2025, bn USD

Source: FCS.

Russian economy in 2025

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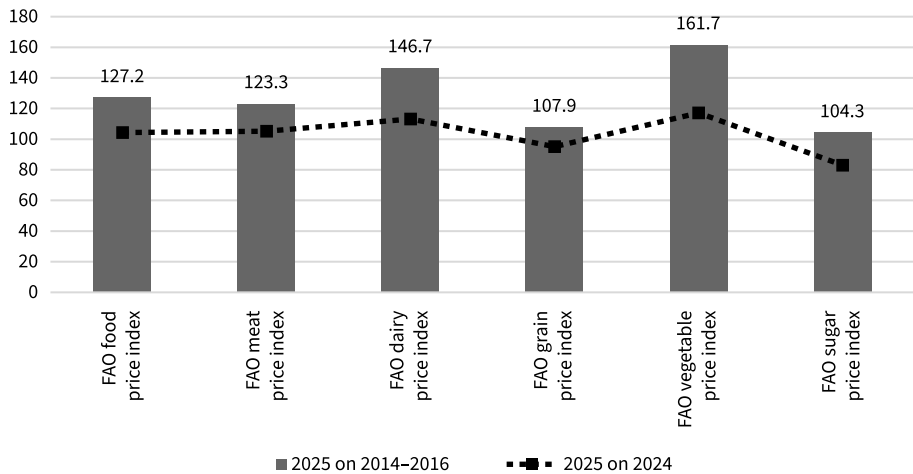


Fig. 23. Global food prices as measured by the FAO Food Price Index in 2024–2025, p.

Source: own calculations based on FAO data.

The structural restructuring of agriculture continues, involving the redistribution of production both among types of agricultural producers and among different crops. Both of these changes are driven by market signals.

Federal budget funding for agriculture remains at 1.4% (which falls within the established range of 1.2–1.7% over the past decade). At the same time, investment in agriculture has continued to decline since 2020, posing risks to the sustainability of agricultural production. As the experience of post-Soviet transformation has shown, agriculture is extremely inertial, and the decline in investment has not yet affected production volumes.

Food prices remain high, and their cumulative growth rate exceeds that of prices for other types of goods in Russia. However, there are fewer instances in which the government has grounds to impose maximum retail prices, as provided for by Russian law.

Access to a balanced diet for the population has improved slightly over the past three years. However, this improvement in average indicators does not negate the fact that there is a small segment of the population (about 2% of the population) whose members face significant difficulties in accessing food. An extensive social support system creates additional demand for food, the cost of which exceeds the volume of state support for agriculture.

Russia has been a net food exporter since 2020; in 2025, the volume of imports exceeds the volume of exports by 6%. However, this imbalance arose due to a significant drop in the prices of key food export commodities on the global market—grain (to a greater extent) and vegetable oil (to a lesser extent).

3.5. The role of SMEs in the development of tourism in Russia¹

3.5.1. Main trends in the development of tourism in Russia

The development of small and medium-sized enterprises (SMEs) in the tourism sector directly depends not only on the overall economic situation, which is barometrically reflected in the SME sector, but also on current trends observed in the tourism industry.

As of 2025, the tourism sector in Russia accounts for about 2.9% of GDP. Meanwhile, the government has set a goal to increase this figure to 5% by 2030.² To this end, the Russian authorities intend to invest around Rb400 bn over the next five years, which is approximately 50% more than the amount of support provided to the tourism sector over the previous period. The planned funds will be directed primarily towards modernizing tourism infrastructure, introducing modern technological solutions and improving the level of services in the industry.³

According to Rosstat data, more than 30 subjects of the Russian Federation have a share of gross value added from the tourism industry in gross regional product (GRP) that is higher than the Russian average. The largest share of tourism in GRP is observed in the Altai Republic (8.6%), the Chechen Republic (8.6%), the Tver oblast (7.7%), the Republic of Dagestan (6.8%), and the Kostroma oblast (6.5%).⁴

Between 2019 and 2025, the Russian tourism sector underwent significant changes caused by both the consequences of the COVID-19 pandemic and restrictions imposed by a number of countries, which affected direct flights, visa policy, and other aspects of international tourism.

One of the most noticeable effects was a significant reduction in the volume of inbound tourism and a transformation in its structure (*Fig. 24*). In 2024, the number of foreign tourists visiting Russia stood at 9.1 mn, which is a 63% decrease compared to 2019. The largest decline was observed among visitors from EU countries and other countries that imposed restrictions on Russia: tourist traffic from Finland decreased by 99%, from Japan by 97%, from the UK by 96.4%, from Austria by 96.4%, and from the Republic of Korea by 96%. At the same time, the number of tourists from countries such as the UAE (+169%), Uzbekistan (+166%), Georgia (+155%), Bela-

1. Authors: *Barinova V.A.*, Candidate of Economic Sciences, Senior Researcher, Center for Real Sector, Gaidar Institute; *Gvozdeva M.A.*, Researcher, Development Economics Studies Department, IAES RANEPA.

2. Chernyshenko said that the share of tourism in GDP in 2025 grew to almost 3% // Interfax. URL: <https://www.interfax.ru/business/1036656>

3. How the share of tourism in Russia's GDP could increase to 5% by 2030 // Vedomosti. URL: <https://www.vedomosti.ru/analytics/trends/articles/2025/10/14/1146891-za-schet-chego-vozmozhno-uve-lichenie-doli-turizma-v-vvp-rossii-k-2030-godu>

4. Data is provided as of 2023. At the time of publication of this review, no more recent data is available // Rosstat. URL: <https://www.rosstat.gov.ru/statistics/turizm>

rus (+144%), and Tajikistan (+68%) increased. According to the results for January–September 2025,¹ the number of tourist trips by foreign citizens to Russia decreased by 10.4%² compared to the same period in 2024.

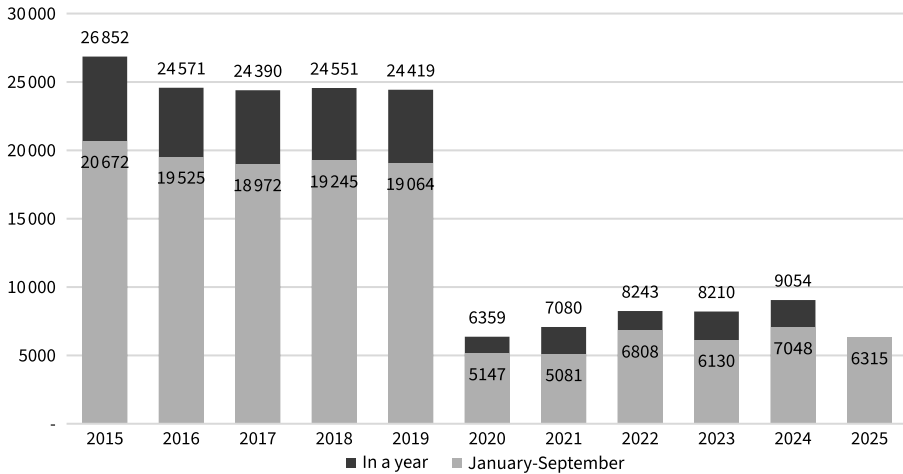


Fig. 24. Dynamics of inbound tourist trips by foreign citizens to Russia

Source: according to Federal Service of State Statistics.

The structure of inbound tourism has undergone significant changes. In 2019, the main sources of tourist flow were Ukraine (31.8%), EU countries (17.6%), and Kazakhstan (14.6%). By 2024, only Kazakhstan remained at the top of this list, increasing its share to 26.2%. There was also an increase in the number of tourists from China (13.4%) and Uzbekistan (9.5%). These changes indicate a shift in priority of geographical destinations and form new benchmarks for the development of inbound tourism in Russia. In January–September 2025, 10 countries accounted for 80% of inbound tourist traffic, including 27.7% for Kazakhstan, 14.8% for China, 8.2% for Uzbekistan, 7.4% from Abkhazia, 5% from Belarus, 4.8% from Tajikistan, 3.7% from Mongolia, 3.7% from Armenia, 2.6% from Kyrgyzstan, and 2.4% from Azerbaijan.³

At the same time, in 2019–2025, Russian outbound tourism saw a significant reduction in the total number of trips abroad (Fig. 25), as well as a change in the geographical structure of tourist destinations. The number of Russian tourists traveling abroad decreased by approximately 40%, from 45.3mn to 27.4mn people. In Janu-

1. At the time of publication, data for 2025 as a whole was not available.

2. Inbound and outbound tourist trips// Rosstat. URL: <https://rosstat.gov.ru/statistics/turizm>

3. Calculated by the authors based on Rosstat data. Inbound and outbound tourist trips// Rosstat. URL: <https://rosstat.gov.ru/statistics/turizm>

ary–September 2025, outbound tourism grew by 7.4% compared to the same period in 2024.

Meanwhile, there was a sharp shift away from traditional European destinations, including EU countries and other “unfriendly” jurisdictions, toward alternative countries and oblasts. For example, the number of trips to Egypt increased 55 times (from 26,000 to 1.4 mn) and to Sri Lanka more than threefold (from 43,000 to 138,000). to Uzbekistan more than doubled (from 196,000 to 515,000), and to the Maldives and Tajikistan also more than doubled.

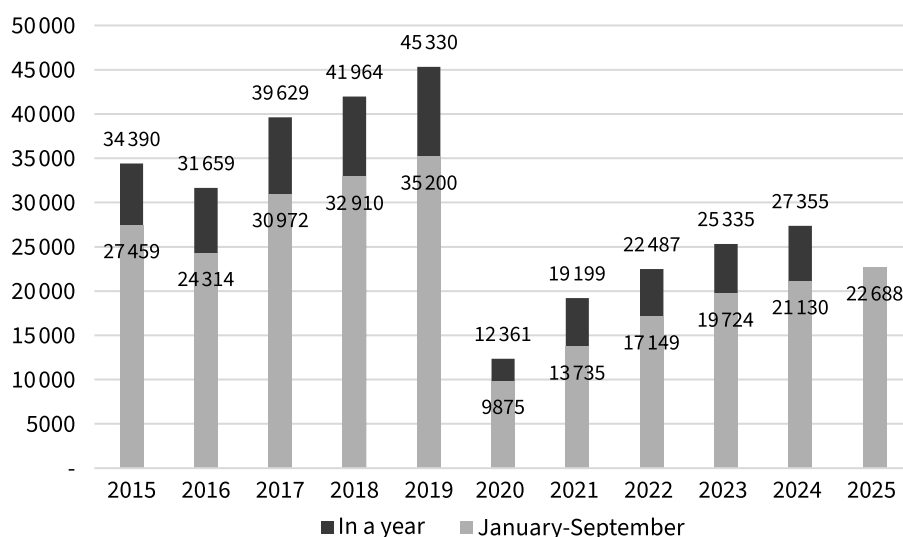


Fig. 25. Dynamics of outbound tourist trips by Russian citizens to foreign countries

Source: according to Federal Service of State Statistics.

An analysis of the structure of outbound tourism revealed a decline in the share of European destinations: while in 2019 EU countries accounted for more than a quarter of all foreign trips by Russians, by 2024 their share had fallen to 3.7%. Meanwhile, Turkey and Abkhazia saw a noticeable jump in popularity, with their share going from 14.9% to 21.9% and 10.6% to 21%, respectively. These changes reflect a major shift in Russian tourists’ preferences and set new trends for outbound tourism.

Amid a noticeable decline in international travel, there has been a significant increase in domestic tourism in Russia. The number of Russian citizens staying in collective accommodation facilities (CAF) increased from 65.2mn in 2019 to 84.9mn in 2024 (an increase of about one-third). This growth is driven not only by increased consumer interest in domestic travel, but also by the intensive development of tourism infrastructure and the expansion of the range of tourism services and products.

Between 2022 and 2024, there was a significant increase in the number of tourist trips made by Russians — from 155.5 mn to 186.9 mn trips, or approximately 20%. The majority of trips were domestic, accounting for approximately 85–86% of the total number of trips, while foreign trips accounted for no more than 15%. By the end of 2024, domestic tourist traffic reached 168.6 mn trips, exceeding the 2022 figure by 19%. However, about 94.6% of all domestic trips are made by Russian citizens.

In January–June 2025,¹ compared to the same period in 2024, tourist traffic in Russia increased by 1% (from 73.7mn to 74.5mn) (*Fig. 26*). The largest increase in tourist flow in the first half of 2025 compared to the first half of 2024 was observed in the Republic of Kalmykia (+53.3%), the Republic of Adygea (+52.7%), the Karachay-Cherkess Republic (+44.6%), and others. A decline in tourist flow was recorded in more than 30 subjects of the Russian Federation, with the most significant decline in the Republic of Tyva (–45.5%), Bryansk (–27.4%), and Tomsk (–25.9%) oblasts.

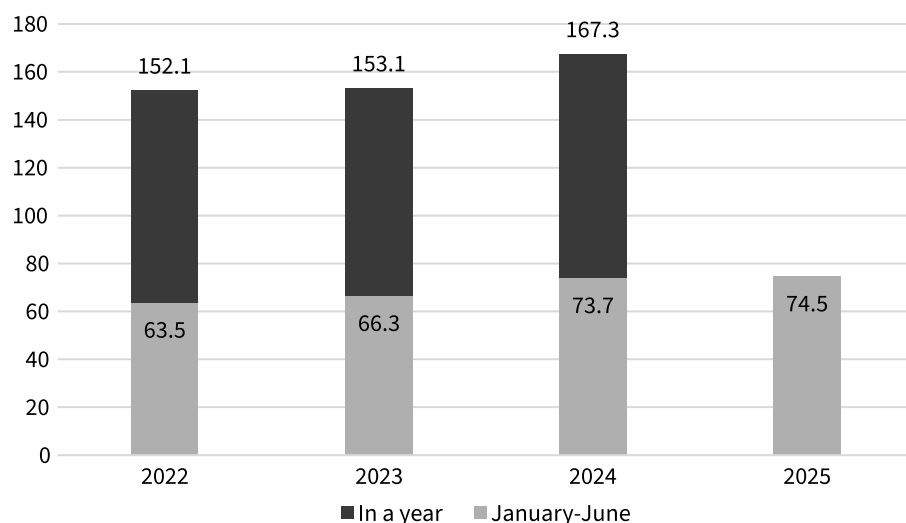


Fig. 26. Dynamics of tourist flow in Russia, by number of trips

Source: according to Federal Service of State Statistics.

Between 2014 and 2024, Russia's tourism industry demonstrated significant growth in both quantitative and qualitative indicators of the activities of organizations operating in this sector (*Table 21*). The number of such companies increased by 52% (from 72,700 registered organizations in 2014 to 110,800 in 2024), which indicates heightened interest in the tourism services market and an expansion of supply, primarily in the domestic tourism product market.

1. At the time of publication of this review, there were no data for 2025 as a whole.

Table 21

Dynamics of key statistical indicators in the tourism sector

Statistical indicators	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of organizations, thousand	72.7	85.1	87.0	114.8	113.0	111.9	113.8	114.0	108.6	110.3	110.8
Share of profitable organizations, %	73	74	75	76	76	76	67	75	76	78	78
Share of loss-making organizations, %	27	26	25	24	24	24	33	25	24	22	22
Revenue (excluding VAT, excise taxes, and similar mandatory payments), trillion rubles.	2.5	2.8	3.1	5.6	6.2	4.9	5.2	7.1	5.5	8.0	10.0
Net financial result (profit (loss) before tax)	13.0	-170.4	161.0	171.4	202.9	173.5	-216.8	249.8	211.8	600.4	706.7

Source: according to Federal Service of State Statistics.

Parallel to the growth in the number of organizations, there was an increase in their total revenue (from Rb2.5 trillion in 2014 to Rb10.0 trillion in 2024, i.e., almost fourfold). This indicates an increase in turnover and the economic significance of the industry in the national economy, as well as an increase in the competitiveness and efficiency of market participants.

An important indicator of the industry's development is the share of profitable organizations, which reached 78% in 2023–2024. This is the highest figure for the entire ten-year period under review, which indicates not only the quantitative expansion of the sector, but also an increase in its profitability and economic stability.

The following key aspects of tourism development in Russia can be identified.

Firstly, in the modern structure of the tourism industry, domestic tourism is the main factor determining its development dynamics. This dominance minimizes the sector's dependence on external economic and political factors related to international demand and the solvency of foreign visitors. At the same time, it is precisely this focus on the domestic market that makes tourism vulnerable to internal economic fluctuations, which imposes certain limitations on the stability and long-term sustainability of the industry. It should also be noted that the average spending of foreign tourists traditionally exceeds that of Russian travelers, which indicates the potential for increasing the gross value added of the tourism economy as the share of foreign visitors increases.

Secondly, the intensive and uncontrolled increase in tourist flows in key oblasts can lead to a number of issues that threaten the sustainable development of these areas. These include: a negative impact on the socio-economic structure of the destination, degradation of natural resources and ecological systems, and increased social tension due to excessive pressure on the local population and infrastructure.

Thirdly, approximately half of the domestic tourist flow is concentrated in only five oblasts of the Russian Federation, which puts significant pressure on their transport, hospitality and service facilities. This points to the need to diversify tourist flows in order to achieve balanced development of both traditionally popular and new, promising destinations, which will not only relieve the burden on overloaded oblasts, but also unlock the potential of less developed areas.

Finally, among the key challenges hindering the development of the Russian tourism sector are the low level of development of transport and tourism infrastructure in a number of oblasts attractive to travelers, as well as a shortage of qualified personnel in the industry. These factors limit the quality of service and service capabilities, creating barriers to improving the competitiveness of the Russian tourism industry in domestic and international markets.

Taken together, these trends form a complex challenge that requires a systematic approach, including investment in infrastructure, human resource development, and the introduction of sustainable tourism management models that can ensure the harmonious interaction of economic development and the preservation of natural and cultural heritage.

It is also worth noting that the tourism sector underwent a period of intensive development between 2014 and 2024, characterized by a significant increase in the number of market participants and their economic indicators. Sustainable revenue growth and a high level of profitable enterprises create favorable conditions for further expansion and modernization of the tourism sector. To maintain this momentum and increase competitiveness, it is important to focus on investments in infrastructure, human capital development, and the digitalization of services.

3.5.2. SMEs as drivers of sustainable tourism

Small and medium-sized enterprises act as a systemic factor in the development of tourism, ensuring diversification of the tourism sector and increasing its competitiveness and sustainability.¹ Local SMEs create unique tourism products tailored to regional specifics,² which contributes to the localization of economic effects (job creation, use of local resources) in contrast to the activities of large companies.³ This, in turn, can contribute to a more equitable distribution of income.⁴

1. Shi J., Xiao Y. Research on the pathways to high-quality development of tourism SMEs: A perspective of value assigned by quality, standards and brand//Heliyon. 2024. Vol. 10. No. 23. P. 1–14.

2. Ibid.

3. Gjini K. From Tradition to Transformation: The Role of SMEs in Advancing Sustainable Tourism in Albania. In book: 8th International Thematic Monograph: Modern Management Tools and Economy of Tourism Sector in Present Era. 2024.

4. Rahmanita M. et al. Small and Medium Enterprises Reinforcement as a Form of Sustainable Tourism Development: A Literature Review, 4th International Conference on Tourism, Gastronomy, and Tourist Destination (TGDC 2023). Advances in Economics, Business and Management Research 266.

In addition, SMEs operating in tourism contribute to the preservation of tangible and intangible heritage through the creation of authentic tourism products, support for traditional crafts, and increased involvement of local communities in economic processes.¹

Finally, SMEs serving the tourism sector promote sustainable business practices based on the principles of rational nature management and biodiversity conservation, due to their close connection with local ecosystems.²

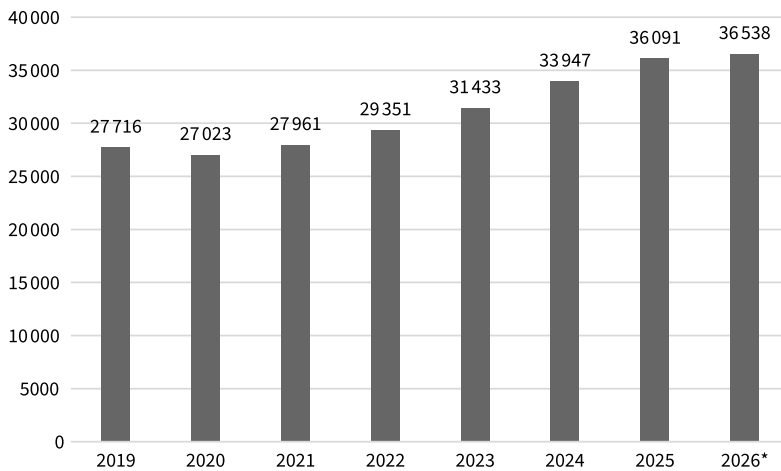
Data from the Russian Ministry of Economic Development³ indicate that small and medium-sized businesses play a key role in stimulating growth in the tourism industry, providing a significant portion of its revenue base. According to the ministry's estimates, SMEs account for about 75% of the total revenue of all organizations operating in the national tourism industry, numbering more than 76,000. The total financial turnover of SMEs engaged in tourism in 2024 increased twofold compared to 2021 and amounted to 1.14 trillion rubles.

The largest share of SMEs are engaged in the hotel business (OKVED2: 55. Activities related to the provision of temporary accommodation) and operating as travel agencies (OKVED2: 79. Activities of travel agencies and other organizations providing services in the field of tourism), in the total number of SMEs is noted in the Altai Republic (9.9%), Kamchatka krai (4.7%), the Karachay-Cherkess Republic (3.7%), the Republic of Karelia (3.2%), and the Chukotka Autonomous Okrug (3.1%).⁴

3.5.3. MSE, operating in hospitality business

In recent years, small and medium-sized enterprises have shown steady growth in Russia's tourism sector. Against the backdrop of the industry's overall transformation, linked to digitalization and changes in consumer behavior, SMEs are becoming key drivers of domestic and inbound tourism. According to data from the Federal Tax Service (FTS), the number of SMEs engaged in tourism activities is increasing every year, especially in the tour operator, hotel, excursion, and event services segments.

1. *Komppula R.* The role of individual entrepreneurs in the development of competitiveness for a rural tourism destination — A case study // *Tourism Management*. 2014. Vol. 40. P. 361–371; *Maziliauske E.* Innovation for sustainability through co-creation by small and medium-sized tourism enterprises (SMEs): Socio-cultural sustainability benefits to rural destinations // *Tourism Management Perspectives*. 2024. Vol. 50.
2. *Gossling S., Reinhold S.* Accelerating small and medium sized tourism enterprises' engagement with climate change // *Journal of Sustainable Tourism*. 2025. Vol. 33. No. 5. P. 840–857.
3. Small and medium-sized businesses account for three-quarters of the revenue of all tourism companies in Russia // Ministry of Economic Development of the Russian Federation. 2025. URL: https://economy.gov.ru/material/news/na_malyi_i_sredniy_biznes_prihoditsya_tri_chetverti_dohodov_vseh_turisticheskikh_kompaniy_rossii.html
4. According to the Unified Register of Small and Medium-Sized Enterprises // Federal Tax Service. URL: <https://rmsp.nalog.ru/>



* As of January 10, 2026.

Fig. 27. Dynamics of the number of SMEs operating in the hospitality business

Source: according to FTS.

As of early January 2026, more than 36,500 SMEs were operating in the hotel business (Fig. 27). Over the past six years, the number of such companies has increased by almost a third (+31% in 2026 compared to 2021).

Almost half (46.3%) of all SMEs operating in the hospitality industry are registered in 10 oblasts of the Russian Federation that are popular tourist destinations: Krasnodar krai (12%), Moscow (10%), Saint Petersburg (5.4%), Moscow oblast (4.4%), Crimea (4%), Primorsky krai (2.2%), Rostov oblast (2.2%), Sverdlovsk oblast (2.1%), the Republic of Bashkortostan (2.1%), and the Republic of Tatarstan (1.8%).

Most SMEs (94.6%) engaged in the hotel business are micro-enterprises, 5.1% are small enterprises, and about 0.3% are medium-sized enterprises (Fig. 28).

Sixty percent of SMEs engaged in the hospitality industry are sole proprietorship, while 40% are legal entities.

In 2024, the total revenue of SMEs that are legal entities engaged in the hotel business increased by a quarter (25%) compared to 2023 and amounted to Rb444.7 bn. Revenue growth was observed in almost all oblasts of the Russian Federation, with the exception of the Pskov (−0.75%), Ulyanovsk (−3.1%), Belgorod (−6.9%), and Lipetsk (−24.9%) oblast.

The largest increase in revenue was recorded by SMEs registered in the Republic of Ingushetia — 4.6 times (from Rb82.2 mn to Rb375.9 mn); in the Jewish Autonomous oblast, the indicator grew almost 3 times (from Rb1.6 mn to Rb4.7 mn); in the Karachay-Cherkess Republic — 2.2 times (from Rb765 to Rb1,673 mn); in the Republic of Sakha (Yakutia) — 2.2 times (from Rb704 mn to Rb1,536 mn); in the Tyumen oblast — 2.1 times (from Rb7,062 mn to Rb14,711 mn).

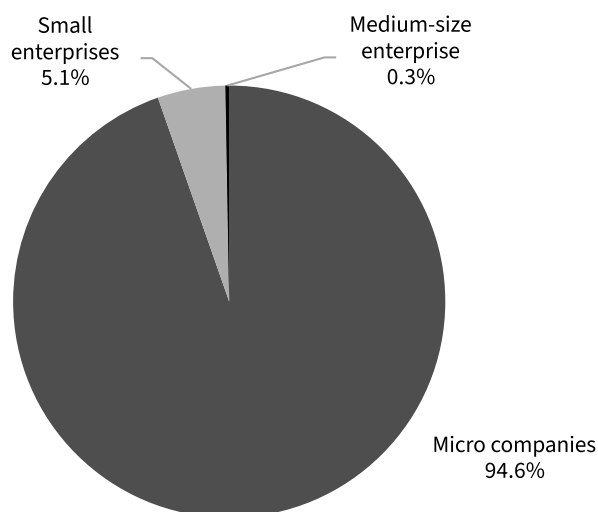


Fig. 28. Structure of SMEs engaged in the hospitality industry by size, January 2026

Source: according to FTS.

The total net profit of SMEs—legal entities engaged in the hotel business—grew by 39% in 2024 compared to 2023 and amounted to Rb36.9 bn. The share of companies with a net loss (negative net profit) remained virtually unchanged: in 2023, it was 28.2%, and in 2024, it was 28.9%.

The total net loss in 2023 amounted to Rb27.1 bn. The largest share of companies with a net loss in 2023 was recorded in the Magadan oblast (80%), the Republic of Crimea (55%), the Chukotka Autonomous Okrug (50%), Sevastopol (48%), and the Sakhalin oblast (48%). The smallest share of companies with a net loss was observed in the Chechen Republic (14%), the Republic of Sakha (14%), the Omsk oblast (11%), the Republic of Dagestan (9%), and the Trans-Baikal Territory (7%).

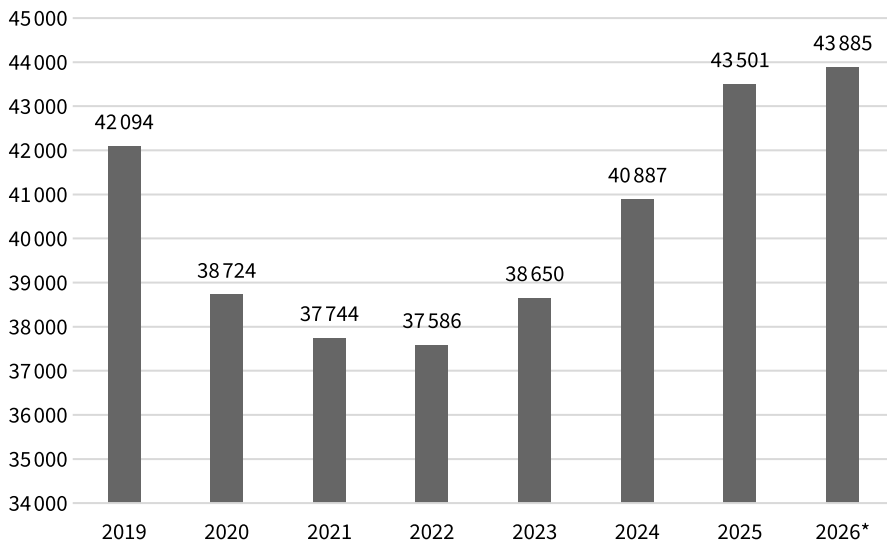
The total net loss in 2024 amounted to Rb32.4 bn, which is 19.6% higher than in the previous year. The increase in the total net loss is due to higher operating costs, such as utility bills and the purchase of raw materials (food, household chemicals, etc.) amid accelerating inflationary pressure, as well as the need for investments in modernization and digital technologies. This trend is particularly pronounced in oblasts with low operating capacity and high competitive pressure, which makes it difficult to maintain stable financial results.

The largest share of companies with a net loss in 2024 was recorded in the Chukotka Autonomous Okrug (56%), Magadan oblast (50%), Sevastopol (48%), Crimea (45%), and Kaliningrad oblast (45%). The lowest share of companies with net losses was recorded in the Republic of Ingushetia (19%), the Chechen Republic (17%), the Omsk oblast (13%), the Bryansk oblast (13%), and the Republic of Tyva (3%).

3.5.4. SMEs operating in the field of tourism services

As of early January 2026, more than 43,800 SMEs operate as travel agencies and other organizations providing tourism services (*Fig. 29*). Compared to 2021, the number of such SMEs increased by 15.3%. In 2020–2021, the decline in the number of travel agencies was due to the consequences of the COVID-19 pandemic, which caused a sharp drop in demand for tourism services and significant restrictions on movement. In 2022, the further decline in the number of travel agencies is due to the transformation of their activities under the influence of restrictive measures introduced by so-called “unfriendly” countries. These measures have significantly changed the operating conditions of the tourism market, requiring agencies to adapt urgently, including by reorienting themselves towards domestic tourism and developing new service models.

More than half of SMEs (52.3%) engaged in the activities of travel agencies and other organizations providing services in the field of tourism are registered in 10 subjects of the Russian Federation: Moscow (16.8%), Saint Petersburg (7.9%), Moscow oblast (7.2%), Krasnodar krai (4.1%), Sverdlovsk oblast (3.9%), the Republic of Tatarstan (3.3%), the Republic of Bashkortostan (2.8%), Chelyabinsk oblast (2.3%), Samara oblast (2.1%), and Nizhny Novgorod oblast (1.9%).



* As of January 10, 2026.

Fig. 29. Dynamics of the number of SMEs engaged in the activities of travel agencies and other organizations providing services in the field of tourism

Source: according to FTS.

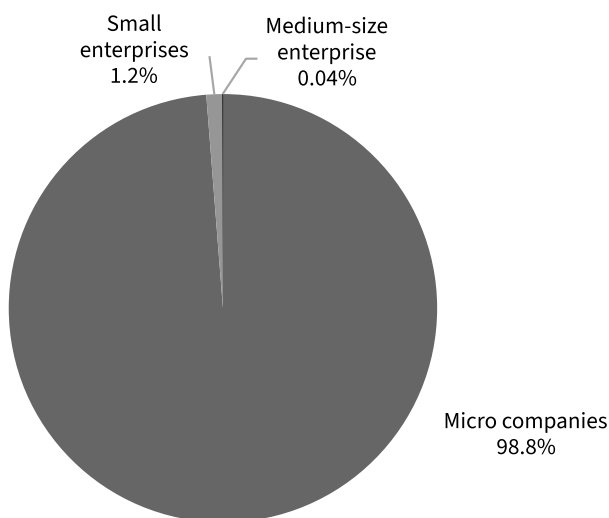


Fig. 30. Structure of SMEs engaged in the activities of travel agencies and other organizations providing services in the field of tourism, by size, January 2026

Source: according to FTS.

98.7% of the companies analyzed are micro-enterprises, 1.2% are small enterprises, and 0.04% are medium-sized enterprises (*Fig. 30*).

Among SMEs engaged in the activities of travel agencies and other organizations providing services in the field of tourism, 54% are legal entities and 46% are individual entrepreneurs.

The total revenue of SMEs — legal entities engaged in the activities of travel agencies and other organizations providing services in the field of tourism — in 2024 increased by 61% compared to 2023 (from Rb255.9 bn to Rb411.7 bn). The largest growth was observed in the Kaluga oblast — almost 132 times (from Rb841 mn to Rb110,995 mn), the Kamchatka krai — 6 times (from Rb2.7 bn to Rb17.6 bn), Krasnoyarsk krai — 2 times (from Rb2.5 bn to Rb6.1 bn), etc.

A decrease in total revenue was observed among SMEs — legal entities in 11 subjects of the Russian Federation, including the Kabardino-Balkarian Republic — by 50% (from Rb477.9 mn to Rb241.1 mn), Krasnodar krai — by 65% (from Rb21.8 bn to Rb7.6 bn), the Republic of Ingushetia — by 66% (from Rb151.4 mn to Rb51.8 mn), the Republic of Dagestan — by 80% (from Rb2,482.5 mn to Rb498.3 mn), etc.

The total net profit of SMEs — legal entities engaged in the activities of travel agencies and other organizations providing services in the field of tourism — in 2024, compared to 2023, increased by 42% to Rb75.1 mn.

* * *

Domestic tourism is currently a key factor in the dynamics of the Russian tourism market, helping to reduce the industry's dependence on external economic and political shocks, as well as fluctuations in international demand and the solvency of foreign tourists. At the same time, the growing importance of domestic tourism increases the sector's sensitivity to internal economic and social changes, including household income levels, employment dynamics, inflationary processes, and other macroeconomic conditions.

It is SMEs that play a key role in stimulating the growth of tourism in Russia.

The significant increase in the number of SMEs operating in the hotel business indicates their significant contribution to the development of the industry. There are also certain imbalances in the oblastal distribution of such SMEs, but these are explained by objective factors of specialization and the tourist attractiveness of oblasts and cannot be considered problematic. The growth in revenue of the SMEs under review in a number of oblasts reflects their growing popularity among tourists.

Meanwhile, in 2024, compared to 2023, there was an increase in the aggregate net loss of SMEs operating in the hotel business, which is associated with an increase in operating expenses against the backdrop of accelerating inflationary pressure. In these conditions, state support is necessary to ensure the sustainable development of the industry.

SMEs in the hotel business and tourism services are mainly micro-enterprises, which corresponds to the overall structure of the SME sector. At the same time, the average duration of small and medium-sized enterprises operating in the tourism sector is 8 years and 5 months, which exceeds the sector-wide indicator for SMEs (7 years and 7 months) and indicates the comparative stability and sustainability of SMEs in the tourism segment.

3.6. Foreign trade¹

3.6.1. The state of world economy and foreign trade

International organizations, including the World Bank, IMF, OECD, WTO, and UN, point out that the global economy will be stable in 2025, even with a bunch of challenges. According to their estimates, global GDP growth in 2025 ranged from 2.7% (according to the World Bank) to 3.3% (according to the IMF) and will remain at this level in 2026 and 2027.

1. Author: *Volovik N.P.*, Senior Researcher, Center for Real Sector, Gaidar Institute.

Table 22

Trends in global GDP and world trade
(y/y growth rates in %)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Estimate	Forecast
										2025	2026
Global GDP	3.3	3.8	3.6	2.8	-3.1	6.0	3.5	3.4	3.3	3.3	3.3
Developed economies	1.7	2.5	2.3	1.7	-4.5	5.2	2.6	1.7	1.8	1.7	1.8
USA	1.6	2.4	2.9	2.2	-3.4	5.7	2.1	3.2	2.8	2.1	2.4
Eurozone	1.9	2.5	1.9	1.3	-6.4	5.2	3.3	0.2	0.9	1.4	1.3
Germany	2.2	2.5	1.5	0.6	-4.6	2.6	1.8	-0.2	-0.5	0.2	1.1
France	1.1	2.3	1.7	1.5	-8.0	6.8	2.5	1.3	1.1	0.8	1.0
Emerging economies	4.3	4.7	4.5	3.7	-2.0	3.7	3.9	4.7	4.3	4.4	4.2
Russia	-0.2	1.5	2.3	1.3	-2.7	4.7	-2.1	4.8	4.3	0.6	0.8
Developing countries in Asia	6.4	6.5	6.4	5.5	-0.9	7.2	4.1	5.9	4.3	4.2	4.0
China	6.7	6.9	6.6	6.1	2.3	8.1	3.0	5.4	5.0	5.0	4.5
India	7.1	6.7	6.8	4.2	-7.3	8.7	7.2	7.8	6.5	7.3	6.4
Latin America and Caribbean	-0.9	1.3	1.0	0.0	-6.9	6.9	4.1	1.3	2.4	2.4	1.9
Brazil	-3.8	-3.6	1.4	1.1	1.1	-3.9	4.6	2.2	3.4	2.4	1.9
Mexico	2.5	2.3	2.2	2.0	-0.3	-8.1	4.8	2.3	1.4	0.6	1.5
World trade in goods and services	2.6	2.2	5.2	3.9	0.9	-8.2	10.4	0.8	3.6	4.1	2.6

Source: IMF official website—World Economic Outlook. URL <https://www.imf.org/en/home>

According to the latest data from the International Monetary Fund,¹ published in January 2026, global economic growth in 2025 remained at the previous year's level of 3.3%. Forecasts indicate that global economic growth will remain stable at 3.3% in 2026 and slow slightly to 3.2% in 2027 (*Table 22*). This stability is due to the balanced impact of various factors. Negative trends associated with changes in trade policy are offset by positive aspects such as increased investment in technology, especially artificial intelligence (AI), which is most noticeable in North America and Asia. Fiscal and monetary support, favorable financial conditions, and private sector flexibility play an important role. Global inflation is expected to decline from 4.1% in 2025 to 3.8% in 2026 and further to 3.4% in 2027.

Trade conflicts, especially the escalation of tariff policies by the United States, were the dominant factors holding back global economic growth in 2025. The US

1. IMF official website. Global Economy: Steady amid Divergent Forces. URL: <https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026>

administration imposed a wide range of increased tariffs on imports from most of its trading partners. As a result, the effective average US customs tariff rate increased from less than 5% in 2024 to above 15% at the end of 2025.

The most significant escalation has been observed in trade and economic relations between the United States of America and the People's Republic of China. In April 2025, the US administration introduced new tariffs on Chinese goods, increasing them to 34%, which brought the total tariff level to 145%. In response, China imposed similar tariffs on US goods at a rate of 34% and restricted exports of rare earth elements from the US. Negotiations in Geneva in May 2025 led to a temporary cessation of the conflict. Under the agreement reached, the US reduced its tariffs to 30% and China to 10%. In October-November 2025, the leaders of both countries met in Malaysia and agreed to extend the reduced tariffs by another 10% until November 10, 2026.

The US also imposed significant tariff barriers on its other key trading partners. The European Union and Mexico faced an increase in customs duties to 30%, which came into effect on August 1, 2025. North American countries, Japan, South Korea, and Brazil were also subject to restrictive measures, including the introduction of rates of up to 50% on a range of goods, such as copper. These actions have caused unprecedented uncertainty in the context of global trade relations, as many bilateral and multilateral agreements are still under discussion.

According to IMF estimates, economic growth in the US slowed from 2.8% in 2024 to 2.1% in 2025. The US economy is expected to grow by 2.4% in 2026 thanks to fiscal policy and a reduction in the Federal Reserve's key interest rate. The impact of trade barriers is gradually diminishing. The revision of the IMF's October 2025 forecast by 0.3 percentage points was due to stronger-than-expected GDP growth in Q3 2025 and a recovery in economic activity in Q1 2026 after a temporary slowdown caused by the federal government shutdown. Growth is projected to remain stable at 2.0% in 2027, with financial growth expected in the near term due to tax incentives for corporate investment under the One Big Beautiful Bill Act of 2025. Growth driven by technological development is expected to be moderate, but will still compensate to some extent for the decline in immigration and consumer demand.

The eurozone is showing extremely low economic growth. In Q1 2025, there was an increase in orders for goods ahead of the introduction of US tariffs, which temporarily stimulated economic activity. However, in Q2 2025, GDP growth slowed to 0.1% year-on-year. According to the latest IMF data, eurozone GDP growth in 2025 is estimated at 1.4%, which is a slight increase compared to the 0.9% figure for 2024.

The eurozone economy is expected to grow steadily in 2026, by around 1.3%, and in 2027, by 1.4%. The higher growth in 2027 is linked to the expected increase in government spending, especially in Germany, as well as continued strong performance in Ireland and Spain. The IMF's January (2026) forecast remains unchanged from October, with low growth rates pointing to unresolved structural problems. The effect of the planned increase in defense spending will only be felt in future

years, as the target levels must be reached gradually by 2035. The euro area has benefited less than other regions from the recent surge in investment driven by technological advances. The ongoing impact of rising energy prices will put pressure on the manufacturing sector, and the real appreciation of the euro against the currencies of competing countries will amplify this effect.

There is significant differentiation in economic performance within the eurozone. Germany, which has the largest economic potential in the region, faces particular challenges as a result of its export-oriented model. The German economy is projected to show signs of recovery in 2026 thanks to fiscal support measures.

The highest economic growth rates in the eurozone in 2025 were observed in Poland, at 3.3%. This is due to an increase in real household income and effective fiscal support.

In emerging economies and emerging markets, economic growth in 2025 is estimated at 4.4%. Growth rates in these countries are expected to remain slightly above 4% in 2026 and 2027.

Throughout 2025, China demonstrated significant resilience in its economic development. The country was able to maintain stable growth despite unfavorable external conditions by focusing on innovative technologies and expanding domestic demand. In 2025, China achieved significant success in the energy sector, strengthening its position as the world's largest electricity producer. Thanks to active government policies and investments in the construction of power plants, the country has become the world's largest electricity producer, surpassing the United States and India.

The manufacturing sector in China continued to develop and increase its competitiveness. Government support provided to large companies such as Huawei Technologies Co., Ltd. contributed to the rapid growth of industrial production. Its key areas were high technology, telecommunications, and mechanical engineering. BYD Auto Co., Ltd, a manufacturer of electric vehicles, deserves special attention. Priority industries, including information technology, the automotive industry, and shipbuilding, ensured stable growth in employment and the well-being of the population.

In January 2026, the IMF revised its forecast for Chinese economic growth in 2025, raising it by 0.2 percentage points to 5% thanks to stimulus measures and increased bank lending for investment. The forecast for 2026 was also revised upward by 0.3 percentage points to 4.5%, reflecting a reduction in effective US tariffs on Chinese goods following the one-year trade truce in November and planned stimulus measures for the next two years. However, growth is projected to slow to 4% in 2027 due to structural constraints.

The Indian economy continues to demonstrate one of the highest growth rates in the world: the IMF has raised its GDP growth forecast for 2025 by 0.7 percentage points to 7.3%. This is due to higher-than-expected economic growth in Q3 2025 and strong momentum that continued into Q4. According to forecasts, growth rates in the country will slow to 6.4% in 2026 and 2027, due to the weakening role of cyclical and temporary factors.

In 2025, the global economy was in a complex transition period characterized by unprecedented uncertainty in trade policy and geopolitical tensions. The escalation of tariff barriers between the United States and key US trading partners, including China, poses serious challenges to international trade and investment strategies. Nevertheless, the economy has shown some resilience, supported by low energy prices, stable financial performance of companies and households, and the potential associated with the development of AI technologies. The key factor for economic progress in 2026 and beyond will be the extent to which trade conflicts are mitigated and political uncertainty is reduced.

According to IMF forecasts, global trade growth will slow from 4.1% in 2025 to 2.6% in 2026 and increase to 3.1% in 2027. This trend is driven by efforts to optimize trade flows in light of new economic policies. In the medium term, fiscal stimulus measures in countries with positive current account balances are expected to help reduce global imbalances. This will be countered by growth in investment in technology-based businesses in the development of AI, which is expected to continue to attract capital flows to the United States, even despite their slowdown.

It should be noted that global trade in 2025 presented a contradictory picture: despite unprecedented political uncertainty and a significant escalation in tariff measures, total trade volumes remained stable, and the nominal value of trade even increased: in H1 2025, global trade in goods increased by 4.9% year-on-year, with the rate of growth exceeding expectations.¹ Several factors contributed to this robust expansion in trade, including increased imports to North America in anticipation of US tariff increases, positive macroeconomic conditions (e.g., lower inflation, favorable fiscal policy, high growth rates in emerging markets), and a sharp increase in demand for AI-related goods, especially in the Asia-Pacific region and North America.

In Q3 2025, according to WTO data,² the physical volume of trade remained stable, increasing by only 0.5% compared to the previous quarter and by 3.6% compared to the same period in 2024. In dollar terms, international trade hit a record high, increasing by 7.5% year-on-year over the same period.

In the first nine months of 2025, the volume of trade in goods increased by 4.5% compared to the same period in 2024. This is higher than the overall forecast for 2025 of 2.5%, which was presented by the WTO Secretariat in October last year. The value of merchandise trade from January to September increased by 6.5% year-on-year. Although the weakening of the dollar contributed to the expansion of trade in value terms, more significant factors in this dynamic were import congestion ahead of the expected tariff increases and growing demand for AI-related goods.

1. WTO official website. Global Trade Outlook and Statistics Update: October 2025. URL: https://www.wto.org/english/news_e/news25_e/stat_07oct25_e.pdf

2. WTO official website. World Trade Volume Remained Flat in Q3 of 2025 While its Dollar Value hit Record High. URL: https://www.wto.org/english/news_e/news26_e/stat_28jan26_271_e.htm

In January–September 2025, the value of trade in AI-related goods such as chips, semiconductors, and data transmission equipment, most of which are exempt from the new tariffs, increased by almost 20% compared to the same period last year. While such products accounted for about 15% of global merchandise trade, they accounted for 42% of the year-on-year growth in this indicator in January–September 2025.

Trade in non-AI-related goods also continued to expand, increasing by 4.4% in value terms in the nine months of 2025 on an annualized basis. A key factor in this was the rapid rise in gold prices, which serve as a safe haven for investment in times of economic uncertainty. Medicines and pharmaceutical products, particularly anti-obesity drugs and vaccines, also contributed to growth, especially in the first quarter, as imports to North America rose sharply ahead of the expected tariff increase.

In the first nine months of 2025, the strongest year-on-year growth in export volumes (9.5%) was recorded in Asia, followed by Africa (6.1%) and South and Central America and the Caribbean (5.7%). Exports also increased in the Middle East (5.3%) and North America (2.3%), but declined slightly in Europe (–0.3%) and moderately in the Commonwealth of Independent States (–1.7%).

As for imports, the fastest growth was observed in South and Central America and the Caribbean (13.2%) and Africa (12.7%), which is more than twice the rates observed in the Middle East (6.2%) and Asia (6.0%). Imports from North America grew by an average of 5.4%, while Europe saw more modest growth of 2.4%. The lowest import figures were recorded in the CIS, at just 0.5%.

Thus, in 2025, global trade underwent significant changes. The share of high-tech goods, especially those related to AI, increased. Small open economies began to play a more important role, while the influence of commodity-producing countries declined. These trends indicate a transformation in the structure of global trade flows and herald a continued transition to new technologies that will significantly change the economic landscape.

3.6.2. Russian foreign trade environment: price trends for key Russian export and import goods

The global commodities market in 2025 was characterized by a general downward trend in prices due to slowing economic growth and excess supply. In 2025, the World Bank (WB)¹ commodity price index stood at 98.35%, down 6.5% from the same indicator in 2024. The decline was observed in the energy components of the index, with prices falling by 11.3%. The price index for non-energy commodities rose by 2.4% (*Fig. 31*).

1. World Bank official website. Commodity Markets Outlook. URL: <https://www.worldbank.org/en/research/commodity-markets>

Russian economy in 2025

Trends and outlooks

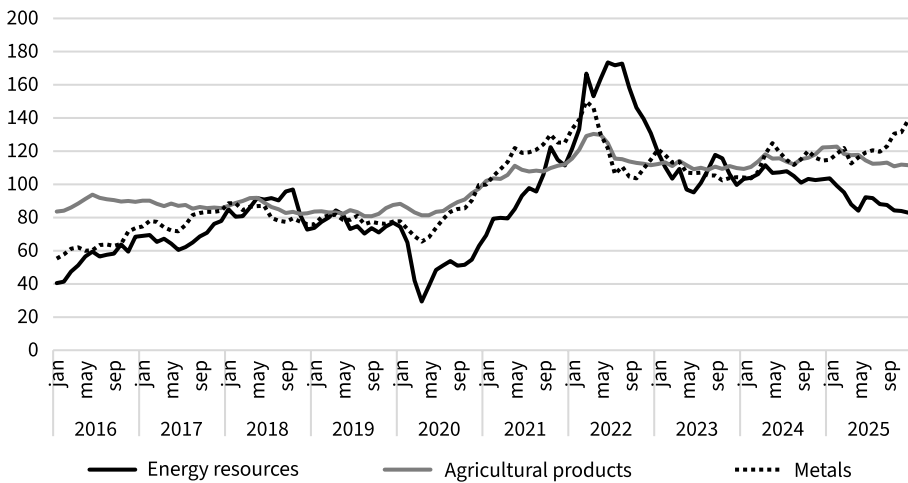


Fig. 31. World Bank price indices on commodities (2010=100%)

Source: World Bank official website. Commodity Markets Outlook. URL: <http://www.worldbank.org/en/research/commodity-markets#1>

According to the World Bank's forecast for commodity markets, global commodity prices are expected to reach their lowest level in six years in 2026. This will be the fourth consecutive year of price declines. The World Bank estimates that in 2026, it will be 7% as a result of slowing global economic growth, increasing oil surpluses, and ongoing political instability. Despite this, current commodity prices are still above their pre-pandemic 2019 levels: by 17.9% in 2025 and by 14% in 2026 (according to forecasts).

According to forecasts, prices for metals and minerals will remain stable in 2026. At the same time, agricultural prices are expected to continue falling due to favorable supply market conditions. Precious metal prices, on the other hand, will rise by another 5% after significant growth in 2025 of more than 40%.

An analysis of oil price dynamics in 2025 shows that this market was characterized by moderate volatility, a downward trend in prices, and the influence of key factors: excess supply, moderate demand growth, and geopolitical risks.

After a significant drop from \$80 to \$65 per barrel in 2024, Brent crude oil prices stabilized at around \$75 per barrel in early 2025. April 2025 was a critical month, when the decision to increase OPEC+ oil production by 2.2 million barrels per day, combined with the introduction of US tariffs, led to a fall in crude oil prices: in early May 2025, the price of Brent crude oil reached its lowest level since February 2021, falling to \$60 per barrel.

In November 2025, the decline in oil prices accelerated compared to previous months. Between June and September, Brent prices ranged between \$68 and \$72

per barrel thanks to strategic actions by OPEC+ and the accumulation of reserves. However, in November, new sanctions against Russia, negative demand forecasts, and excess supply caused prices to fall by 8–10% over the month. By the end of November, Brent prices had stabilised at around \$63 per barrel and WTI at \$60 per barrel, reflecting a new balance between supply and demand. In December, the average price of a barrel of Brent crude fell to \$62.7, its lowest level since February 2021. The oversupply situation is expected to continue in 2026.

In November 2025, the US imposed additional sanctions on PJSC Rosneft and PJSC LUKOIL, creating uncertainty about Russian oil supply volumes, as these companies together account for about half of Russian oil production.

Russian oil is traditionally traded at a discount to Brent and WTI benchmarks due to differences in crude quality and logistics characteristics. Sanctions also affect Russian oil export prices. In 2025, discounts reached a record high, ranging from \$15 to \$25 per barrel relative to Brent. (In 2024, discounts were significantly lower, at around \$5–10 per barrel, which was in line with standard quality and logistics conditions.)

The average price of Russian Urals crude oil in 2025, according to official data from the Russian Ministry of Economic Development for calculating mineral extraction tax, was about \$50 per barrel, significantly lower than the budget expectations of \$69.7 per barrel. This reflects the overall decline in the oil market due to oversupply, sanctions, and weak demand in China. By the end of the year, Russian Urals oil had fallen to \$39.18/bbl (*Table 23*).

The global natural gas market in the first half of 2025 showed a recovery in prices after their record decline in 2024. However, the market then experienced increased volatility due to seasonal fluctuations, abnormal weather conditions, and increased exports of liquefied natural gas (LNG) from the US. The average Henry Hub price for 2025 rose to \$3.53/MMBtu from \$2.19/MMBtu in 2024, i.e., by 60.9%, which was explained by a significant expansion in heating demand due to abnormal cold weather at the end of the year and an increase in exports. On the European market (TTF), the dynamics were more restrained: in 2025, compared to 2024, the price increased by 9.1% due to the replacement of Russian gas with LNG supplies from the US. Long-term forecasts indicate a steady increase in gas prices as a result of growing global demand, especially in Asian countries.

In 2025, there was a significant divergence between prices for different types of metals due to the impact of complex and conflicting factors on global commodity markets. Precious metal prices showed impressive growth, while non-ferrous metal prices showed mixed results as a result of geopolitical tensions and declining demand in Asia. The metal price index rose by 5.1% in 2025, with non-ferrous metals up 7.1% and precious metals up 43.5%.

In 2025, copper prices increased by 8.8% compared to the previous year. This growth was caused by a supply deficit of 180,000 tons. At the end of the year, the cost of copper exceeded \$11,000 per metric ton, a trend explained by growing demand

Table 23

Average world prices

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Crude oil (Brent), USD/Bbl.	52.37	44.05	54.39	71.07	64.03	42.3	70.44	99.82	82.62	80.7	69.04
Natural gas (USA), USD/ MMBtu	2.61	2.49	2.96	3.16	2.57	2.01	3.85	6.37	2.54	2.19	3.53
Natural gas (European market), USD/ MMBtu	6.82	4.56	5.72	7.68	4.80	3.24	16.12	40.34	13.11	10.96	11.96
Natural gas (Japan), USD/ MMBtu	10.93	7.37	8.61	10.67	10.56	8.31	10.76	18.43	14.39	12.84	12.02
Coal (Australia), USD/t	58.94	66.12	88.52	107.02	77.86	60.79	138.05	344.9	172.78	136.15	108.4
Copper, USD/t	5510.5	4867.9	6169.9	6529.8	6010.2	6173.8	9317.1	8822.4	8490.3	9142.1	9947.3
Aluminum, USD/t	1664.7	1604.2	1967.7	2108.5	1794.5	1704	2472.8	2705	2255.7	2419.0	2631.7
Nickel, USD/t	11863	9595.2	10409	13114	13914	13787	18465	25833	21521	16814	15162
Iron ore, USD/t	55.85	58.42	71.76	69.75	93.85	108.9	161.71	121.3	120.6	109.4	108.4
Gold, USD/ troy ounce	1160.7	1249	1257.6	1269.2	1392.5	1770.3	1799.6	1800.6	1942.7	2387.7	3441.5

Source: calculated based on World Bank data. URL//<https://www.worldbank.org/en/research/commodity-markets>

for this metal in various sectors, such as network electrification, renewable energy development, and investment in AI. The outlook for the future looks optimistic: copper prices are expected to continue to rise in the first half of 2026. At the same time, there are still risks associated with the introduction of US tariffs, which may put pressure on this market in the medium term.

The aluminum market underwent a significant transformation in 2025, shifting from a prolonged period of surplus to a projected supply deficit, marking a significant historical change. In the first half of 2025, the price of aluminum remained relatively stable, fluctuating between \$2,470 and \$2,525 per ton. The situation changed dramatically on June 4, 2025, when the US imposed 50% tariffs on aluminum imports, which significantly increased the impact of fundamental factors on this market. In the second half of the year, there was a more noticeable increase in prices for this metal, especially in September and October, when its cost reached a three-year high of \$2,900–2,920 per ton. By December, prices had stabilized at above \$2,800 per ton. The average annual price was \$2,631.7 per tonne, 8.8% higher than in 2024.

Russian aluminum, which entered the world market after April 2024 (when a blockade on supplies of non-ferrous metals from Russia to the London Metal Ex-

change (LME) was introduced), was traded at a significant discount to LME quotes. In May 2025, Russian metal was valued at approximately 22% below spot prices.

The world nickel market was in a state of significant oversupply in 2025. Overproduction, fueled by excess production capacity, especially in Indonesia, weighed on prices; Norilsk Nickel raised its surplus forecasts to 240,000 tons in 2025 and 275,000 tons in 2026, indicating a structural imbalance in the market. The strengthening of the US dollar in early 2025 increased pressure on prices, while trade disputes between the US and China added further uncertainty to the market situation. Nickel prices have remained at record lows since 2020, with an average annual price of \$15,162/ton in 2025, down 9.8% from the previous year.

Gold prices in 2025 showed the most significant growth among traditional precious metals, increasing by 44.1% in value terms over the year. By mid-December, its price was \$4,300–4,340 per troy ounce. This growth was driven by a number of factors, including lower interest rates following decisions by the US Federal Reserve, increased demand from central banks, and heightened geopolitical risks and uncertainty in global economic forecasts.

The World Bank's food and agricultural commodity price index rose by 0.4% in 2025. Beverages rose in price by 17.5%, agricultural raw materials by 2.2%, which was partially offset by a 5.8% decline in food prices.

3.6.3. Main indicators of Russian foreign trade

In 2025, Russia's foreign economic activity continued to face challenges caused by global economic and geopolitical changes. The situation on international markets, sanctions, and changes in trade flows had a significant impact on the country's export and import positions.

According to the Central Bank of Russia,¹ Russia's foreign trade turnover in 2025 amounted to \$722.1 bn, which is 1.8% lower than in 2024. The foreign trade balance was positive at \$116.7 bn, 11.7% less than in 2024 (*Fig. 32*).

Russian exports in 2025 were under pressure from sanctions and geopolitical factors. However, stable trade with Asian partners and growth in certain non-resource sectors indicate that the economy is adapting to the new conditions. The main challenge remains in the mineral sector, which still accounts for more than half of national exports but is showing a significant decline in volumes.

Exports of goods from Russia in 2025 amounted to \$419.4 bn, down 3.3% from the previous year.

Mineral commodities remain the backbone of Russian exports, accounting for 48.6% of their value (52% in 2024). Growing pressure from the West, including US sanctions against Rosneft and Lukoil, has complicated the sale and supply of energy

1. Bank of Russia official website. URL: https://cbr.ru/statistics/macro_itm/external_sector/etg

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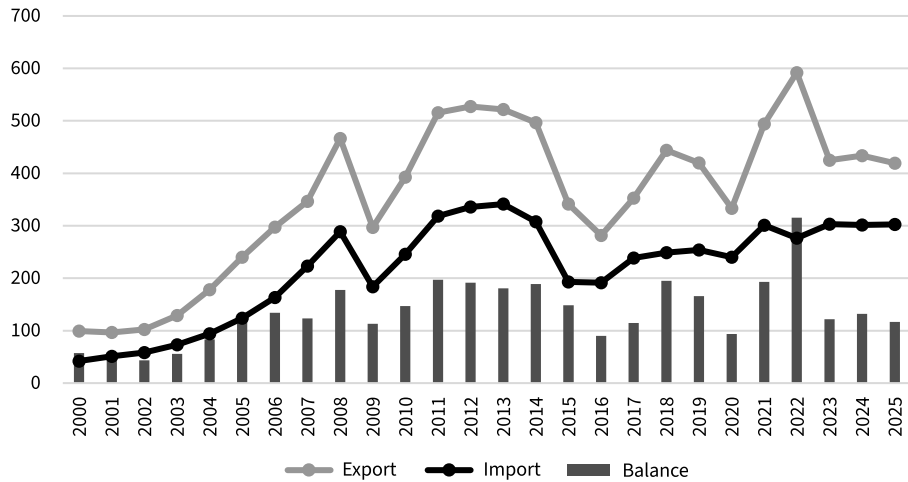


Fig. 32. Main indicators of Russian foreign trade, USD bn

Source: Bank of Russia official website. URL: https://cbr.ru/statistics/macro_itm/external_sector/

resources to foreign markets: the value of mineral exports from Russia fell by 14.8% over the year to \$225.3 bn.

In December 2025, the price of Russian oil fell to its lowest level since the start of the SVO in February 2022. On average, exporters receive just over \$40 per barrel for oil shipped from ports on the Baltic and Black Seas, as well as from the eastern port of Kozmino. This figure fell by 28% over the last three months.¹

According to the Russian Ministry of Finance, oil and gas revenues of 8.48 trillion rubles were received by the budget in the first 11 months of 2025, which is 23.8% less than in 2024.

Russian exports of food and agricultural raw materials in 2025 amounted to \$40.9 bn, which is 4.0% lower than in 2024.

Grain remains a key item in national exports. Between July 2025 and January 2026, grain exports from Russia amounted to approximately 29.7 mn tons, 8% lower than last season. Grain exports are declining despite an increase in domestic production. In 2025, the country's grain harvest reached a record 145 mn tons, of which 93.5 mn tons was wheat, but the growth in production has not led to a proportional increase in exports due to a number of limiting factors.

The main reason for this is the reduction of the state quota for grain exports by almost three times compared to the previous year, which was undertaken

1. Bloomberg. Russia Oil Prices Hit Lowest Since War Began on Western Pressure. URL: <https://www.bloomberg.com/news/articles/2025-12-16/russia-oil-prices-hit-lowest-since-war-began-on-western-pressure>

to strengthen the country's food security. Although this measure is intended to protect the domestic market, it significantly reduces foreign exchange earnings from the grain sector.

High prices for Russian agricultural products, especially sunflower oil, are forcing importers to switch to cheaper alternatives (palm and soybean oil).

Although total exports of food and agricultural raw materials are declining, the domestic market is shifting toward processed products with higher added value, such as ready-made dairy products, meat, and confectionery.

Exports of metals and metal products in 2025 proved to be one of the most successful sectors in Russian foreign trade: in 2025, their value reached \$74.7 bn, exceeding the 2024 figure by 17.4%. Given the overall decline in Russian exports, this result is particularly impressive.

The dynamics of rail transport confirms this positive trend: in January—October 2025, the export of ferrous metals via the Russian Railways network grew by 14.3% to 20.6 mn tons. This implies a significant increase in the volume of supplies in real terms, accompanied by a rise in prices.

Iron and steel account for the bulk of metal exports from Russia. Despite the decline in steel production, exports are increasing: the Russian Steel Association estimates that exports of this metal will grow by 19% in 2025, to 24 mn tons (in 2024, 20 million tons were exported).

In 2025, sanctions remained the main structuring factor in the non-ferrous metals market. The US banned imports of aluminum, copper, and nickel from Russia produced after April 2024, effectively ousting Russian metallurgical products from the American market. The European Union imposed a direct ban on imports of primary aluminum from Russia as part of the 16th package of sanctions, which came into force in February 2025. The transitional mechanism provided for in this package allows for the import of up to 275,000 tons of aluminum per year (which is about 80% of the volumes supplied to the EU from Russia in 2024) until the end of February 2026, after which the ban will become absolute. From April 2024, new shipments of Russian metals to the London Metal Exchange (LME) and Chicago Mercantile Exchange (CME) commodity exchanges will be prohibited.

Sanctions restrictions have caused dramatic changes in the logistics infrastructure. The sea transport routes for Russian aluminum have shifted from traditional European routes to Asian ones: from the Baltic to Mumbai, from Vladivostok to Dubai. The cost of freight transport has increased by 20%, and delivery times have increased by 10–15 days.

Thus, despite the fact that Russia's largest metallurgical companies, such as Norilsk Nickel and Rusal, have not been subject to direct sanctions, they face serious restrictions on access to international markets.

At the same time, Russian aluminum exports, which underwent a radical transformation in 2025, became an example of rapid adaptation to sanctions restrictions. Absolute volumes of exports of this metal have declined, but Russia has retained

its position as a major supplier in the global economy. The most important result of 2025 in this sector was the almost complete reorientation of aluminum exports to the Chinese market (with a share of up to 40%): in the first nine months of 2025, aluminum worth \$5.9 bn was supplied to China, 64.9% more than in 2024.

Restrictive measures also had a significant impact on Russian copper exports. As part of its 18th and 19th sanctions packages (July-November 2025), the European Union extended export bans on copper products, ores, and concentrates, as well as various copper-containing fittings supplied from Russia. The United States imposed tariffs of 200% on Russian copper. These restrictions forced domestic producers to completely reorient their supplies to Asian markets, especially China, in 2025. As a result, Russian copper exports successfully adapted to the sanctions: in 2025, copper worth \$4.9 bn was supplied to China, i.e. 62.4% more than in 2024. This increase is due to the slowdown in domestic demand in Russia and the revival of the Chinese economy. It should be noted that concentration on the Chinese market creates both opportunities (large-scale demand) and risks (geopolitical vulnerability) for Russian suppliers.

In 2025, Russian nickel exports recorded the most dynamic growth among all non-ferrous metals, especially in the direction of China. In 2025, nickel worth \$1.5 bn was supplied to China, which is 50.6% higher than in 2024. Supplies to Turkey, India and South Korea remain significantly lower, but are also growing. Russia's share of the global nickel market is about 9%.

A surplus of more than 200,000 tonnes on the global nickel market and increased competition from Indonesia could make 2026 a more difficult year for the Russian nickel sector. There is a possibility of further price declines and a need to adapt to changing market conditions.

One of the drivers of growth in Russia's foreign trade in 2025 was the export of chemical products, which ensured significant revenue growth: exports of chemical products from Russia amounted to \$33.6 bn during this period, exceeding the previous year's figure by 21.6%. Mineral fertilizers account for a significant share of total chemical exports.

Russia continues to hold a leading position in the global mineral fertilizer market, accounting for 18% of its total volume. According to RAPU estimates,¹ domestic companies exported 37.6 mn tons of fertilizers in the first 10 months of 2025, which is 9% more than in the same period of 2024. By the end of the year, this figure is estimated to have reached a record 45 mn tons.

One of the key trends of 2025 was a significant change in the geography of Russian fertilizer exports. The main focus is now on BRICS countries and emerging markets: the share of exports to these countries grew over the year to 75% of the total volume, exceeding the 2019 figure by 6 percentage points.

1. Official website of the Russian Association of Fertilizer Producers (RAPU). URL: https://rapu.ru/news/andrey_gurev_potrebnost_rossiyskikh_agrariev_/6408/

India stands out among other countries importing Russian fertilizers. In 2025, a record 6 mn tons of fertilizers were supplied to partners from this country, which is 5.5 times more than in 2021 (1.1 mn tons). As a result, Russia took the leading position in the Indian fertilizer market, accounting for 21.8% of the total volume of imports of this product to the country.

Africa is one of the priority areas for the reorientation of Russia's export activities. In 2024, Russian fertilizer supplies to the African continent reached 1.9 mn tons, and in 2025, they are estimated to have grown to 2.5 mn tons. The main importers of Russian fertilizers in Africa are South Africa, Mozambique, Morocco, Ethiopia, and Cameroon. Uralchem plans to increase fertilizer exports to African countries from the current level of 1 mn tons to 5 mn tons by 2030. This strategy is aimed at creating a sustainable market on the continent.

Brazil continues to be an important market for Russia, with fertilizer exports expected to grow by 11% in 2025. Russia has also significantly increased fertilizer supplies to other Latin American countries.

The European Union has not imposed a direct total ban on Russian fertilizer exports. However, new customs tariffs were introduced on July 1, 2025. Initially, the duties were not prohibitive: specific duties of €40/t for nitrogen fertilizers and €45/t for complex fertilizers containing nitrogen were added to the existing ad valorem rate of 6.5%. The duties will gradually increase and by July 1, 2028, will reach a prohibitive level of €315/t for nitrogen fertilizers and €430/t for complex fertilizers.

Despite the introduction of new tariffs, the European Union remains a key market for Russian fertilizer exports. In the first three quarters of 2025, Russian fertilizer exports to EU countries increased by 5% compared to the same period last year, reaching €1.346 bn. This is the highest figure for a nine-month period since 2022.

Exports of machinery and equipment showed a positive trend in 2025, supported by the recovery of production in some sectors, growth in exports to "friendly" countries, and the industry's adaptation to sanctions and logistical challenges. Exports of machinery, equipment, and vehicles reached \$29.6 bn in 2025, exceeding the 2024 figure by 26.6%.

The production of oil and gas equipment is the most dynamic segment of Russian industry, ensuring export growth to the BRICS+ markets. The Russian Ministry of Energy is actively developing the export of drilling and compressor technologies to India, the UAE, and Saudi Arabia. As of the end of 2025, 26 types of equipment for the production of liquefied natural gas (cryogenic pumps, compressors, valves) are fully localized and ready for export. At the same time, complex directional drilling technologies and equipment for increased oil recovery from wells are being exported.

Railway equipment is the second most important driver of export growth, targeting Asian logistics corridors. Innovative coal cars have achieved 90% localization of components and are already being used on the Eastern Railway of Russian Railways for transport.

Significant export growth, mainly to EAEU countries and Central Asia, has been observed for commercial trucks (KAMAZ), buses (Solaris), and light vans (GAZ). KAMAZ is implementing an ambitious program called “KAMAZ-2030” with a target of 60,000 trucks per year and a 16% export share.

Despite a decline in tractor production in 2025, agricultural machinery remains a significant export commodity for Russia thanks to demand in Kazakhstan (40% of exports by major manufacturers) and Central Asia. The Lipetsk Tractor Plant (LTZ) is developing an innovative K-6 tractor with more than 97% localization. The production of combine harvesters, seeders, and plows continues based on the Soviet legacy, which is still in demand in regional markets.

The growth of Russian machinery exports in 2025 was driven by geographical diversification (BRICS+, Africa) and deeper localization.

Thus, despite a decline in total exports, there has been an increase in exports of non-commodity goods such as metals, chemical products, and machinery. The volume of Russia’s non-resource, non-energy exports (NRNE) in 2025 is estimated by the Ministry of Industry and Trade of the Russian Federation at \$149.24 bn, and in 2026 it may grow to \$155.25 bn. This indicates a gradual diversification of the Russian Federation’s export base (*Fig. 33*).

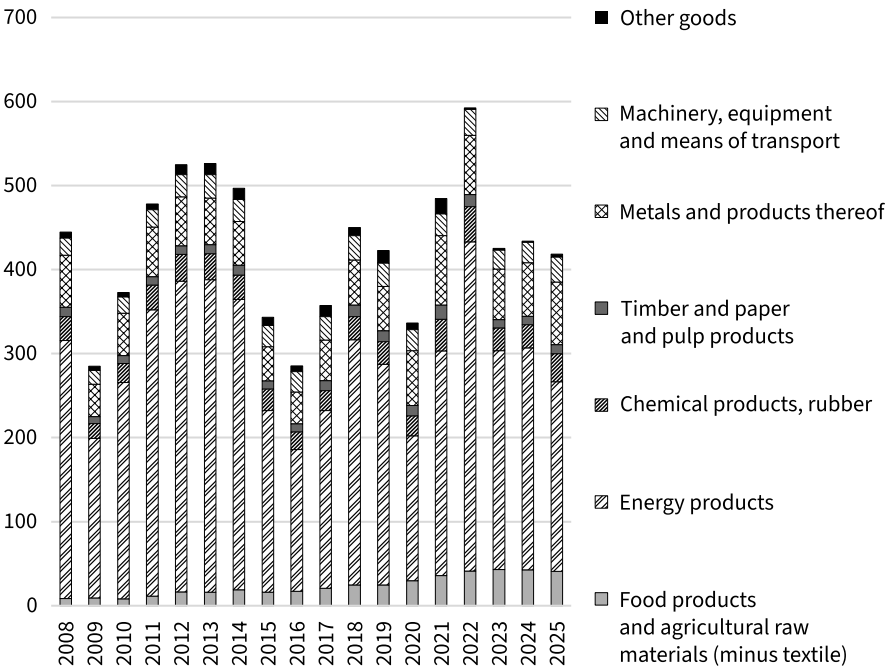


Fig. 33. Dynamics of Russian exports by commodity, USD bn

Source: Federal Customs Service.

Russian goods imports in 2025 grew in value terms, but growth rates were modest and uneven across categories, with China and Eastern countries continuing to play a key role, and the structure shifting towards food, chemical products, and certain high-tech items. Imports of goods to Russia in 2025 amounted to \$302.7 bn, 0.4% more than in 2024.

The commodity structure of imports continues to be dominated by machinery, equipment, and vehicles, which account for 48.6% of total imports. In value terms, imports of this group of goods in 2025 amounted to \$135.6 bn, down 7.7% compared to 2024. The decline in Russian imports of machinery and equipment in 2025 was the result of a complex combination of macroeconomic, geopolitical and structural factors. The high key rate of the Central Bank of the Russian Federation creates financial barriers for importers, sanctions restrictions complicate logistics and payments, and an active import substitution policy stimulates the development of domestic production.

The most dramatic decline was observed in the segment of cars and components imported from China.

Early in 2025, higher customs duties were introduced on imports of new cars (ranging from 15% to 25% depending on engine size), with an additional surcharge of 5% to 7% imposed on cars older than three years, as well as a scrappage fee, which from December 2025 will take engine power into account. This has led to an increase in the cost of importing cars and components, encouraging consumers to look for alternatives or local equivalents.

Official deliveries of cars from the EU, the US, Japan, and other countries continue to be blocked, leading to higher prices and long delivery times via third countries. Delays in payments and operational difficulties with banks also limit the possibilities for such imports.

The government and the Ministry of Industry and Trade of the Russian Federation plan to limit the list of cars that can be imported into Russia through parallel imports. This is due to the emergence of domestic equivalents and the desire to protect domestic manufacturers. At the same time, parallel imports remain an important channel for circumventing sanctions, but their potential is gradually declining.

Imports of chemical products to Russia in 2025 grew due to expanding domestic demand, industry development, and the reorientation of external supplies. This sector ranks second after machinery and equipment in terms of import volume and continues to strengthen its position in Russia's foreign trade structure. In 2025, the volume of chemical imports reached \$55.5 bn, exceeding the 2024 result by 3.8%. The growth in imports of this category of goods is mainly due to the expansion of demand for medium-tonnage chemical products, high-purity substances, and process chemicals, while the decline in imports of basic polymers and raw materials is due to the development of domestic production and import substitution.

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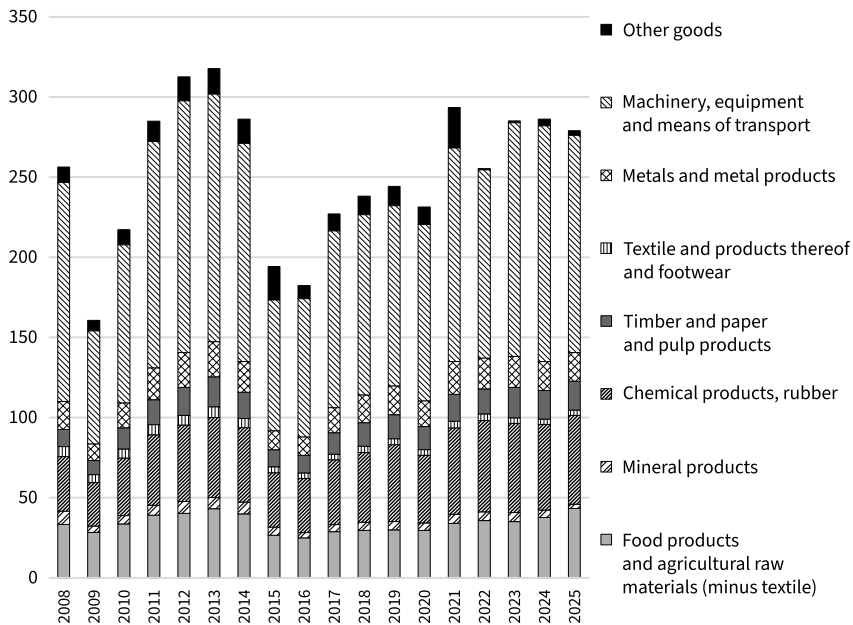


Fig. 34. Dynamics of Russian imports by commodity, USD bn

Source: Federal Customs Service.

Imports of food products and agricultural raw materials grew by 15.1% in 2025, highlighting the recovery in domestic consumer demand and the need for certain imported goods that are in short supply on the domestic market (Fig. 34).

Analysis of Russian imports shows that the share of machinery and equipment remains high, although there is a downward trend. This decline is offset by an increase in purchases of chemical products, food, and agricultural raw materials. Due to sanctions and a review of foreign economic strategy, the geographical distribution of imports is shifting towards Asian and “friendly” countries. Overall, these processes reflect the Russian economy’s adaptation to new realities, as well as its desire to diversify and strengthen its technological potential.

China remains the largest supplier of products to the Russian domestic market, providing a significant share of machinery, equipment, electronics, and consumer goods.

The EU’s share of imports has declined, but certain product niches (some machinery, chemical products, food) remain through intermediaries and parallel schemes.

Imports from Turkey, India, Asian and Middle Eastern countries have increased, especially in the food, textile and industrial goods sectors.

In the updated Forecast of Socio-Economic Development of the Russian Federation for 2026 and the planning period of 2027 and 2028, the forecast for imports

to Russia in 2026 has been lowered to \$306 bn from \$348.2 bn in the April version, in 2027 — to \$326.9 bn from \$365.1 bn, and in 2028 — to \$341.6 bn from \$379.8 bn. These changes are due to a general decline in demand, which will limit imports, as well as increased competition between imported goods and products manufactured under import substitution programs.

In 2025, Russian imports reached their limit amid tough financial sanctions. The slowdown in economic activity in Russia due to sanctions pressure is reducing demand for imported goods. Physical import volumes are falling, but the cost per unit for the end consumer is increasing due to additional expenses for intermediary services and logistics. The main problem in 2026 will be not so much ensuring the availability of goods (since parallel import channels are functioning effectively) as their affordability in the context of an increase in value-added tax and the introduction of new fiscal charges.

3.6.4. Direction of Russian foreign trade

Asian countries remain Russia's main trading partners: in the first nine months of 2025, they accounted for 73.3% of total trade turnover, compared with 72% a year earlier. China, India, and Turkey remain the main partners.

China

After a record turnover of \$244.6 bn in 2024, Russia's bilateral trade with China fell by 7% to \$228.1 bn in 2025, while remaining 56.1% higher than in 2021. The decline in trade turnover was primarily due to exports of Russian energy resources and imports of Chinese automotive products. Imports of Russian goods to China amounted to \$124.8 bn, down 3.9% from the previous year. Imports of Chinese goods to Russia amounted to \$103.3 billion, with a deeper decline of 10.4%.¹ Thus, Russia maintains a positive trade balance of \$21.5 bn.

Russia ranks fifth among China's trading partners, accounting for about 3.5% of China's total trade. For Russia, China is the main trading partner, accounting for 31.5% of its trade turnover.

The decline in mutual trade turnover in 2025 was due to several key factors:

- The decline in energy prices was the main reason for the contraction in the value of trade. The fall in world prices for oil, gas, and coal led to a decrease in the value of Russian exports.

- Increased sanctions pressure from Western countries creates additional obstacles to trade operations. Sanctions affect supply logistics and limit access to financial instruments for settlements.

1. Official website of the General Administration of Customs of the PRC. URL: <http://english.customs.gov.cn/statics/report/monthly.html>

— The saturation of the Russian market with Chinese products, especially in categories such as consumer goods and electronics, is holding back the growth of imports from China. This indicates that the potential for expanding Chinese imports in these segments of the Russian market has been virtually exhausted.

However, Russia's position as a key supplier of raw materials, energy resources, food, and certain metals to China remains stable and is even strengthening. Energy resources remain the dominant category: in 2025, their supplies to China reached \$87.3 billion, accounting for about one-third of bilateral trade. Russia remains the leading supplier of crude oil and natural gas to China, while also increasing coal supplies.

Metals and mineral raw materials showed positive dynamics in 2025, despite an overall decline in mutual trade. Exports of copper, aluminum, and various metal ores more than doubled compared to 2024.

Other goods — wood, timber, seafood, and a number of others — are less significant in terms of total supply.

Imports of Chinese goods to Russia in 2025 were characterized by pronounced product diversification, with industrial goods leading the way. Thus, the product group “Nuclear reactors, boilers, equipment, and mechanical devices; their parts” accounted for 25.7% of the total volume of Chinese goods imported into the Russian Federation, while the product group “Electrical machinery and equipment, their parts; sound recording and reproducing apparatus, apparatus for recording and reproducing television images and sound, their parts and accessories” accounted for 14.3%, and the product group “Land transport equipment, except railway or tram rolling stock, and their parts and accessories” — 12.7% (in 2024, this product group accounted for 22.1%).

The long-term prospects for trade relations between the Russian Federation and the PRC will depend on the ability of both countries to implement large-scale projects in the field of industrial cooperation and technological exchange. The current decline in trade volumes should not be seen as a crisis in the partnership; rather, it may be a transition to a more effective model of economic cooperation that is less susceptible to fluctuations in energy prices and more focused on technological and industrial integration.

India

Two-way trade between India and Russia reached a record high of \$70.7 bn in 2024.¹ Imports of Indian goods into Russia amounted to \$4.9 bn during this period, while imports of Russian goods into India amounted to \$65.7 bn. The structure of trade remains highly asymmetrical: Russian exports (primarily oil, petroleum products, coal, and fertilizers) account for about 90% of its value, while Russian imports of goods from India remain relatively small and poorly diversified.

1. Official website of the Ministry of Commerce and Industry. URL: <https://tradestat.commerce.gov.in/meidb/country>

In 2025, Russian exports to India amounted to \$59.1 bn, down 10.0% from 2024. Energy products accounted for 86.6% of total Russian exports to India. In 2025, energy resources worth \$51.2 bn were supplied to this country, which is 12.7% less than the previous year.

In 2025, trade in energy resources between Russia and India underwent significant changes. In the first half of the year, there were high volumes of supplies, peaking at 2.0 mn barrels in June. Prices remained stable, with discounts averaging \$4 per barrel.

In the second half of the year, the situation changed. The introduction of a 25% tariff on Indian exports by the US as a “penalty” for purchasing Russian oil, which supplemented the existing 25% tariff, as well as sanctions imposed by the US against PJSC Rosneft and PJSC LUKOIL in October prompted some Indian oil refineries to slow down or temporarily suspend purchases of Russian oil. However, despite forecasts of a sharp decline, imports remain stable. India, the world’s third-largest importer of crude oil, shipped 1.77 mn barrels of Russian oil per day in November 2025, which is 3.4% more than in October. This is explained by the fact that in the penultimate month of the year, importers tried to purchase more Russian energy resources before the US sanctions against Rosneft and Lukoil came into force.

In December 2025, Russian oil supplies to India fell to their lowest level since November 2022 — 37 mn barrels, or 1.2 mn barrels per day.

Volumes in January 2026 remained close to December levels, as new companies not subject to sanctions joined in supplying Russian cargoes. The state-owned Indian Oil Corporation continues to purchase Russian oil in pre-sanction volumes. Indian oil refiners find January prices attractive, down \$6/bbl compared to the Brent benchmark; this decline is two to three times greater than in August 2025. The increase in the discount reflects Russia’s desire to maintain access to the Indian market despite sanctions.

While President Trump announced a new bilateral trade agreement and India’s decision to stop purchasing Russian oil, Indian government officials have not made such a clear statement. India is indeed diversifying its supplies, reducing its dependence on Russia. However, this does not mean that India will immediately stop purchasing Russian oil because of the trade deal with the US.

Although Russia remains India’s leading energy partner, its dominant position here is subject to risks associated with both Western sanctions and internal changes in Indian energy policy aimed at increasing the share of renewable sources and diversifying suppliers.

In 2025, Russia increased its fertilizer supplies to India by 81.5% compared to 2024, and since 2021, Russian fertilizer exports to this country have increased fourfold. The share of Russian producers in the total volume of agrochemical imports to India grew to 27% in 2025.

Imports of Indian goods to Russia remain modest and narrowly differentiated. In the 2024/2025 financial year, they amounted to \$4.92 billion, exceeding the pre-

vious year's level by 2%. However, in 2025, the growth rate of this indicator was negative: in January–September of this year, compared to the same period of the previous year, imports of Indian goods to the Russian Federation decreased by 10.8%.

Russian-Indian trade was in a state of transformation in 2025. Although value volumes reached historic highs in 2024, 2025 showed corrective dynamics. This is due to the impact of external factors such as US sanctions, fluctuations in energy prices, and changes in payment systems.

At the end of November 2025, the first round of negotiations on a free trade agreement between the Eurasian Economic Union and India took place. The creation of a free trade zone would contribute to the strengthening of commercial ties between India and Russia. The negotiations are expected to cover issues such as customs administration, e-commerce, intellectual property rights, sanitary and phytosanitary measures, tariffs, and technical regulations.

On December 4, 2025, the countries adopted the “Program for the Development of Strategic Areas of Russian-Indian Economic Cooperation until 2030.” The program includes 16 cooperation mechanisms in various sectors and aims to achieve the ambitious goal of increasing mutual trade turnover to \$100 bn by 2030.

The sevenfold increase in trade between the countries over the past five years was achieved mainly thanks to India's purchases of cheap Russian oil amid international sanctions. However, achieving this target by 2030 will require a fundamental restructuring—a shift from a narrowly focused commodity base (oil, fertilizers, agricultural products) to a diversified portfolio that includes pharmaceuticals, engineering goods, chemicals, and services.

Turkey

In 2025, Russia ranked third among Turkey's trading partners, after Germany and China. The Russian Federation accounts for about 8% of the republic's total foreign trade turnover (12% in imports and 2% in exports).

According to data from the Turkish Statistical Institute,¹ mutual trade between the countries in 2025 decreased by 6.6% compared to the previous year, while remaining at a significant level of \$49.1 bn, influenced by intensive cooperation in the energy and agricultural sectors.

The volume of Russian oil supplies to Turkey in 2025 decreased by 7.6% to \$29.8 bn. At the same time, Russia retains its status as the only supplier of this energy source, significantly ahead of Iraq and Kazakhstan.

Russia's share of Turkey's gas imports fell to 37% in 2025 (from 60% previously) due to Ankara's diversification of supplies. However, Gazprom remains its key partner, supplying gas through the Turkish Stream and Blue Stream pipelines.

1. Official website of the Turkish Statistical Institute. URL: <https://data.tuik.gov.tr/Bulten/Index?p=Foreign-Trade-Statistics-December-2025-53911>

Russia has strengthened its position as a key food supplier to Turkey. In 2025, Russian exports of agricultural products to Turkey reached \$3.56 bn; the main commodities (wheat, corn, barley) accounted for about 31% of total food exports. There was a significant increase in sunflower oil supplies — by almost 30%.

Turkey's demand for Russian metals is growing: steel exports increased by 27.6% in 2025, copper by 6.7%, and aluminum by 14.2%. Russian copper plays a key role in the Turkish market, accounting for up to 81% of the market, which is of great importance for the country's electrical engineering industry.

Russian-Turkish trade remains asymmetrical: Russia manages to maintain relatively stable exports of energy resources to Turkey, while imports of Turkish products to the Russian Federation are declining at a more noticeable rate. Deliveries of Russian goods to Turkey in 2025 amounted to \$42.4 bn, 3.3% lower than in 2024.

From the beginning of 2024 to the end of 2025, Turkish banks, including state institutions, began to massively reject payments from Russia or close the accounts of companies working with Russian partners. This was caused by fears that such transactions could lead to inclusion in the US sanctions list (SDN list). In addition, under pressure from Western countries, Ankara tightened controls on the transit of dual-use goods such as electronics, microchips, and machine tools. These measures effectively blocked the possibility of parallel imports through Turkish territory. As a result, imports of Turkish goods to Russia in 2025 amounted to \$6.7 bn, down 21.5% from the previous year.

Current economic conditions are affecting trade relations between Russia and Turkey, causing fluctuations and unevenness in their dynamics. Nevertheless, there is still great potential for further development of economic cooperation between the two sides, based on their mutual interests. Cooperation in the fields of energy, agriculture, and tourism remains an important factor in strengthening the partnership between Russia and Turkey.

3.6.5. Regulation of the Russian foreign trade¹

In 2025, the Russian Federation's foreign economic activity (FEA) regulation system underwent comprehensive reforms aimed at strengthening state control, digitizing processes, and reorienting trade flows. These changes were a response to sanctions pressure, the country's technological isolation, and the need to ensure its economic sovereignty. The main innovations were concentrated in four areas: the customs and tax system, currency regulation, electronic control, and state support for exporters.

1. In preparation of this subsection GARANT.RU material was used.

Customs system: structural changes in payments and VAT

From January 1, 2025, customs duties on the release of goods will be increased. For goods with a customs value of up to Rb200,000, a fixed rate of Rb1,067 will apply, while for more expensive categories of goods, duties will increase in proportion to their price. The new rates apply to various product groups, including high-tech products. The maximum fee of Rb30,000 is payable on imports of goods worth Rb7 mn and above (in 2024, this threshold was Rb10 mn).

Decree No. 1757 of the Government of the Russian Federation dated December 11, 2024, extended the increased duties on imports from countries that have imposed sanctions against Russia until the end of 2025. This applies to building materials, food products, and consumer goods such as confectionery, alcoholic beverages, and certain types of perfumes and cosmetics.

Russian Government Resolution No. 868 of June 9, 2025, abolished increased import duties on medical, dietary, and specialized food products originating from “unfriendly” countries and territories.

The procedure for paying VAT on goods imported through intermediaries has changed. If a seller from the EAEU and an intermediary enter into a contract for the sale of goods in Russia, the intermediary will be responsible for paying VAT.

Currency control

Currency regulation in 2025 was aimed at ensuring the return of foreign currency earnings to Russia while tightening requirements for transparency of operations.

The main changes that have taken place here are as follows.

- Reduction of the repatriation period for earnings from 120 to 60 calendar days. This obligation applies to Russian exporters, who must return foreign currency funds to accounts in authorized banks.

- Mandatory registration with banks of contracts using digital financial assets (DFAs) and utility digital rights (tokens, electronic certificates). Threshold values: import contracts—from Rb3 mn, export contracts—from Rb10 mn.

- Expansion of the list of countries with enhanced currency control requirements, primarily “unfriendly” and sanctioned jurisdictions.

- Update of Federal Law No. 173-FZ of December 10, 2003 “On Currency Regulation and Currency Control” clarifying the control mechanism and tightening reporting requirements for contracts.

- Liability for violations provides for fines ranging from 20 to 40% of the transaction amount for violations of currency legislation, as well as administrative fines ranging from Rb2,500 to Rb50,000 for failure to submit documents within 90 days.

Digitalization of control: “single window” and electronic declaration

The digitalization of foreign economic activity is a central of the 2025 reform. Mandatory electronic declaration of all foreign economic transactions has come into effect. Any transaction involving the import or export of goods and services must be processed through the Unified Automated Information System (EAIS) for Foreign Economic Activity, developed by the Federal Customs Service in conjunction with the Ministry of Finance and the Ministry of Digital Development, Communications and Mass Media of the Russian Federation.

The automatic release of goods for bona fide participants in foreign economic activity takes 30 minutes instead of the traditional 4–8 hours, provided that the electronic documentation is complete and there are no risk factors.

Parallel imports: tighter regulation

The parallel import mechanism, legalized in March 2022 as a tool for adapting to sanctions, continued to operate in 2025 with significant restrictions and requirements. According to estimates by the Russian Ministry of Industry and Trade, the total volume of parallel imports at the end of 2025 amounted to about \$25 bn, which is significantly higher than in 2022 and 2023, but already lower than the peak values of 2024.

Parallel imports are used as a temporary tool to ensure product range and import substitution, rather than as the main supply channel: the authorities are focusing on developing domestic production and direct contracts with “friendly” countries.

In 2025, the government continued to adjust the list of goods allowed to be imported without the consent of the rights holders. According to Order No. 1572 of the Ministry of Industry and Trade of the Russian Federation dated April 1, 2025, new categories of goods were added to it, such as premium motorcycles, Panasonic household appliances, as well as electric shavers/hair clippers from Moser and Philips (*Table 24*).

The addition of these particular brands to the list of parallel import goods in 2025 is explained by the shortage of certain segments in the market, sustained demand, and the absence or limited availability of official supplies. These changes open up new opportunities for importers by expanding the range of goods available for legal import.

At the same time, goods from popular brands such as Hyundai, KIA, Samsung, Panasonic, as well as HP and Fujitsu laptops have been removed from the list.

Order No. 4769 of the Ministry of Industry and Trade of the Russian Federation dated September 26, 2025, approved changes to Order No. 2701 of the Ministry of Industry and Trade of the Russian Federation dated July 21, 2023, on the list of parallel import goods. In particular, Ricoh paint and printing equipment, Biorepair oral hygiene products, Braun electric shavers, Trimble receivers, Spin Master games, and the Torneo, Oral-B, and Amazone brands have been excluded from the list (*Table 25*).

Table 24

Major brands added to the list of parallel import goods in 2025

Sector/category	Brand(s)/commodity group	What was added
Motorcycles	BMW, Ducati, Honda, KTM	Motorcycles with an engines over 800 cm ³
Appliances	Panasonic	Kitchen appliances: mixers, food processors, juicers
Electric shavers and hair clippers	Moser, Philips	Electric shavers and hair clippers
Home appliances (other)	AEG, Ariston, Samsung (individual lines)	Some household appliances from these brands are included in the list of parallel import goods.
Sports and fitness equipment	Carl Zeiss, A&D, Atemi, Carbon, Clear Fit, Dender, Life Fitness, Medela, NordicTrack, Oxygen Fitness, Precor, Sole, Technogym, Torneo, UNIXFIT	Individual items of equipment and accessories for fitness and medical/diagnostic devices

Source: orders of Industry and Trade of Russia.

Table 25

Major brands excluded from the list of parallel import goods in 2025

Sector/category	Brand(s)/commodity group	Commentary
Cars and spare parts	Hyundai, KIA (spare parts)	Removed from the parallel import list as official deliveries have resumed
Car chemicals and oils	MOTUL (motor oils and car care products)	Excluded for the same reasons— legal channels have been established
Home appliances	Bosch, Schneider Electric, Samsung, Panasonic (part of home appliances)	Certain lines of household appliances have been removed from the list where official distributors have appeared
Computers and electronics	HP, Fujitsu (laptops, computers, printing devices)	Appliances from these brands have been partially transferred to official channels, so some items have been excluded
Household chemicals/ hygiene	Biorepair (oral hygiene products), Oral-B (select items)	Brands excluded from the parallel import list in certain categories
Electric shavers	Braun	Braun electric shavers removed from parallel imports
Office and printing equipment	Ricoh (printers, consumables, receivers)	Certain Ricoh items have been removed from the list
Agricultural equipment	Amazone	Amazone agricultural machinery has been removed from the list
Toys and games	Spin Master	Spin Master toys and games have been removed from the list
Sports and other goods	Torneo (select items)	Certain Torneo brand products have been removed from the list
Other niche brands	Trimble (receivers), a number of other brands pursuant to Order No. 4769 of the Ministry of Industry and Trade of Russia of September 26, 2025	Small groups of products from a number of brands have been removed from the list

Source: orders of the Ministry of Industry and Trade of Russia.

By early 2026, the list of goods permitted for parallel import into Russia will include approximately 1,840–1,850 items under HS codes, covering a wide range of categories, but already significantly narrower than at its peak in 2023–2024.

The Russian Ministry of Industry and Trade is gradually reducing the list: by the end of 2026, it plans to exclude about 400–500 items (bearings, cable products, some auto components, household chemicals and cosmetics, etc.) for which Russian production has already been established.

Scrappage fee

The scrappage fee in Russia continues to operate according to the methodology updated in 2025, taking into account engine power, environmental class, and vehicle type. From November 1/December 1, 2025, new progressive rates will be introduced, which will significantly increase the price burden on imported and powerful cars.

Importers and dealers are required to pay the scrappage fee when importing or initially registering a vehicle (passenger cars, trucks, special equipment, trailers, etc.). For individuals, the fee is usually included in the price of the vehicle; when importing a vehicle from abroad through customs, it is paid by the owner (individual or broker).

The base rate of the fee varies depending on the type of vehicle and is set at the following amount:

- For passenger cars — Rb20,000.
- For trucks, buses, trailers, and semi-trailers — Rb150,000.
- For special equipment — Rb172,500.

From November 1, 2025 (postponed to December 1), a new formula will be introduced: the fee will be calculated based on engine power and environmental class, which effectively eliminates benefits for individuals and brings their rates closer to commercial rates. The coefficients will increase annually by 10–20% until 2030, i.e., there will be a systematic increase in the fee and, as a result, in car prices, especially for powerful and imported models.

The scrap collection fee in Russia in 2025 and 2026 will increase pressure on prices, narrow the range of imported cars, and create additional advantages for the local automotive industry and less powerful models.

State support for exporters

The system of state support for Russian exports in 2025 covered three main areas: lending, insurance, and subsidies.

Financial support

— Preferential loans for agricultural exporters: the federal budget allocates 7.7 billion rubles to subsidize interest rates on loans for agricultural producers and processors supplying goods to “friendly” countries.

- Working capital loans from state-owned banks (Rosselkhozbank, Roseximbank) are provided at an interest rate of 5% per annum, which is significantly lower than commercial terms.

- Investment loans support the modernization of production and the expansion of export potential on a long-term basis.

- Export loans for foreign buyers allow Russian companies to provide financing to foreign customers, increasing the competitiveness of domestic businesses.

Insurance

- Export contract insurance protects against non-payment by foreign buyers, with the insurance company covering the exporter's losses.

- Political risk insurance covers nationalization, changes in legislation, and the imposition of sanctions against the exporter's partners.

- Export transaction guarantees (state guarantees) are provided as a tool for obtaining credit financing, which is especially important for small and medium-sized businesses.

Access to export markets

The Russian Export Center (REC) co-finances the participation of domestic companies in international exhibitions and business missions under the national brand “Made in Russia.” Over five years, the program has supported 4,000 companies participating in 185 international events, with contracts worth over Rb80 billion concluded.

The “My Export” digital platform provides online access to government services and support measures at all stages of the export cycle.

In 2025, Russia began a large-scale reform of foreign economic activity, including a set of measures aimed at the digital transformation of control mechanisms, increasing requirements for transparency in trade operations, reorienting logistics routes, and active state support for non-resource exports. However, the practical implementation of these measures is fraught with a number of challenges, including problems in the field of logistics, insufficient development of transport infrastructure, and difficulties in interdepartmental coordination. The successful implementation of the reform requires government agencies and the business community to be ready to adapt to the dynamically changing conditions of the foreign economic environment. It is necessary to strike a balance between government regulation and entrepreneurial initiative, as well as to make significant investments in the development of infrastructure for cross-border transport.

Section 4

Social sphere

4.1. Labor Market: employment, unemployment, and labor shortages¹

The labor market in recent years has been shaped by demographic trends, shifts in migration flows, and growing demand for labor.

The growth in aggregate labor demand has been driven by shifts in the structure of the labor force and employment, a preference for flexible forms of employment, and changes in labor compensation. The structure of labor supply and demand over the past five years has been significantly influenced, first, by the active development of economic activity in online formats, remote work, and platform-based employment; second, sanctions-related shocks, which led to the expansion of existing and the creation of new niches and jobs in industry, the transport and logistics sector, the foreign trade sector, and the information and financial services sectors; and third, the involvement of the working-age population in national security tasks.

Due to the integration of potential labor into the economy and changes in the retirement age, the number of employed in the economy increased by 2.3% in 2023; however, as the pool of human resources was exhausted by these factors, a slowdown in the growth of this indicator was already observed starting in 2024. The situation in the labor market in 2023–2025, amid record-high employment and low unemployment, was shaped by modest changes in labor productivity, exacerbating the imbalance between supply and demand and, consequently, leading to a structural deficit in the labor market (*Table 1*).

As economic activity picked up, the unemployment rate (according to ILO methodology) declined steadily—from 3.9% in 2022 and 2.5% in 2024 to 2.2% in 2025. The number of officially registered unemployed people with employment services fell to a historically low level (*Table 2*).

The structure of labor demand has undergone significant transformation in recent years amid the emergence of new types and formats of economic activity and technologies; however, the supply of labor has been constrained by the slow pace of training for skilled workers and those in mass-market occupations. Conse-

1. Author: *Izryadnova O.I.*, Senior Researcher, Center for Real Sector, Gaidar Institute.

Table 1

**Labor productivity index by major economic sector for 2020–2024,
% on the previous year**

	2020	2021	2022	2023	2024
Economy-wide	99.5	103.9	97.1	102.4	103.4
Agriculture, forestry, hunting, fishing, and aquaculture	99.8	101.9	108.3	102.3	102.7
Extraction of minerals	97.5	96.4	97.0	97.5	96.4
Manufacturing	97.5	104.5	104.3	97.5	104.5
Supply of electricity, gas and vapor	101.5	101.1	104.5	101.5	101.1
Water supply, wastewater disposal, waste management	95.3	101.9	102.0	95.3	101.9
Construction	103.7	106.0	102.8	103.7	106.0
Wholesale and retail sales	87.2	104.2	105.4	87.2	104.2
Transport and storage	98.0	101.3	100.3	98.0	101.3
Hospitality and catering	102.6	104.1	102.6	102.6	104.1
Information and communication	102.6	104.8	92.8	102.6	104.8
Real estate transactions	99.4	103.5	102.4	99.4	103.5
Professional, scientific, and technical activities	97.1	101.7	99.8	97.1	101.7
Administrative activities	97.5	96.4	97.0	97.5	96.4

Source: Rosstat.

Table 2

Labor market in 2021–2025: labor force, employment, and unemployment rate

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
		People mn							
Labor force	75.3	74.9	76.0	76.1	76.1	75.5	76.1	76.5	76.4
Employed in economy	71.7	72.0	73.6	74.2	74.4	73.7	74.4	74.8	74.7
Unemployed (according to WLO methodology)	3.6	3.0	2.4	1.9	1.7	1.8	1.7	1.6	1.6
Potential labor force	1.3	1.0	0.8	0.8					
	% on corresponding period of the previous year								
Labor force	100.6	99.4	101.5	100.1	100.0	100	100	100.2	99.9
Employed in economy	101.6	100.4	102.3	100.8	100.3	100.4	100.4	100.5	100.1
Potential labor force	74.6	81.9	81.6	100.0					
	% on the number of employed								
General unemployment level	4.8	3.9	3.2	2.5	2.2	2.3	2.2	2.1	2.2
Registered unemployment level	1.0	0.8	0.6	0.5	0.3	0.3	0.3	0.3	0.3
Unemployment level with potential labor force	6.4	5.2	4.2	3.5					

Source: Rosstat.

quently, rising labor costs — as a factor in retaining and attracting skilled personnel — encouraged companies to invest in labor productivity depending on market conditions, competition, and business models. With high employment rates, wage disparities intensified competition for jobs, influenced sectoral and institutional labor mobility, and affected labor turnover dynamics in the economy.

An assessment of the situation in the labor market shows that, despite severe demographic constraints, the labor shortage has remained structural in nature. The potential for underutilized labor resources in 2025 was determined by factors from the previous year: the extent of underemployment (13.3% of the total number of employees in organizations), the unemployment rate taking into account the potential labor force (3.5%), and the proportion of workers in the informal sector (18.3% of the total number of employed in the economy).

The structural labor shortage in 2023–2025 was driven by an accelerated shift caused by rising output in the manufacturing sector; active investment and construction activity; changes in interregional interactions within the new geo-economic landscape; and new forms of employment. Rapidly changing requirements for professional skills and knowledge when filling vacant positions exacerbated the imbalance between supply and demand across skill levels. The structure of demand shifted from the traditionally high demand for specialists in information and communication technologies and financial and insurance technologies to segments of the labor market such as engineering and technical personnel, skilled workers, and traditional mass occupations. The shortage of personnel, against the backdrop of expanding production and an increase in government orders, became particularly acute in the machine-building, chemical, metallurgical, and investment-construction sectors. With the reorientation of trade and economic chains and cargo flows, the demand for personnel in the transport and logistics sector has increased, especially in the Far Eastern and southern regions of the country.

Changes in the number of employees in specific economic sectors and the nature of labor turnover indicated that professional mobility toward more dynamically developing sectors of the economy remained intact. Given the limited labor pool and the growth in government orders, some production facilities switched to a multi-shift work schedule. The average length of the workday at the end of the first quarter of 2025 reached its highest level in the past two decades.

As organizations' demand for workers grew, the nature of competition for personnel in the labor market changed. The problem was exacerbated by a lack of skills and competencies to fill vacant positions. As the number of officially registered unemployed declined, the ratio of job seekers to 100 vacancies reported to employment services in 2025 stood at 23.2 people, compared to 19.7 people in 2024.

The primary untapped potential for reducing the labor shortage remains the growth of labor productivity through the development of effective business process management models aimed at improving staff qualifications and strengthening internal staff rotation, intensifying labor, and automating workplaces.

4.2. Domestic market: consumption and household income¹

In 2025, strong growth in nominal and real household disposable income and government final consumption expenditure played a key role in mitigating inflationary shocks and maintaining social stability. In 2024, growth rates for nominal and real disposable income hit their highest levels in the past decade; in 2025, despite a slowdown in economic activity, household income growth also showed steady annual and quarterly growth: real household cash income increased by 7.7% compared to the previous year, real wages by 4.4%, and real pension benefits by 2.8% (*Table 3*).

Table 3

**Key indicators of household income for 2021–2025,
% on the corresponding period of the previous year**

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
Household cash income	111.1	118.7	113.1	119.4	117.0	119.3	120.7	115.1	113.1
Real cash income	103.9	104.0	106.5	109.9	107.7	108.3	109.7	108.0	106.0
Real disposable income	103.3	104.5	106.1	108.2	107.4	107.1	110.1	107.7	105.8
Nominal wages	111.5	114.1	114.6	119.0	113.5	113.8	114.9	114.0	111.2
Real wages	104.5	100.3	108.2	109.7	104.4	103.4	104.6	105.3	104.3
Real amount of pensions awarded	98.9/ 104.1	99.1/ 94.2	103.3	99.2	102.8	101.3	101.9	103.2	104.7

Source: Rosstat.

As household incomes rose, the structure of GDP allocation shifted: the share of final consumption expenditure increased to 71.0% in 2025, up from 64.4% in 2022. Given that the dynamics of final consumption expenditure in the Russian economy are characterized by extreme irregularity, the simultaneous growth of household spending and government consumption expenditure shaped consumer behavior in 2025. While in 2023 and 2024 the average annual growth rate of household income reached 7.8%, in 2025 it fell to 3.4%, while the growth rate of government consumption expenditure fell from 3.1% to 1.6%, maintaining its outpacing dynamics relative to GDP and its key role in economic growth and structural transformation (*Table 4*).

Changes in the competitive environment of the domestic market, shifts in the structure of household income by sector and type of economic activity, and the emergence of new niches and institutional structures in economic circula-

1. Author: *Izryadnova O.I.*, Senior Researcher, Center for Real Sector, Gaidar Institute.

Table 4

**Final consumption expenditure as a share of gross domestic product in 2021–2025:
growth rates and share**

	% on total in current prices					% on previous year in comparable prices				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
GDP	100	100	100	100	100	105.9	98.6	104.1	104.9	101.0
Including:										
Expenditure on final consumption	67.7	64.3	68.4	68.7	71.0	107.8	99.1	107.4	105.5	102.9
Households	49.8	46.8	49.5	49.7	51.1	109.8	98.0	108.7	106.8	103.4
State administration	17.3	17.1	18.4	18.5	19.4	102.9	102.0	104.0	102.2	101.6
Non-commercial organizations servicing households	0.6	0.4	0.5	0.5	0.5	106.8	100.7	100.1	99.2	105.0

Source: Rosstat.

Table 5

Composition of household cash income in 2021–2025, % of total

Period	Cash income total	Including				
		Income from business activities	Compensation for employees	Social benefits	Property income	Other cash receipts
2021	100	5.7	57.2	20.6	5.7	10.8
2022	100	5.7	57.5	20.0	7.8	9.0
2023	100	6.9	60.7	17.9	7.1	7.4
2024	100	6.7	60.0	16.6	9.6	7.1
2025						
Year		7.0	59.2	16.2	11.0	6.6
Q1	100	7.6	60.8	16.7	10.8	4.1
Q2	100	7.0	57.3	16.6	11.7	7.4
Q3	100	7.1	58.5	16.4	11.8	6.2
Q4	100	6.5	60.2	15.3	9.9	8.1

Source: Rosstat.

tion have led to an increase in the contribution to household income growth in 2025 from entrepreneurial activity to 7.0% and from property to 11.0%, while the strengthening of economic activity and employment led to an increase in wages for salaried workers to nearly 60%. The outpacing growth of labor income in 2022–2025 was accompanied by a relative decrease in social benefits within the structure of household income—from 20% to 16.2% (*Table 5*).

Table 6

Investment potential and investment activity of the population in 2021–2025

	% GDP					Rb trillion				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Individual deposits	25.9	23.5	25.7	29.1	31.4	34.8	36.8	45.3	58,6	67,0
Loans to individuals	18.5	17.7	19.6	18.5	18.1	25.4	27.8	34.2	37,6	38,7
Of these, mortgage loans	4.2	3.1	4.5	2.4	2.1	5.7	4.8	7.8	4,9	4,5
	% on households cash income									
Individual deposits	49.4	44.1	48.1	52.9	51.1					
Loans to individuals	36.1	33.4	36.4	33.9	29.5					
Of these, mortgage loans	8.0	6.0	8.8	4.4	3.4					

Sources: Bank of Russia; Rosstat.

In 2025, household cash income totaled Rb131.2 trillion (+17.0% compared to 2024), while cash expenditures amounted to Rb112.8 trillion (+11.3%); of this amount, Rb91.9 trillion (+9.9%). The growth in household savings increased compared to the previous year and amounted to Rb18.5 trillion, versus Rb10.8 trillion (+71.3%) a year earlier. With the acceleration in the growth of household cash income and increased financial activity, against the backdrop of rising interest rates on deposits, the consumer behavior of individuals was characterized by a shift toward a savings-oriented model.

The population's investment potential developed alongside a continuing trend toward an increasing share of deposits in their income. In 2025, the growth of the share of deposits held by individuals to 51.1% of their cash income and 31.4% of GDP was driven by attractive interest rates offered by the banking system amid persistently high inflation. The population's investment activity in the credit market was supported by government measures under housing construction mortgage lending programs, including subsidized mortgages. However, against the backdrop of changes to subsidized mortgage programs, rising interest rates, and tighter regulation in 2025, the number of mortgage loans issued fell by 25.7% (to Rb968,200) and their total volume by 8.9% (to Rb4.5 trillion) (*Table 6*).

Stronger incentives to save led to a shift in the structure and focus of household current consumption expenditures. Quarterly data on the structure of household spending throughout the year showed a steady decline in the share of current consumption expenditures, and by the end of 2025, this figure stood at 70.0% compared to 77.0% in 2023 (*Table 7*).

As household incomes rose, a shift in the structure of consumer demand was observed. With retail sales increasing by 2.6% in 2025 compared to the previous year, sales of non-food goods grew by 3.1% and those of food goods by 2.2%. The imbalance in effective demand for goods and services overall, which arose amid rising

Table 7

Breakdown of household income allocation between current expenditures and savings, 2021–2025, % of total

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
Revenues — total	100	100	100	100	100	100	100	100	100
Consumer spending	80.2	75.4	77.0	74.5	70.0	78.9	70.3	71.6	62.1
Including:									
Mandatory payments and contributions	15.5	15.1	14.8	15.8	15.9	15.2	16.0	17.0	15.7
Increase/decrease in household savings in deposits and securities, real estate purchases, changes in outstanding loans and accounts of sole proprietors, and cash on hand	4.3	8.6	8.2	9.7	14.1	5.9	13.7	11.4	22.2

Source: Rosstat.

Table 8

Growth in consumer market turnover for goods and services, 2022–2025, % on corresponding period of the previous year

	2022	2023	2024					2025				
			Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Aggregate consumer market turnover index		108.0	107.1	110.7	107.8	106.0	105.1	102.9	102.7	102.1	102.5	104.1
Including:												
Retail sales	93,5	108.0	107.7	111.5	108.5	106.3	105.1	102.6	102.6	101.6	102.1	104.0
Food products	98,3	104.4	105.9	108.1	106.7	105.5	103.8	102.2	103.1	102.0	101.7	102.2
Non-food products	89,4	111.5	109.3	114.9	110.2	108.0	106.4	103.1	102.0	101.3	102.8	105.8
Paid services to population	105,0	106.9	104.3	105.0	105.0	103.4	103.9	102.7	102.3	102.4	102.5	103.5
Catering (restaurants, cafes, bars)	107,6	113.9	111.9	109.9	111.2	113.4	112.0	108.7	107.1	109.1	108.9	109.6

Source: Rosstat.

household purchasing power, combined with limited supply in the consumer market, put pressure on price levels and changes. The consumer services sector (with a 2.7% increase in volume in 2025 compared to the previous year) and the food service sector (up 8.7%) demonstrated sustained positive growth (*Table 8*).

The situation was exacerbated by growing income inequality. Given the differences in the rate of change in individual incomes across social groups and status, the income concentration ratio increased from 0.408 in 2024 to 0.411 in 2025, while the fund ratio rose from 15.1 to 15.6 times, respectively. The average amount of pensions awarded in 2025 amounted to 24.3% of the average gross wages of employe-

es in organizations, compared to 26.0% in 2023. Thus, inflationary pressure shifted toward low-income population groups.

When analyzing the direction and structure of household final consumption expenditures over the period under review, it is necessary to take into account the problems accumulated over the past decade regarding the stagnation of living standards, which were addressed through the indexation of wages in the public sector, increases in the minimum wage, and social benefits.

The simultaneous expansion of social guarantees and targeted support for low-income groups, alongside wage growth, led to a reduction in the number of people with cash incomes below the poverty line/subsistence minimum from 12.2 million in 2023 to 9.8 million in 2025 and a decrease in their share of the total population from 8.3% to 6.7%, respectively. Poverty alleviation was attributed to both active social support for the population and the stimulation of entrepreneurial activity, high employment, and a steady decline in the overall unemployment rate, along with an expansion of employment opportunities.

4.3. Key trends in the development of higher education in 2025¹

Over recent years, the higher education system has seen a concentration of student enrollment, student numbers, academic staff, and financial resources in the universities in a limited number of oblasts of the Russian Federation. However, this process takes place amid ongoing attempts to redistribute student flows in favor of regional university systems trying to provide regional economies with higher-educated specialists, as it is declared. Moreover, this policy is supported by the desire to retain qualified young people by implementing the described measures in the RF oblasts in order to improve their demographic situation. In other words, it is an attempt to address not only personnel issues but also long-term development challenges in the oblasts through specific educational policies. However, the effectiveness of the declared measures is low, as people make decisions that contradict the stated policy. And, even more importantly, the federal budget's funding of oblastal higher education systems is also inconsistent with this policy.

4.3.1. Admission to Russian Universities in 2017–2025: Key trends

In 2017, 50% of the total (budget and fee-based) admission to bachelor and specialist programs at Russian universities was concentrated in 12 RF oblasts (*Table 9*).

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Table 9

Oblasts of Russia, where total admission to the university bachelor's and specialist's programs in 2017 accounted for 50% of all admission to Russian universities

Oblast	Number of students, persons	Share, %
Moscow	150 184	16.7
Saint Petersburg	66 621	7.4
Total Moscow + Saint Petersburg		24.1
Republic of Tatarstan	31 425	3.5
Sverdlovsk oblast	27 600	3.1
Rostov oblast	26 089	2.9
Krasnodar krai	23 452	2.6
Novosibirsk oblast	23 123	2.6
Republic of Bashkortostan	21 831	2.4
Samara oblast	21 015	2.3
Chelyabinsk oblast	20 805	2.3
Nizhny Novgorod oblast	19 038	2.1
Voronezh oblast	17 392	1.9
Total except Moscow + Saint Petersburg		25.9
Total 12 oblasts		50.0

Note. Oblasts are ranked by the share of total admission to universities in the respective oblast vs. total admission to Russian universities.

Source: estimated using statistical observation form No.HVE-1¹ 2017.

Table 9 shows that in 2017 universities in Moscow and Saint Petersburg accounted for 24.1% of all admissions to Russian universities, while universities in 10 other oblasts with the highest overall admission rates accounted for 25.9%.

In 2020, the number of oblasts where universities' bachelor and specialist programs accounted for over 50% of total student admission dropped to 11, while the share of universities in Moscow and Saint Petersburg increased to 27.4%, i.e., 3.3 p.p. higher compared to 2017. Universities in the remaining 9 oblasts accounted for 23.5% of all students admitted to bachelor and specialist programs at Russian higher education institutions in 2020 (Table 10).

In 2025, number of oblasts where universities' bachelor's and specialist's programs accounted for over 50% of the total student admission dropped to 8, while the share of Moscow and Saint Petersburg universities increased to 34.6%, i.e., another 7.2 p.p. compared to 2020. Universities in the remaining 6 oblasts accounted for 16.5% of all students admitted in 2025 to bachelor's and specialist's programs at Russian higher education institutions (Table 11).

1. HVE-1 form "Information about the organization implementing educational activities in higher education programs, i.e., bachelor's, specialist's programs, master's programs." URL: <https://minobrnauki.gov.ru/action/stat/highed/> (date of access 22.01.2026).

Table 10

Oblasts of Russia where overall admission to bachelor and specialist programs at universities in 2020 cumulatively accounted for more than 50% of all admission to Russian universities

Oblast	Number of students, persons	Share, %
Moscow	168 222	19.3
Saint Petersburg	70 584	8.1
Total: Moscow + Saint Petersburg		27.4
Republic of Tatarstan	30 294	3.5
Rostov oblast	26 629	3.1
Sverdlovsk oblast	25 666	2.9
Novosibirsk oblast	22 585	2.6
Samara oblast	21 559	2.5
Krasnodar krai	21 304	2.4
Republic of Bashkortostan	20 550	2.4
Nizhny Novgorod oblast	18 293	2.1
Voronezh oblast	18 093	2.1
Total except Moscow + Saint Petersburg		23.5
Total 11 oblasts		50.9

Note. Oblasts are ranked by the share of total admission to universities in the respective oblast vs. total admission to Russian universities.

Source: estimated using statistical observation form No.HVE-1 2020.

Table 11

Oblasts of Russia where overall admission to bachelor's and specialist's programs at universities in 2025 cumulatively accounted for more than 50% of all admission to Russian universities

Oblast	Number of students, persons	Share, %
Moscow	379 874	26.8
Saint Petersburg	111 034	7.8
Total Moscow + Saint Petersburg		34.6
Republic of Tatarstan	46 649	3.3
Sverdlovsk oblast	45 576	3.2
Rostov oblast	44 607	3.1
Krasnodar krai	35 124	2.5
Samara oblast	31 002	2.2
Novosibirsk oblast	30 719	2.2
Total except Moscow + Saint Petersburg		16.5
Total 8 oblasts		51.0

Note. Oblasts are ranked by the share of total admission to universities in the respective oblast vs. total admission to Russian universities.

Source: estimated using statistical observation form No.HVE-1 2025.

Growth in the share of total (budget-funded and fee-paying) admission to bachelor's programs at universities in the two Russian capitals vs. total number of admissions to these programs at all Russian higher education institutions took place primarily due to its growth in the Moscow universities: over 9 years from 2017 to 2025, this indicator for the Moscow universities increased by 10.1 p.p. (from 2020 by 7.5 p.p.). The situation was different at Saint Petersburg universities: the share of total admission to bachelor's and specialist's programs at Saint Petersburg universities vs. total admission to these programs at Russian higher education institutions increased from 2017 to 2020 by 0.7 p.p. from 7.4 to 8.1%, but dropped to 7.8% in 2025. Thus, over the period under review, the change in this indicator for Saint Petersburg universities amounted to only +0.4 p.p. on the whole.

If we consider the admission funded by the federal budget rather than general admission, then in 2017, universities in 13 oblasts accounted for at least 50% of this admission, and in 2025 the number of such oblasts declined to 12 (*Table 12*).

Table 12

Oblasts of Russia where federal budget-funded admissions to bachelor's and specialist's programs at universities in 2017 and 2025 accounted for more than 50% of all federal budget-funded admissions to Russian universities

Oblast	2017		2025	
	Number of students, persons	Share, %	Number of students, persons	Share, %
Moscow	77 561	15.5	92 301	16.7
Saint Petersburg	42 428	8.5	48 818	8.8
Total Moscow + Saint Petersburg		24.0		25.5
Rostov oblast	17 026	3.4	18 129	3.3
Republic of Tatarstan	15 916	3.2	22 852	4.1
Sverdlovsk oblast	15 471	3.1	18 778	3.4
Novosibirsk oblast	12 278	2.5	14 455	2.6
Krasnoyarsk krai	11 850	2.4		
Samara oblast	10 984	2.2	11 922	2.2
Chelyabinsk oblast	10 609	2.1		
Voronezh oblast	10 258	2.1	12 201	2.2
Republic of Bashkortostan	10 229	2.0	14 517	2.6
Tomsk oblast	9 907	2.0	12 330	2.2
Nizhny Novgorod	9 876	2.0	12 125	2.2
Total except Moscow + Saint Petersburg		26.9		24.8
Total		51.0		50.4

Note. In 2017, oblasts are ranked by the share of admission funded by federal budget to universities in the respective oblast vs. total admission to Russian universities funded by federal budget (bachelor and specialist programs).

Source: estimated using statistical observation form No.HVE-1 2017, 2025.

Thus, concentration of admission to Russian universities funded by the federal budget was less visible in terms of the number of oblasts compared to general admission, and the share of student admission funded by the federal budget to universities in Moscow and Saint Petersburg increased in 2017–2025 by only 1.5 p.p., while the overall admission to higher education institutions in the country's two largest cities increased, as already mentioned, by 7.2 p.p. However, despite the declared transfer of admission target figures (ATF) to the oblasts, the number of main oblasts where budgetary admission has decreased, while the role of universities in the two Russian capitals has increased, albeit slightly.

Moreover, universities in some leading oblasts of 2017, such as the Republics of Tatarstan and Bashkortostan, and the Sverdlovsk, Novosibirsk, Tomsk, Nizhny Novgorod, and Voronezh oblasts, have also strengthened their positions. Only the Chelyabinsk oblast and the Krasnoyarsk krai squandered their lead.

If it is about fee-based admission to universities funded by households in 2017 and 2025, it was of a particular nature (*Table 13*).

Table 13

Oblasts of Russia where households funded admission to the university bachelor's and specialist's programs in 2017 and 2025 cumulatively accounted for more than 50% of all households' funded admission to Russian universities

Oblast	2017		2025	
	Number of students, persons	Share, %	Number of students, persons	Share, %
Moscow	117 803	18.8	284 497	33.4
Saint Petersburg	45 463	7.3	61 184	7.2
Total Moscow + Saint Petersburg		26.1		40.6
Republic of Tatarstan	24 786	4.0	23 551	2.8
Krasnodar krai	20 493	3.3	24 872	2.9
Sverdlovsk oblast	18 922	3.0	26 731	3.1
Rostov oblast	18 703	3.0	26 478	3.1
Republic of Bashkortostan	17 876	2.9		
Novosibirsk oblast	15 606	2.5		
Samara oblast	14 958	2.4		
Chelyabinsk oblast	15 083	2.4		
Nizhny Novgorod oblast	13 734	2.2		
Total except Moscow + Saint Petersburg		25.6		11.9
Total		51.6		52.5

Note. In 2017, oblasts are ranked by the share of the university admission funded by households in the respective oblast vs. total paid admission to Russian universities (bachelor's and specialist's programs).

Source: estimated using statistical observation form No.HVE-1 2017, 2025.

In 2017, universities in 11 oblasts of the Russian Federation accounted for at least 50% of fee-paying admissions; in 2025, the number of such oblasts dropped to 6. Moreover, while in 2017, fee-paying students enrolled in Moscow's higher education institutions accounted for slightly less than 20% vs. all fee-paying bachelor and specialist admissions at Russian universities, in 2025, this figure had already increased by more than 1/3. Moscow is primarily "responsible" for such a high regional concentration of fee-paying admissions to Russian universities.

As from 2026, fee-based admission to universities will be regulated. In 2025, universities limited it, responding to a request from the Ministry of Education and Science. This resulted in setting a maximum fee for each program and specialty before the start of fee-based admission, while significantly raising tuition.¹ Thus, higher education institutions hedged in advance against financial losses associated with the subsequent reduction of the fee-paying contingent.

The need to regulate the number of fee-paying students is explained by two main reasons: an excess of relevant specialists (economists, managers, advertisers, etc.) on the labor market, as well as a change in the structure of studies, which involve stimulating the entry of young people to universities for engineering and technical specialties. Both these arguments do not stand up to reality. According to Rosstat and the Ministry of Labor,² university graduates specializing in economics, management, and humanities find employment no worse than engineers and IT specialists, working in their respective fields or in related professions. However, according to the NRU HSE study,³ 41% of the university graduates, receiving the engineer diploma, are not employed in their profession.

Meanwhile, monitoring of the concentration of paid admission to universities in a very small number of Russian oblasts suggests that a more serious, but undeclared reason is an attempt to limit the migration of young people to higher education institutions in the aforementioned 6 RF oblasts. Moreover, the outflow of those with effective demand for higher education from many oblasts, primarily to Moscow universities, as a rule, means a loss of income for local universities, despite the redistribution of admission target figures, i. e., budget funds in favor of these regional higher education systems.

Accordingly, universities in these oblasts lose their financial stability, the quality of education is declining, and young people are migrating even more intensively to oblasts that are more advanced from their point of view both in terms

1. For example, cost of education in the MIPT for the program "Applied mathematics and computer science" increased to Rb767,000 in the 2025/2026 academic year compared to Rb467,000 in the 2024/2025 academic year, i. e. by 64%. The cost of a similar program in the Bauman MSTU increased by 20%: from Rb449,000 in 2024/2025 academic year to Rb549,000 in 2025/2026 academic year.
2. Ministry of labor. URL: <https://www.rbc.ru/society/15/06/2025/68497f5e9a79475930adc6d6?ysclid=ml9o0xqbb4502901639>
3. Engineering graduates in the Russia labor market. Analytical report. 2025 // NSU HSE. URL: https://www.hse.ru/data/2025/04/15/1951597714/Report_20250415.pdf

of quality (prestige) of higher education and in terms of prospects for further employment.¹

4.3.2. Income (financing) of universities from different sources: main trends

In recent years, a concentration of financial resources has been observed in universities in a very small number of Russian oblasts. Data on university revenues (based on funding from various sources) for 2025 is currently unavailable, but the dynamics of changes in the financial indicators of higher education institutions over recent years (2019–2024) are quite illustrative.

If it is about all university revenues (funding) from all sources in 2024, the combined share of revenues from all sources for universities in 7 Russian oblasts exceeded 60% of all Russian university revenues, while the combined share of funding (revenues) for universities in 3 oblasts, the highest in 2024 by this indicator, exceeded 50% (*Table 14*). In 2019, this required revenues of all universities in 5 oblasts: Moscow, Saint Petersburg, the Republic of Tatarstan, and the Rostov and Sverdlovsk oblasts.

Thus, the concentration of university income in certain oblasts of Russia is clearly increasing: in the previous 6 years, the total share of university income from all sources in the two Russian capitals has grown by 3.9 p.p., but the main growth is attributed to Moscow higher education institutions, i.e., 4.0 p.p. (universities in St. Petersburg reduced their share in the total income of all Russian universities in 2024 compared to 2019 by 0.1 p.p.). The remaining 5 oblasts either added 0.2–0.4 p.p. or remained at the same level (the Rostov and Sverdlovsk oblasts). However, universities in 74 oblasts² not included in the list of oblasts whose share of university income in 2024 amounted to at least 2.0% of the total income of all Russian universities from all sources, accounted for only 39.8% of the income in that year (in 2019 — 44.6%).

Meanwhile, it should be noted that concentration of financial resources in the universities of the two Russian capitals exceeds the concentration of total admission (*Table 11*) and the total number of students (result of the concentration of total admission). This situation is largely explained by concentration of revenue from academic science in leading Moscow universities. Thus, in 2024, revenues of Moscow and Saint Petersburg universities from R&D accounted for 58.0% of the total revenue of all Russian higher education institutions. This has to be taken into account when assessing data on funding of Russian higher education from the federal budget (*Table 15*).

1. This is shown by sociological studies of senior students and university graduates conducted in 2023 and 2024 // CENO IAES RANEPa.

2. Excluding new territories, as well as Nenets Autonomous National Area and Yamalo-Nenets Autonomous National Area, in which there are no universities.

Table 14

Oblasts where share of all revenues of the regional higher education system vs. total revenues of all Russian universities amounted to at least 2.0% in 2024, %

Oblast	2024	2023	2022	2021	2020	2019
Moscow	36.0	35.6	34.9	34.7	34.2	32.0
Saint Petersburg	11.7	11.5	11.9	11.8	11.9	11.8
Total Moscow + Saint Petersburg	47.7	47.1	46.8	46.5	46.1	43.8
Republic of Tatarstan	3.7	3.5	3.5	3.4	3.2	3.3
Rostov oblast	2.3	2.3	2.3	2.3	2.3	2.3
Sverdlovsk oblast	2.3	2.3	2.3	2.2	2.2	2.3
Tomsk oblast	2.2	2.4	2.2	2.2	1.9	2.0
Republic of Bashkortostan	2.0	2.0	1.8	1.8	1.7	1.7
Total 5 oblasts	12.5	12.5	12.1	11.9	11.3	11.6
Total 7 oblasts	60.2	59.6	58.9	58.4	57.4	55.4

Source: estimated using statistical observation form No.HVE-2¹ 2019–2024.

Table 15

Oblasts where the 2024 share of funding from the federal budget of the regional higher education system vs. the total amount of funding from the federal budget of all universities in Russia was at least 2.0%, %

Oblast	2024	2023	2022	2021	2020	2019
Moscow	34.7	34.4	33.3	32.7	32.8	30.7
Saint Petersburg	11.0	11.0	11.1	11.4	11.9	11.6
Total Moscow + Saint Petersburg	45.7	45.4	44.4	44.1	44.7	42.3
Republic of Tatarstan	3.3	3.0	3.3	3.0	2.8	3.0
Tomsk oblast	2.8	3.1	2.8	2.8	2.3	2.4
Rostov oblast	2.5	2.5	2.5	2.5	2.4	2.4
Sverdlovsk oblast	2.1	2.0	2.1	2.1	2.2	2.1
Novosibirsk oblast	2.0	1.9	2.1	2.1	1.9	2.1
Total 5 oblasts	12.7	12.5	12.8	12.5	11.6	12.0
Total 7 oblasts	58.4	57.9	57.2	56.6	56.3	54.3

Source: estimated using statistical observation form No.HVE-2 2019–2024.

Table 15 shows that changes in the share of funding for universities in 7 oblasts from the federal budget over 6 years was +4.1 p.p., and this change occurred mainly due to the Moscow and Saint Petersburg universities (their total indicator increased by 3.4 p.p.). The changes in the size of the indicated shares for remaining 5 oblasts

1. The form No.HVE-2 “Data on material, technical and information base, financial and economic activities of the higher education institution.” URL: <https://minobrnauki.gov.ru/action/stat/highed/> (date of access 22.01.2026).

were small: in 2025 +0.1–0.4 p.p. for the time period under review. In 2024, higher education institutions in 76 Russian oblasts¹ not included in *Table 15* accounted for a combined 41.6% of all funding for universities in the Russian Federation from the federal budget, i.e. only 0.9 p.p. more than funding from the federal budget for universities in Moscow and Saint Petersburg (in 2019, 3.4 p.p. more was spent compared to funding from the federal budget for universities in the RF two largest cities). Meanwhile, higher education institutions in Moscow and Saint Petersburg accounted for 61.1% of all federal budget expenditures on academic science in Russia in 2024. It should also be noted that Moscow universities received 52.7% of the total federal budget funding allocated to Russian higher education for R&D in 2024.

Thus, less than half of all funds spent on the implementation of scientific research and development in Russian higher education has been spent from the federal budget on science in the universities in other Russian oblasts, including Saint Petersburg, in the year under review.

People actively finance regional higher education systems and, consequently, the universities located in these oblasts. The primary revenue stream from the population comes from tuition fees at all levels of higher education, as well as in supplementary vocational education programs.

In 2024, there were 8 oblasts where households' share in the funding of regional higher education systems was at least 2.0% vs. the total volume of households' funding of all Russian universities (*Table 16*).

Table 16

Oblasts where households' funding of the regional higher education system in 2024 amounted to at least 2.0% of the total population funding of all Russian universities, %

Oblast	2024	2023	2022	2021	2020	2019
Moscow	38.8	38.6	38.4	37.1	37.3	33.5
Saint Petersburg	11.5	11.3	11.6	10.7	10.2	10.2
Total Moscow + Saint Petersburg	50.3	49.9	50.0	47.8	47.5	43.7
Krasnodar krai	2.9	2.8	2.7	2.9	2.6	2.7
Republic of Tatarstan	2.6	2.7	2.7	3.1	2.9	3.2
Sverdlovsk oblast	2.5	2.4	2.5	2.5	2.6	2.6
Rostov oblast	2.3	2.3	2.1	2.1	2.1	2.1
Novosibirsk oblast	2.0	2.0	2.0	2.1	2.0	2.1
Samara oblast	2.0	1.9	1.7	1.7	1.9	1.8
Total 6 oblasts	14.3	14.1	13.7	14.4	14.1	14.5
Total 8 oblasts	64.6	64.0	63.7	62.2	61.6	58.2

Source: estimated using statistical observation form No.HVE-2 2019–2024.

1. Excluding new territories, as well as Nenets Autonomous Okrug and YNAO.

In 2024, universities in Moscow and Saint Petersburg accounted for 50.3% of the total expenditure of the Russian people aimed on education at universities, including supplementary vocational education programs.

Thus, more than half of all households' funds received by Russian universities in 2024 were spent on tuition at higher education institutions in Russia's two capitals. In 2019, more than half of all funds spent by the population on tuition at Russian universities were accounted for by 5 oblasts, ranked by the share of households' investment in their universities: Moscow, Saint Petersburg, the Krasnodar krai, the Republic of Tatarstan, and the Sverdlovsk oblast (combined, they accounted for 52.2%). In 2024, universities in 8 oblasts received almost 2/3 of all households' funds spent on university education programs. In other words, the concentration of households' funds in 2024 was higher than the one of federal budget, but the number and composition of oblasts whose universities received predominantly federal and households' funding did not differ significantly.

In both cases, 5 oblasts: Moscow, Saint Petersburg, the Republic of Tatarstan, and the Rostov and Sverdlovsk oblasts formed the basis. These same oblasts are also among the oblasts with the largest shares of general, state-funded, and fee-paying admissions to universities in 2025.

* * *

Over recent years, Russia has seen a concentration of student enrollment, and consequently student numbers, in universities in a very small number of oblasts. Attempts to redistribute admission target figures (state-funded admission) to regional universities have resulted in growing fee-based admissions, primarily at Moscow universities.

At the same time, higher education's financial resources are also concentrating in oblasts with the largest influx of fee-paying students. As a result, higher education system has developed a core of oblasts attracting both student and financial flows.

There are only 5 of them: in addition to 2 Russian capitals, this core includes the Republic of Tatarstan, the Rostov oblast, and the Sverdlovsk oblast. The Tomsk oblast, a major university center, is primarily dependent on federal funding for its finances, but lags far behind the leading oblasts in terms of the influx of households' funds to its universities.

On the contrary, the Krasnodar krai is among oblasts that are leaders in attracting households' funds to local higher education institutions, while universities in this oblast receive less than 2.0% from the federal budget allocated for funding higher education.

However, in recent years, the Chelyabinsk oblast has lost its leading position in both student admission to universities and in the revenues of the regional higher education system, and universities in the Krasnoyarsk krai have given up their lea-

ding positions in student admission (this oblast has not been among the leaders in terms of university revenues over the last years).

Regulation of fee-based admissions could somewhat weaken the influx of young people from the oblasts into Moscow universities and reduce their share in both free and fee-based admissions.

However, as for the incomes of universities in the Russian capital (and possibly higher education institutions in Saint Petersburg), they will most likely not decrease, but rather increase, since the budget funding standards for engineering training are expected to increase, the budget admission to specialties related to artificial intelligence will be expanded, and, moreover, the cost of paid education will continue to rise, especially at leading universities.

4.4. Housing market in Russia and housing construction¹

In 2025, the Russian real estate market was in relative equilibrium, adapting to the realities that emerged following the phasing out of preferential mortgages in 2024. This state largely reflected the overall economic situation (GDP growth by 1%).

4.4.1. Market price indicators

Before analyzing the price trend in the housing market, it is worth noting that there are various sources of information on residential real estate price dynamics: on the one hand, there are official statistical reports, and on the other, data from real estate agencies.

As indicated on the Rosstat portal, price indices for the primary and secondary housing markets are calculated by the agency's specialists based on registered prices for newly built apartments and for apartments in the existing housing stock that are privately owned, provided they are the subject of market transactions. Price indices for the primary and secondary housing markets are compiled by apartment type across the constituent entities of the Russian Federation (regions), federal districts, and the Russian Federation as a whole. Data on the total area of a specific apartment type sold in the previous year for a given city within a region is used as a weighting factor. Monitoring is conducted among a sample of organizations engaged in real estate transactions in regional centers and individual cities of the constituent entities of the Russian Federation. When recording apartment prices, their quantitative and qualitative characteristics are taken into account. Average prices across Russia are calculated based on the average prices established in the regions.

1. Author: *Malginov G.N.*, Candidate of Economic Sciences, Head of Ownership Issues and Corporate Governance Department, Gaidar Institute.

Data on the total floor area of apartments sold separately in the primary and secondary housing markets, accumulated over the previous year, are used as weights.¹

According to Rosstat data, the increase in housing prices in 2025 across the country as a whole was the lowest for the entire period since 2020. This applies to both the secondary and primary market segments, but in the latter, the indicator was almost identical to that of 2024 (*Table 17*).

Let us take a closer look at the data for 2025, starting with the quarterly price trends across Russia (*Table 18*).

In the primary market, the highest price growth was observed in Q4 (3.4%), more than double the rates recorded in Q2 and Q3 (1.6%). In the secondary market, by contrast, slightly higher price growth was recorded in H1 2025. Throughout the year, price growth rates in the primary segment outpaced those in the secondary segment: most notably in Q1 (2.5 times) and in the final Q4 (nearly 3.5 times).

Table 17

Housing market price indices for 2020–2025 (for all types of apartments, as of year-end), % change from the end of the previous year

Year	Secondary market	Primary market
2020	109.5	112.0
2021	117.2	126.0
2022	111.8	121.0
2023	108.5	109.7
2024	106.6	108.8
2025	103.9	108.7

Source: Price indices for the primary and secondary housing markets in the Russian Federation in 1998–2025. URL: https://rosstat.gov.ru/storage/mediabank/dinamika_sred_1998-2025.xlsx, <http://rosstat.gov.ru/>

Table 18

Housing market price indices in 2025 (for all types of apartments, as of the end of the quarter), % change from the end of the previous quarter

Quarter	Secondary market	Primary market
I	100.8	102.0
II	101.2	101.6
III	100.8	101.6
IV	101.0	103.4

Source: Price Indices for primary and secondary housing markets in the Russian Federation, 1998–2025: URL: https://rosstat.gov.ru/storage/mediabank/ind_perv_4kv-2025.xlsx; data on the secondary market: URL: https://rosstat.gov.ru/storage/mediabank/ind_vtor_4kv-2025.xlsx, <http://rosstat.gov.ru/>

1. URL: https://rosstat.gov.ru/storage/mediabank/Opredeleniya_Ind_cen_zhilya.pdf; https://rosstat.gov.ru/storage/mediabank/Opredeleniya_sred_ceny_zhilya.pdf, <http://rosstat.gov.ru/>

It was precisely these price dynamics during these periods that led to the fact that, by the end of 2025, overall housing price growth in the primary market (8.7%) was more than double that in the secondary market (3.9%) (*Table 19*).

Table 19

**Housing Market Price Indices and Average Residential Property Prices in 2025
by Property Type (as of the end of Q4)**

Property category	Secondary market		Primary market	
	% on Q4 2024	Rb thousand for 1 sq. m of total floor space	% on Q4 2024	Rb thousand for 1 sq. m of total floor space
All types of apartments	103.9	130.4	108.7	215.3
Low quality apartments	102.0	90.1	-	-
Standard-quality apartments (standard units)	104.1	111.5	108.2	172.7
High-quality apartments	104.2	140.6	109.0	213.6
Luxury apartments	101.7	330.8	108.7	537.5

Source: The Socioeconomic Situation in Russia – 2025. P. 140–141. URL: <http://rosstat.gov.ru/>

Higher prices in the primary market were observed across all property categories, but the increase was most pronounced (more than fivefold) for luxury housing (8.7% versus 1.7%); moreover, luxury housing saw the smallest price increase in the secondary market, lagging behind even low-quality housing (2%). In both segments, the highest price growth was observed for improved-quality housing, but it was significantly higher in the primary market (9% versus 4.2%). In this segment, price growth rates did not vary significantly by property category (8–9%), whereas in the secondary market, similar price dynamics were observed only for standard housing and improved-quality housing (just over 4%).

An analysis of price dynamics by region confirms that the secondary market lagged behind the primary market in terms of price growth rates nationwide. At the same time, the pattern of price dynamics was largely similar to that observed in 2024 (*Table 20*).

In seven of the eight federal okrugs (Central, Northwestern, Southern, Volga, Ural, Siberian, and Far Eastern), price growth in the primary segment exceeded that in the secondary segment; the highest ratio (more than fourfold) was observed in the Southern Federal Okrug, and the lowest (less than one-quarter) in the Volga Federal Okrug. Among the remaining districts, the Central and Far Eastern Federal Okrug stand out, where the primary market outpaced the secondary market in terms of price dynamics by more than 3 and 2 times, respectively. The North Caucasus Federal Okrug is an exception, where while prices in the primary segment fell by 2.3%, they rose by 4% in the secondary segment.

Table 20

Housing price indices in 2025 by federal okrug (for all types of apartments, as of the end of the fourth quarter), % change from Q4 2024

Federal okrug	Secondary market	Primary market
Russia	103.9	108.7
Central	103.4	110.8
Northwestern	104.8	109.3
Southern	101.2	105.4
North-Caucasus	104.0	97.7
Volga	105.6	106.9
Ural	102.9	105.4
Siberian	103.3	105.6
Far Eastern	102.3	105.3

Source: Housing price indices by subject of the Russian Federation in 2025. Data on the primary market: URL: https://rosstat.gov.ru/storage/mediabank/ind_perv_4kv-2025.xlsx; secondary market data: URL: https://rosstat.gov.ru/storage/mediabank/ind_vtor_4kv-2025.xlsx; <http://rosstat.gov.ru/>

Although the North Caucasus deviated from the overall trend compared to 2024, the picture became more uniform at the regional level, since a year earlier in the Northwestern Federal Okrug the secondary market outpaced the primary market in terms of price growth, while in the Southern Federal District there was roughly equal growth in both segments.

If we examine price dynamics in greater detail — at the level of Russian Federation subjects¹ — the picture presented in *Table 21* emerges.

In the primary market, Moscow led the way in price growth (11%). It was followed by Saint Petersburg (9.8%), the Moscow oblast (9.5%), and the Voronezh oblast (9.1%). Among the other regions, price growth at or near the Russian average was observed in Samara oblast (8.7%) and Tatarstan (8.1%), while the lowest growth was recorded in Khabarovsk krai (2.2%) and Volgograd oblast (2%). Prices fell by 5–6% in Dagestan and the Stavropol krai.

In the secondary housing market, the group of regions with growth rates exceeding 10% included the Chelyabinsk oblast (15.5%) and the Perm krai (11.3%), followed by the Voronezh (9.6%) and Leningrad (9.0%) oblasts. A large group of regions (Tatarstan, Bashkortostan, Primorsky krai, Tyumen oblast, Dagestan, Omsk oblast, and Khabarovsk krai) saw price stagnation (+/– 1%), while prices in Krasnodar krai fell by nearly 4%.

1. The sample consists of regions with the largest populations in their respective federal districts, including all those containing cities with populations exceeding 1 million people.

Table 21

Housing market price indices in 2025 by region (for all types of apartments, as of the end of the fourth quarter), % change from Q4 2024

Federal okrug/region	Secondary market	Primary market
Russia	103.9	108.7
Central FO	103.4	110.8
Moscow	101.5	111.0
Moscow oblast	101.1	109.5
Voronezh oblast	109.6	109.1
Northwestern FO	104.8	109.3
Saint Petersburg	105.7	109.8
Leningrad oblast	109.0	105.6
Southern FO	101.2	105.4
Krasnodar krai	96.1	103.7
Volgograd oblast	103.0	102.0
Rostov oblast	102.5	104.1
North Caucasus FO	104.0	97.7
Republic of Dagestan	99.7	95.1
Stavropol krai	105.3	94.2
Privolzhsky FO	105.6	106.9
Republic of Bashkortostan	100.8	103.0
Republic of Tatarstan	100.9	108.1
Perm krai	111.3	106.9
Nizhniy Novgorod oblast	103.8	106.1
Samara oblast	102.3	108.7
Ural FO	102.9	105.4
Sverdlovsk oblast	103.5	106.1
Tyumen oblast (including autonomous okrugs)	100.4	104.2
Chelyabinsk oblast	115.5	107.8
Siberian FO	103.3	105.6
Krasnoyarsk krai	105.1	107.6
Novosibirsk oblast	102.8	104.1
Omsk oblast	99.5	106.2
Far Eastern FO	102.3	105.3
Primorsk krai	100.8	106.5
Khabarovsk krai	99.3	102.2

Source: Housing price indices by subject of the Russian Federation in 2025. Data on the primary market: URL: https://rosstat.gov.ru/storage/mediabank/ind_perv_4kv-2025.xlsx; data on the secondary market: URL: https://rosstat.gov.ru/storage/mediabank/ind_vtor_4kv-2025.xlsx, <http://rosstat.gov.ru/>

Table 22

**Average housing market prices in 2025 by regional centers of the Russian Federation¹
(for all types of apartments, as of the end of Q4), Rb thousand per square meter
of total floor area**

Federal okrug/region	Secondary market	Primary market	Price spreads between markets
Central FO			
Moscow	372.0	433.2	Rb61.2 thousand (16.45%) in favor of the primary market
Moscow oblast	173.9	211.3	Rb37.4 thousand (21.5%) in favor of the secondary market
Voronezh oblast	105.8	126.05	Rb20.25 thousand (19.1%) in favor of the primary market
Northwestern FO			
Saint Petersburg	276.2	293.6	Rb17.4 thousand (6,3%) in favor of the primary market
Leningrad oblast	139.3	175.6	Rb36,3 thousand (26,1%) in favor of the primary market
Southern FO			
Krasnodar krai	130.2	150.1	Rb19.9 thousand (15,3%) in favor of the primary market
Volgograd oblast	93.15	124.75	Rb31.6 thousand (33,9%) in favor of the primary market
Rostov oblast	122.5	139.15	Rb16.65 thousand (13,6%) in favor of the primary market
North Caucasus FO			
Republic of Dagestan	107.0	74.0	Rb33.0 thousand (44.6%) in favor of the secondary market
Stavropol krai	95.3	110.2	Rb14.9 thousand (15.6%) in favor of the primary market
Privolzhsky FO			
Republic of Bashkortostan	117.8	153.2	Rb35.4 thousand (30.1%) in favor of the primary market
Republic of Tatarstan	157.3	250.7	Rb93.4 thousand (59.4%) in favor of the primary market
Perm krai	131.6	152.65	Rb21.05 thousand (16.0%) in favor of the primary market
Nizhniy Novgorod oblast	148.1	185.9	Rb37.8 thousand (25.5%) in favor of the primary market
Samara oblast	121.3	146.2	Rb24.9 thousand (20.5%) in favor of the primary market
Ural FO			
Sverdlovsk oblast	118.6	159.9	Rb41.3 thousand (34.8%) in favor of the primary market
Tyumen oblast (without autonomous okrugs)	106.6	145.1	Rb38.5 thousand (36.1%) in favor of the primary market
Chelyabinsk oblast	105.7	135.7	Rb30.0 thousand (28.4%) in favor of the primary market
Siberian FO			
Krasnoyarsk krai	118.7	141.8	Rb23.1 thousand (19.5%) in favor of the primary market
Novosibirsk oblast	125.9	159.9	Rb34.0 thousand (27.0%) in favor of the primary market
Omsk oblast	103.6	149.0	Rb45.4 thousand (43.8%) in favor of the primary market
Far Eastern FO			
Primorsk krai	155.5	194.1	Rb38.6 thousand (24.8%) in favor of the primary market
Khabarovsk krai	122.7	164.7	Rb42.0 thousand (34.2%) in favor of the primary market

Source: Average housing prices by subject and centers of subjects of the Russian Federation in 2025. Data on the primary market: URL: https://rosstat.gov.ru/storage/mediabank/sred_cen_perv_4kv-2025.xlsx; data on the secondary market: URL: https://rosstat.gov.ru/storage/mediabank/sred_cen_vtor_4kv-2025.xlsx, <http://rosstat.gov.ru/>

1. In Rosstat data, absolute housing market prices for regional capitals of the Russian Federation are reported without specifying the names of the cities that serve as regional capitals.

As a result, in most regions, the primary market outpaced the secondary market in terms of price growth. However, the group of regions where the opposite situation occurred (Voronezh, Leningrad, Volgograd, and Chelyabinsk oblasts, Dagestan, Stavropol and Perm krai) expanded compared to 2024.

Absolute price values also became an important characteristic of 2025 in this regard. Given the significance of large cities and metropolitan areas, it is appropriate to examine them by regional capitals, supplemented with data on the Moscow and Leningrad oblasts¹ (*Table 22*).

As expected, housing was most expensive in Moscow (over Rb400,000 per square meter in the primary market and over Rb350,000 per square meter in the secondary market). In Saint Petersburg, prices exceeded Rb250,000 per square meter in both segments.

Following the capital cities, in varying order depending on the segment, were the centers of Tatarstan and Primorsky krai, as well as the Moscow Region: in the primary market, prices exceeded Rb200,000 per square meter in Tatarstan and the Moscow oblast, and in the secondary market — Rb150,000 per square meter in the Moscow oblast, Tatarstan, and Primorye. At the other end of the price spectrum were: in the primary segment — Dagestan (less than Rb75,000 per square meter), and in the secondary segment — the Volgograd oblast (less than Rb95,000 per square meter), followed by the Stavropol krai.

In nearly all regional capitals of the Russian Federation, prices in the primary market at the end of 2025 were higher than in the secondary market. This was most pronounced in Tatarstan (by more than 59%) and the Omsk oblast (by nearly 44%), and least pronounced in Saint Petersburg (by 6.3%) and the Rostov oblast (by 13.6%). In approximately half of the regional capitals, prices in the primary market exceeded those in the secondary segment by 15–30%. The exception was Dagestan, where prices (in the center of this Russian Federation subject) exceeded those in the primary market by nearly 45%.

To characterize price levels in absolute terms, we will examine research data based on information collected by the Analytics Committee of the Russian Guild of Realtors (RGR) through a survey of certified analysts and heads of real estate agencies that are members of the RGR.²

In this study, to describe the situation in local real estate markets using the “traffic light” method for supply, demand, and prices, the latter are presented within a range of minimum and maximum rounded values for each market segment based on a sample of 58 cities, including 27 that are not regional capitals. There-

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1. These represent the largest metropolitan areas in the country, whose capitals are cities of federal significance identified in the reporting (Moscow and Saint Petersburg).
 2. Analytical Report. Q4 and 2025 Results: “Dynamics of Multi-Family Housing Market Indicators in Russian Cities” // RGR. P. 15. URL: <https://rgr.ru/>

fore, the data from this study on average prices in a number of cities, which are considered separately (*Table 23*), appear to be more representative.

Table 23

Asking prices for apartment buildings in Russian cities at the end of 2025

City	Secondary market		Primary market		Price spread across markets, %
	Rb thousand per 1 sq. m	annual growth, %	Rb thousand per 1 sq. m	annual growth, %	
Moscow	339.0	13.5	478.0	20.0	41% in favor of the primary market
Voronezh	108.1	5.92	110.3	3.48	2.0% in favor of the primary market
Astrakhan	...	...	161.6 ^a	13.1	
Rostov-on-Don	...	...	160.2 ^a	...	
Kirov	110.9 ^b	13.5	146.2 ^a	15.2	31.8% in favor of the primary market
Perm	120.8	14.3	166.8/168.2 ^a	11.1	38.1%/39.2% in favor of the primary market
Izhevsk	...	...	133.7 ^a	14.9	
Ekaterinburg	136.0 ^b	9.0	179.0 ^b /174.2 ^a	12.0	31.6%/28.1% in favor of the primary market
Tyumen	130.0	3.9	150.8/154.1 ^a	6.1/15.9 ^a	16.0%/18.5% in favor of the primary market
Chelyabinsk	...	...	159.6 ^a	16.3	
Novosibirsk	139.3	12.6	178.3/173.3 ^a	10.8	28.0%/24.4% in favor of the primary market
Vladivostok	199.8	9.3	171.8/202.7 ^a	-8.81	16.3% in favor of the secondary market/ 1.5% in favor of the primary market
Khabarovsk	...	...	188.8 ^a	...	
Yuzhno-Sakhalinsk	162.5 ^c	10.8 ^c	215.3 ^c	8.4 ^c	32.5% in favor of the primary market

^a Data from the “Objektiv” Marketing Research Center on the average listing price, which is generally higher than the average transaction price (with the exception of Astrakhan and Izhevsk).

^b Data as of early January 2026.

^c Data for Q4 2025.

Sources: Analytical report. Fourth quarter and full-year results for 2025: “Trends in the multi-family housing market in Russian cities” / RGR. P. 15–43. URL: <https://rgr.ru/>; own calculations.

In virtually all of the cities listed in *Table 23*, prices in the primary market were higher than those in the secondary market at the end of 2025. The most significant price premium for new construction was recorded in Moscow (41%), with Perm not far

behind (38–39%). Next came Yuzhno-Sakhalinsk, Yekaterinburg, Novosibirsk, Kirov, and Khabarovsk (24–32%). The smallest price premium in the primary segment over the secondary market (up to 2%) was observed in Voronezh and Vladivostok.¹ Tyumen (16–18%) fell between these cities and the majority of others.

In terms of price growth over the year, the leaders in the primary market were Moscow (20%), Chelyabinsk (16.3%), Kirov, and Izhevsk (around 15%). The smallest price increase was recorded in Voronezh (3.5%), while prices in Vladivostok fell by nearly 9%. In the secondary market, prices rose by more than 10% in Perm (14.3%), Moscow and Kirov (13.5%), Novosibirsk (12.6%), and Yuzhno-Sakhalinsk (about 11%). At the other end of the spectrum were Tyumen and Voronezh: less than 4% and 6%, respectively.

Among the cities for which comparable data is available, the results were roughly split between a subgroup where prices in the primary market grew faster and a subgroup where the secondary market led in terms of price growth.² Meanwhile, in 2024, the only exception to the general trend of faster price growth in the primary segment was Voronezh.

In most cities in the sample for which the “traffic light” method was used, supply in the secondary market had contracted by the end of 2025 due to its “washout” resulting from the realization of previously deferred demand and the withdrawal of some properties by owners who, amid high market uncertainty, lacked strong motivation to sell their homes at a discount (buyers in this segment are focused on improving their living conditions without taking out a mortgage). In the primary market, by contrast, home purchases using preferential mortgage programs dominated: in the second half of the year, the new-construction market picked up noticeably, a trend particularly evident in the fourth quarter, when many buyers sought to take advantage of the family mortgage program before its requirements were tightened.

Amid the onset of declining interest rates on bank deposits and mortgage loans, growth in housing demand in the final quarter of 2025 was observed in approximately two-thirds of the cities in the large sample of the aforementioned study, with relative price stability prevailing in more than half of the sample.

Overall, the situation was characterized by a gradual increase in average asking prices in the primary market throughout the year and a sharp rise in this indicator in the second half of the year in the secondary segment, where, in addition to the price increase itself, changes in the structure of supply played a role. (New

1. For Vladivostok, the assessment of the situation varies depending on the source of information used. According to data from Industry-R LLC, the price on the secondary market in the capital of Primorsky krai exceeded the price in the primary segment, making it an exception within the entire sample under consideration. However, according to data from the Objective Marketing Research Center, the price on the primary market was still slightly higher in the region.

2. This can also include Vladivostok, where a rise in prices in the secondary market was accompanied by a decline in the primary segment.

owners of apartments in recently completed buildings, when entering the market to resell them, tend to initially set a price above the market average; this results in an increase in the average asking price in the city-wide sample, accompanied by longer listing times for the apartments.)

An analysis of the capital's housing market can provide an objective understanding of the trends that unfolded in the housing markets of major cities in 2025.

In Moscow, this period was characterized by a slight decline in activity in both segments. In the secondary market, Rosreestr registered 140,600 transactions, compared to approximately 146,200 a year earlier; that is, the decline amounted to just 3.8%, compared to 16.4% in 2024 relative to 2023. In the primary market, Rosreestr registered 85,400 shared ownership agreements (SOAs) by the end of 2025, compared to 87,100 a year earlier. Thus, the number of SOAs decreased by 2% over the year, compared to a 24.6% decline in 2024. At the same time, significant growth in this indicator was observed in the final quarter of 2025: compared to the third quarter, it increased by nearly one-third, outpacing quarterly growth in the secondary market (by more than one-quarter).¹

4.4.2. Commissioning new housing

According to Rosstat preliminary data, 108.1 million square meters of housing were commissioned in Russia in 2025 — 0.4% more than in 2024 (*Table 24*).

Growth within the margin of statistical error ($\pm 0.4\%$) effectively amounted to stagnation. It can only be compared to the results of 2020, when all socioeconomic processes were shaped by the onset of the COVID-19 pandemic. Of course, in the period after 2000, there were several years when housing completions declined (2009–2010, 2016–2018, and 2024). The most recent decline (by 2.4%) could not be offset by the growth in 2025, which turned out to be lower than that of the economy as a whole.

When examining housing construction trends by region, positive growth was observed in roughly half of the regions, including most regions with a total housing completion volume exceeding 1 mn sq. m (*Table 25*).

As shown in *Table 25*, the highest growth in housing commissioning (over 10%) in 2025 was recorded in the Irkutsk and Volgograd oblasts, Crimea, and Moscow; growth of 5 to 10% was observed in the Tula, Moscow, Kaluga, and Tyumen oblasts, as well as in Primorsky krai; eight other regions also saw positive growth in housing completions, though less than 5%. Meanwhile, a decline occurred in 11 Russian oblasts, including some traditional leaders, leading to certain shifts within this group compared to the previous year.

1. Analytical Report. Fourth Quarter and Results for 2025: "Dynamics of Multi-Family Housing Market Indicators in Russian Cities" // RGR. P. 15, 44. URL: <https://rgr.ru/>

Table 24

Commissioning of residential buildings in Russia, 1999–2025

Year	Total floor area, mn sq. m	Growth rates, %	
		On the previous year	on 2000
1999	32.0	104.2	105.6
2000	30.3	94.7	100.0
2001	31.7	104.6	104.6
2002	33.8	106.6	111.5
2003	36.4	107.7	120.1
2004	41.0	112.6	135.3
2005	43.6	106.3	143.9
2006	50.6	116.0	167.0
2007	61.2	120.9	202.0
2008	64.1	104.7	211.5
2009	59.9	93.4	197.7
2010	58.4	97.5	192.7
2011	62.3	106.6	205.6
2012	65.7	104.7	216.8
2013	70.5	107.3	232.7
2014	84.2	119.4	277.9
2015	85.3	101.3	281.5
2016	80.2	94.0	264.7
2017	79.2	98.8	261.4
2018	75.7	95.1	248.5
2019	82.0/81.0 ^a	108.3/107.0 ^a	270.6/267.3 ^a
2020	82.2/77.1 ^a	100.2/95.2 ^a	271.3/254.5 ^a
2021	92.6	112.7	305.6
2022	102.7	111.0	338.9
2023	110.4	107.5	364.3
2024	107.8	97.6	355.8
2025	108.1	100.4	356.8

^a Excluding new housing construction on private plots, the volume of which is based on preliminary data from Rosstat (2019: 1.0 mn sq. m; 2020: 5.1 mn sq. m; no data is available for 2021–2025).

Sources: Russian Statistical Yearbook. 2010: Statistical Compilation. Moscow: Rosstat, 2010. P. 477; Russian Statistical Yearbook. 2016: Statistical Compilation. Moscow: Rosstat, 2016. P. 427; Russian Statistical Yearbook. 2021: Statistical Compilation. Moscow: Rosstat, 2021. P. 418–419; The Socioeconomic Situation in Russia—2023. P. 93–95; The Socioeconomic Situation in Russia—2024. P. 92–93; Socio-Economic Situation in Russia—2025. P. 92–93. URL: <http://rosstat.gov.ru/>; own calculations.

Table 25

**Trends in housing completions across Russian regions in 2025
(ranked by completion rates)**

RF subject	Housing commissioning rates, % on 2024
Irkutsk oblast	120.6
Republic of Crimea	117.9
Volgograd oblast	113.3
Moscow	112.9
Tula oblast	109.8
Moscow oblast	109.5
Kaluga oblast	108.7
Tyumen oblast (including autonomous okrugs)	107.3
Primorsky krai	106.0
Chelyabinsk oblast	104.3
Saratov oblast	103.9
Leningrad oblast	103.8
Republic of Tatarstan	101.8
Orenburg oblast	101.4
Chechen Republic	101.2
Saint Petersburg	100.8
Perm krai	100.4
Voronezh oblast	100.0
Kaliningrad oblast	100.0
Stavropol krai	98.9
Krasnoyarsk krai	94.6
Sverdlovsk oblast	94.1
Rostov oblast	93.7
Novosibirsk oblast	93.6
Krasnodar krai	93.3
Republic of Bashkortostan	90.2
Udmurt Republic	88.5
Nizhniy Novgorod oblast	87.4
Samara oblast	82.9
Republic of Dagestan	57.6

Source: The Socio-Economic Situation in Russia — 2025. P. 289–290. URL: <http://rosstat.gov.ru/>

The Moscow oblast compensated for the 2024 decline with a 9.5% increase and confidently retained its lead in terms of absolute housing completions (approximately 12.5 mn sq. m). The same can be said of Moscow, which, with a nearly 13% increase in completions, moved into second place (about 7.4 mn sq. m), replacing

Table 26

**Structure of residential buildings commissioned in the Russian Federation,
2010–2025**

Year	Total, mn sq. m	Including			
		Multi-unit residential construction		Individual housing construction using personal and borrowed funds	
		Mn sq. m	Share in total commissioning, %	Mn sq. m	Share in total commissioning, %
2010	58.4	32.9	56.3	25.5	43.7
2011	62.3	35.5	57.0	26.8	43.0
2012	65.7	37.3	56.8	28.4	43.2
2013	70.5	39.8	56.5	30.7	43.5
2014	84.2	48.0	57.0	36.2	43.0
2015	85.3	50.1	58.7	35.2	41.3
2016	80.2	48.4	60.3	31.8	39.7
2017	79.2	46.2	58.3	33.0	41.7
2018	75.7	43.3	57.2	32.4	42.8
2019	82.0	43.5	53.0	38.5	47.0
2020	82.2	42.4	51.6	39.8	48.4
2021	92.6	43.5	47.0	49.1	53.0
2022	102.7	45.5	44.3	57.2	55.7
2023	110.4	51.7	46.8	58.7	53.2
2024	107.8	45.5	42.2	62.3	57.8
2025	108.1	44.6	41.25	63.5	58.75

Sources: Russian Statistical Yearbook. 2021: Statistical Compilation. Moscow: Rosstat, 2021. P. 418–419; The Socio-Economic Situation in Russia—2022. P. 94–95; The Socioeconomic Situation in Russia—2023. P. 305–306; The Socioeconomic Situation in Russia—2024. P. 301–302; The Socioeconomic Situation in Russia—2025. P. 92. URL: <http://rosstat.gov.ru/>; own calculations.

the Krasnodar krai, which for the first time in many years rounded out the top three (over 6.2 mn sq. m). In the Kuban region, the decline in this indicator (by 6.7%) continued for the second consecutive year.

The Moscow metropolitan area's share of the country's total housing construction volume was 18.4% (including the Moscow oblast—11.6% and Moscow—6.8%), an increase of 1.7 p.p. compared to 2024. The top five regions, with roughly equal absolute completion figures (around 4.2 mn sq. m) also included the Leningrad and Tyumen oblasts (including autonomous okrugs) with growth of 3.8% and 7.3%, respectively. More than three mn sq. m were completed over the year in Tatarstan, Bashkortostan, and Sverdlovsk oblast. Rounding out the top ten regions were Rostov oblast and Saint Petersburg, with comparable absolute figures (around

2.7–2.8 mn sq. m). In the northern capital, as in Sevastopol, housing construction¹ remained stagnant.

Total housing completions, amounting to approximately 108 mn sq. m in 2025, were in line with the housing construction volume set forth in the guidelines of the National Project “Housing and Urban Environment” (as currently amended) for 2028.²

General data on housing completions include both multi-unit housing built by professional developers (MFH) and individual housing construction (IHC) organized independently by private individuals (*Table 26*).

The share of housing built by the population independently at their own expense or with borrowed funds reached a new high (58.8%). According to Rosstat, the floor area of individual housing construction projects completed in Russia by the end of 2025 totaled 63.5 mn sq. m, exceeding the previous year’s figure by 1.9%.

The group of regions leading in terms of the absolute volume of housing commissioned by the population included the Moscow oblast (over 9.6 million square meters), Krasnodar krai (about 3.7 mn sq. m), Leningrad oblast (3.1 mn sq. m), Tatarstan (2.4 mn sq. m), Bashkortostan (about 2.0 mn sq. m). If we examine all regions with a total volume of housing completions under the individual housing construction program exceeding 1 mn sq. m in more detail, the picture presented in *Table 27* emerges.

The largest group consisted of regions where individual housing construction accounted for 50 to 60% of total housing completions (10 regions). Higher values of this indicator were recorded in the Stavropol krai, Tula, Nizhny Novgorod, and Saratov oblasts, Dagestan, Bashkortostan, and Tatarstan (60 to 70%), as well as in the Chelyabinsk, Orenburg, and Leningrad oblasts, in Chechnya, Crimea, the Moscow oblast (70–80%). The highest share of individual housing construction in housing completions was recorded in the Irkutsk and Kaluga oblasts (over 80%). As expected, Moscow and Saint Petersburg were at the other end of the spectrum, where the contribution of individual housing construction to the total figure was 8.1% and 7.4%, respectively.³ The Tyumen, Novosibirsk, and Voronezh oblast occupied an intermediate position, with a share of individual housing construction ranging from 40% to 45%.

Against this backdrop, the construction of multi-family housing looked more pessimistic: its share, which had been steadily declining since 2016, stood at 41.2% (a decrease of nearly 1 percentage point compared to 2024). The volume of new multi-family housing completions fell by 2% in 2025, dropping below the 2022 level but still exceeding the figures for 2018–2021. More than half (57.5%) of the new

1. It is also worth noting the increase in housing completions in the Kursk Region, despite a decline in the Belgorod and Bryansk Regions; however, given their absolute values (less than 0.9 million square meters), none of these regions made it into *Table 25*.

2. URL: <https://minstroyrf.gov.ru/docs/221887/>

3. For comparison: in another city of federal significance — Sevastopol — the share of individual housing completed stood at 78.3% (with a total volume of new housing completions of about 0.35 mn sq. m).

Table 27

Share of housing commissioned by the population in Russian regions with a total volume of over one mn sq. m in 2025

RF subject	%
Irkutsk oblast ^a	82.1
Kaluga oblast	80.4
Moscow oblast ^a	77.1
Republic of Crimea ^a	75.2
Leningrad oblast ^a	73.5
Chechen Republic ^a	73.2
Orenburg oblast	71.3
Chelyabinsk oblast ^a	70.9
Republic of Tatarstan ^a	68.3
Saratov oblast	68.2
Republic of Bashkortostan ^a	65.5
Republic of Dagestan ^a	64.8
Nizhniy Novgorod oblast ^a	64.6
Tula oblast	64.6
Stavropol Krai ^a	61.1
Samara oblast	59.7
Perm Krai ^a	59.6
Krasnodar Krai ^a	58.8
Volgograd oblast	57.5
Rostov oblast ^a	56.1
Kaliningrad oblast	54.7
Krasnoyarsk Krai	54.3
Udmurt Republic	51.5
Primorsky Krai	51.4
Sverdlovsk oblast ^a	50.8
Voronezh oblast	44.8
Novosibirsk oblast ^a	44.4
Tyumen oblast (including autonomous okrugs) ^a	41.5
Moscow	8.1
Saint Petersburg	7.4

^a Regions where private residential construction exceeded 1 mn sq. m.

Source: The Socioeconomic Situation in Russia — 2025. P. 291–292. URL: <http://rosstat.gov.ru/>; own calculations.

housing completions (excluding housing built by the population)¹ were concentrated in 12 regions (each with at least 1 million square meters of new housing), while the combined share of the top five (Moscow and the Moscow oblast, Krasnodar krai, Saint Petersburg, and the Tyumen oblast (including autonomous districts)) accounted for 38.5% of the total volume of multi-unit housing completions.²

1. This indicator is not included in Rosstat's official reports. However, it can be calculated as the difference between the total volume of housing completions and individual housing completed using their own and borrowed funds.

2. More than 1 mn sq. m were also completed in a year in the Sverdlovsk, Novosibirsk, Rostov, and Leningrad oblasts, Tatarstan, the Voronezh oblast, and Bashkortostan.

4.4.3. Housing construction: Current status and related issues

The trend in total housing commissioning in Russia as a whole, examined over specific time intervals, reflects the instability of the industry's situation in 2025. After a very positive start in Q1, when housing delivery exceeded the figure for the same period in 2024 by nearly 9%, there was a clear decline in Q2 — by more than a third. This was followed by a recovery in Q4, during which housing delivery exceeded the figure for the same period in 2024 by 18.6%. However, although the total volume of housing completions for the second half of the year was higher than in the first six months, in the fourth quarter this figure only came close to the level recorded in the first quarter.¹

In H1 2025, developers faced not only a decline in demand but also cost-push inflation affecting the financial instruments essential to their operations, manifested in banks raising interest rates on project financing and increasing commissions paid to agents. Under these conditions, the minimal decline in the volume of completed multi-family housing and a slight increase in the volume of ongoing construction for the year as a whole can be considered decent results.

According to data from the Unified Information System for Housing Construction (EISZhS), the total floor area of multi-family housing under construction, taking into account all financing mechanisms, stood at 116.6 mn sq. m as of the end of December 2025, approximately 1.9% higher than the figure recorded a year earlier (114.4 mn sq. m). The majority of this area consisted of housing constructed in accordance with Federal Law No. 214-FZ of December 30, 2004, "On Participation in Shared Construction of Apartment Buildings and Other Real Estate Objects and on Amending Certain Legislative Acts of the Russian Federation," which requires individuals to enter into shared construction agreements. As of the end of 2025, 98.5% of multi-unit housing under construction was being built using escrow accounts, compared to 97.6% at the end of 2024.

According to a study by the Russian Guild of Realtors (RGR), the trend of recent years toward a predominance of small apartments in housing under construction has solidified, with an increase in the share of studio apartments. Buyer demand for these units is driven both by their relative affordability for improving one's living conditions and by their suitability for subsequent rental. The share of large apartments has not grown for four consecutive years, either in terms of number or floor area.

Sales trends for pre-sale contracts in 2025 were mixed. A decline at the very beginning of the year was followed by slow, short-term growth, but a decline was observed again for most of the spring. In the following months, an upward trend prevailed, with a significant increase in transactions in the fourth quarter; as a result, the total area of apartments sold under pre-sale agreements (25.6 mn sq. m) for the year grew by 1.2% but remained below the 2021 level.

1. The Socio-Economic Situation in Russia — 2025. P. 92–93. URL: <https://rgr.ru/>

Against the backdrop of overall market volumes for housing under construction remaining stable for the year, signs of a downward trend emerged, albeit without a clear timeframe. The volume of new projects launched decreased by 12% compared to 2024 (to 41 mn sq. m), primarily due to a slump in the first months of the year. According to EISZhS data, the total area of housing under construction, taking into account all financing mechanisms, was 3.7% lower in December 2025 than in September of the same year.

The expansion of the portfolio of housing under construction — which exceeded 2020 levels — was accompanied by the highest unsold inventory rate in five years (69% at the end of 2025, the same as the previous year). The floor area of projects with delayed completion and/or handover dates increased by 8.4% over the year (to 38.6 mn sq. m). Overall, the new-build market remained balanced at year-end, but one-third of regions faced risks of oversupply, including nearly half of the territories with construction volumes of one mn sq. m or more. The share of projects at risk of failing to meet sales targets upon completion stood at 23%.¹

Many cities — leaders in terms of current construction volume — showed zero or negative dynamics in this regard during the period under review: oversupply forced developers to adjust their operations in line with existing demand. Thus, in Novosibirsk at the end of 2025, the number of unsold apartments in new buildings under construction stood at 25,000 units (or about 60% of the number of buildings under construction where sales have begun); the region is currently at its peak in terms of the remaining volume of unsold apartments in already completed buildings (another approximately 5,500 units). In Yekaterinburg, the total number of unsold apartments stood at approximately 62,000 units by early 2026. Another example of oversaturation in local markets is Sakhalin, where a construction boom has been observed over the past few years involving industry leaders of national significance — the PIK and Samolet groups — with the support of the national “Infrastructure for Life” project. However, the high pace of construction signaled the prospect of oversupply in the region’s real estate market, as only 40% of the total volume of newly completed buildings was sold there in 2025.

Amid strong market instability, the primary housing market was characterized by repeated cycles of growth and decline, with significant fluctuations in the duration and volume of transactions moving in opposite directions. Consequently, developers’ performance was primarily determined by their ability to capitalize on market conditions.

They are attempting to address sales challenges primarily by offering more housing on installment plans: its share in the primary market is growing and, ac-

1. Analytical Report. Q4 and 2025 Results: “Dynamics of Multi-Family Housing Market Indicators in Russian Cities” // RGR. P. 2–3, 6–8. URL: <https://rgr.ru/>; 2025 Results in the Housing Sector // DOM.RF Analytical Center. February 2026. P. 7–8, 16–18, 24, 26, 28. URL: <https://дом.рф/upload/iblock/07d/qbe-19wldkzyijq3rzeoi139rcjfi5zky.pdf>

cording to expert estimates, could reach 15%. Another way to boost sales is to offer discounts on new construction, which depend on the buyer's available funds: as a rule, a larger discount is offered for full payment using the buyer's own funds (up to 1/4 of the asking price). In addition, developers occasionally launch programs to stimulate demand through various promotions (for example, providing interior finishing in the purchased apartment, offering auxiliary non-residential spaces as a gift, or special offers when purchasing an apartment together with a parking space).¹

By the end of 2025, mortgage lending had regressed to levels seen several years earlier: for the first time in many years, the number of loans issued fell below 1 mn, i.e., below the 2017 level. Overall, the volume of MHLC for the year amounted to Rb4.45 trillion, roughly corresponding to the 2020 level. Following the slump in 2024, which was driven by the end of the subsidized mortgage program, this figure declined by another 9% (quarterly trends are presented in *Table 28*).

Table 28

Trends in the issuance of mortgage loans to individuals in 2025

Period	Total, Rb bn	%	
		On the same period of 2024	On the same period
Q1	611.1	58.1	65.5
Q2	886.5	49.3	145.1
Q3	1152.6	104.4	130.0
Q4	1802.3	193.3	156.4
January—December	4452.5	91.1	

Source: The Socioeconomic Situation in Russia. January 2026. P. 139–140. URL: <http://rosstat.gov.ru/>; Own calculations.

While housing construction volumes in Q1 were at their lowest level compared to the quarterly figures for H2 2024, they subsequently began to grow rapidly and, in Q3, slightly exceeded the figure for the same period in 2024. In Q4, the volume of residential mortgage loans increased by more than 1.5 times compared to the previous quarter and nearly doubled compared to Q4 2024.

The trend in interest rates in the housing market inspires a certain degree of optimism. The weighted average rate on residential mortgage loans, having peaked in January 2025 (8.35% per annum), subsequently declined gradually through July. It then rose for three months through October (8.24%), before returning to a down-

1. Analytical Report. Fourth Quarter and Results for 2025: "Dynamics of Multi-Family Housing Market Indicators in Russian Cities" // RGR. P. 5, 27, 31, 37, 43, 45. URL: <https://rgr.ru/>

ward trend in the final months of the year. In December, this rate (7.59%) was roughly equivalent to the level seen in late summer 2025.¹

It should be noted, however, that this relatively low level of interest rates is largely due to the continuation of government subsidies under preferential lending programs, primarily for family mortgages. Under preferential programs in 2025, 1.7 times more new state-supported loans were issued than under market conditions (611,000 loans versus 358,000).² State-supported mortgages remained at a level close to that of 2024: while the total number of loans issued under preferential programs fell by more than a quarter, they decreased by only 4% with some growth in the volume of loans issued (by comparison: the decline in market-rate mortgages amounted to more than 46% in terms of the number of loans and 35.5% in terms of volume). Overall, by the end of the year, the share of subsidized programs in the total number of loans issued rose to 63% (49% in 2024) and to 79% in volume (about 71% in 2024).

Following the conclusion of the preferential mortgage program for new construction, the “Family Mortgage” program clearly dominated the structure of state-supported housing and mortgage lending under current programs (accounting for 89% of all preferential loans issued in 2025). The volume of loans issued under this program increased by 47% compared to 2024, and the number of loans rose by 44%. Under the “Far East and Arctic Mortgage” program, the growth was 13.6% and 6.8%, respectively. Under the “IT Mortgage” program, by contrast, the volume of loans issued fell nearly fourfold, with the number of loans decreasing by nearly two-thirds.

In the overall structure of housing and construction loans by loan type, the only segment to see growth in loan volume relative to 2024 was new construction (an increase of 6.8%). Loan volumes for the purchase of completed apartments and houses decreased by 11%, while lending for individual housing construction plummeted by nearly two-thirds. The number of loans declined across all segments: the smallest decrease was for new construction (1.7%), and the largest was for individual housing construction (78.2%). Ready-built apartments (down 18.4%) and houses (down 30.5%) occupied an intermediate position. As a result, there was a clear shift in the structure of housing construction loans (by number of loans) toward new construction (up to 48% in 2024 — 36.2%) and ready-to-move-in apartments (to 37.6%, in 2024 — 34.2%) due to a sharp decline in the share of individual housing construction from 20.4% to 6%. The share of ready-to-move-in houses remained roughly at the same level — 8.5% versus 9.1% in 2024.

The growing dominance of preferential programs in the volume of individual housing construction was, paradoxically, accompanied by an increase in the signi-

1. The Socio-Economic Situation in Russia. January 2026. P. 141–142. URL: <http://rosstat.gov.ru/>

2. Loans issued under state-supported mortgage programs include supplementary agreements concluded under family mortgage schemes and other programs (excluding rural mortgages). Loans issued on market terms include tranches of previously issued loans for individual housing construction, i.e., the issuance of mortgages in installments for the construction of individual homes under previously concluded contracts.

finance of other instruments in housing sales under registered pre-sale agreements for residential premises: their total number in 2025 grew by 6%.

Among these, the number of contracts without mortgages increased by more than 43% compared to 2024, and their share in the overall structure of registered pre-sale contracts rose from 17% to 23%. The increase in the number of contracts under market-rate mortgage programs was even greater (more than 45%), and their share rose from 7% to 10%. The number of contracts under preferential mortgage programs, despite the rush of demand for family mortgages at the end of the year,¹ decreased by 6% overall in 2025, and their share in the overall structure of registered mortgage agreements also decreased in 2025 from 76% to 67%, returning to the previous year's level.²

According to figures published by Rosstat (citing data from the Bank of Russia), the total outstanding balance of residential mortgage loans granted to individuals exceeded 20.8 trillion rubles by early 2026, having increased by more than Rb1.6 trillion, or 8.5%, over the course of the year (compared to 6.5% in 2024). The role of mortgages in lending to the general population has grown significantly: by early 2026, their share of total household debt stood at 57.8%, compared to 54.9% a year earlier; Sberbank accounted for 58.3% of all housing and mortgage loan debt, compared to 56.4% in 2024. The volume of delinquent debt on such loans reached Rb206.3 bn (1% of total housing and mortgage loan debt), compared to Rb96.4 bn (0.5% of total debt), having increased 2.1-fold over the year.³

According to data from the Unified Institute for Development in the Housing Sector, JSC "DOM.RF," by the end of 2025, the mortgage portfolio on banks' balance sheets amounted to Rb21.7 trillion,⁴ while the total mortgage portfolio, representing the population's total mortgage debt, stood at Rb23.8 trillion. The difference is due to the removal of a portion of mortgage-backed securities from banks' balance sheets as a result of their purchase by DOM.RF, which, in turn, issues bonds secured by these assets. This mechanism, known as mortgage securitization, allows banks to free up funds to expand lending.⁵

It is also worth noting that in November 2025, DOM.RF successfully conducted an additional share issue amounting to approximately 10% of its authorized capi-

1. In December, the volume of lending exceeded Rb600 bn, marking a monthly record for the program's entire history.
2. Results of 2025 in the Housing Sector // DOM.RF Analytical Center. February 2026. P. 11–13. URL: <https://дом.рф/upload/iblock/07d/qbe19wldkyzjq3rzeoi139rcfi5zky.pdf>; Overview of the Mortgage Lending Market in 2025 // DOM.RF Analytical Center. February 2026. P. 5–7. URL <https://xn--d1aqf.xn-p1ai/analytics/mortgage-market-report/year/592337/>; Key Events in the Housing Construction Market in 2025. URL <https://xn--d1aqf.xn-p1ai/analytics/housing-construction/report/year/593291/>; own calculations.
3. The Socioeconomic Situation in Russia. January 2026. pp. 141–142. URL: <http://rosstat.gov.ru/>; own calculations.
4. Taking into account claims acquired by credit institutions, excluding securitization.
5. Review of the Mortgage Lending Market in 2025 // DOM.RF Analytical Center. February 2026. P. 9. URL: <https://дом.рф/upload/iblock/b1c/g7mx3ts3klc9yg2e8wkhlgzymbdmc00t.pdf>

tal. However, the amount of funds raised (Rb31.7 bn) was incomparable to the volume of mortgage securities issued by the company in 2025 (11 placements totaling Rb670 bn).¹

In the 2025 budget reports, funds received in accordance with decisions of an interdepartmental collegial body authorized by the Government of the Russian Federation, as provided for in paragraph 2 of part 1 of Article 12 of Federal Law No. 161-FZ of July 24, 2008 No. 161-FZ “On Promoting the Development of Housing Construction, the Creation of Tourism Infrastructure Facilities, and Other Territorial Development,” from the leasing and sale by a single development institution in the housing sector of real estate (including the allocation of land plots), including the sale of rights to conclude lease agreements and rights to conclude agreements on the comprehensive development of undeveloped territory.

* * *

In 2025, the Russian real estate market was in a state of relative saturation, with no clear signs of a crisis or any immediate resolution of such issues.

In the first half of the year, it was still reeling from the consequences of the cancellation of the standard preferential mortgage for new construction and the restructuring of the entire portfolio of preferential housing loan programs in favor of family mortgages. In the second half of the year, and especially toward the end of the year, the market saw a certain degree of revitalization: as key interest rates and deposit rates began to decline, buyers sought to fulfill previously deferred demand. This was particularly evident in the primary market, where the majority of transactions were conducted using mortgages under preferential programs. No significant change in activity was observed in the secondary market due to relatively low demand amid limited supply.

The annual price increase in the secondary market was less than half (less than 4%) of the corresponding figure in the primary market (8.7%), which effectively remained at the 2024 level. The significant slowdown in price growth in the secondary market resulted in price levels falling below official consumer inflation (5.6%), in contrast to the primary segment. Regionally, price dynamics in the primary market generally outpaced those in the secondary market, but compared to 2024, there were more instances of the opposite trend. Virtually everywhere, prices in the primary segment were higher than in the secondary market.

Nationwide, housing construction saw a stagnation in the volume of new housing completions. On the one hand, some regions that have traditionally been leaders in this indicator managed to offset the significant decline seen in 2024 (for example, Moscow and the Moscow oblast). Others, on the contrary, saw a decline

1. Review of the Mortgage Bond Market in 2025 // DOM.RF Analytical Center. February 2026. P. 2–3. URL: <https://www.rbc.ru/finances/20/11/2025/691eb2ef9a7947611e6ebded>

(for example, Krasnodar krai, Bashkortostan, and Sverdlovsk oblast). Saint Petersburg was an example of stagnation, while Leningrad oblast demonstrated decent growth rates in housing completions.

Private housing construction continued to serve as the market driver: its share of total housing completions rose over the year to nearly 59%, while the share of multi-unit housing—with a 2% decline in absolute completion volumes—decreased by nearly 1 percentage point compared to 2024. By the end of the year, signs of a crisis had emerged in the short-term dynamics of current construction.

The total amount of residential mortgage loans issued decreased by less than 10% in 2025, while the annual growth in household debt was slightly higher than in 2024. This result was achieved by maintaining the volume of subsidized mortgages, while mortgages at market rates continued to decline. At the same time, delinquent mortgage debt doubled.

The future outlook for the housing market will depend on whether changes to the Bank of Russia's key rate—and, consequently, changes in mortgage interest rates for households and commercial lending to developers, to maintain the positive momentum of the final quarter of 2025 and avoid entering a recession.

In addition to geopolitical and macroeconomic risks, this will be counteracted by a number of other factors. The current situation, namely market saturation, means that the balance has shifted in favor of buyers, who have the opportunity to carefully and unhurriedly select a property based on their own criteria (improving living conditions, investing with a view to subsequent resale, purchasing for rental purposes) and the reputation of developers. Both market participants can expect an increase in construction costs, not only due to general inflation but also because of the VAT hike, which will be reflected in higher market prices for real estate. This will manifest not only in the planned price increases for projects with strong sales but also in the elimination of certain discounts and the phasing out of the cheapest options.

Section 5

Institutional changes

5.1. The state of public sector and privatization¹

5.1.1. The extent of state ownership

Following Rosstat's discontinuation of the publication of data on the System of Indicators for Assessing the Effectiveness of State Property Management, as established by Russian Government Resolution No. 1951 of November 22, 2023, the primary source of information on the number of state-owned entities is the federal privatization program, which, following amendments made in 2021 to the "Rules for Developing Forecast Privatization Plans (Programs)," is revised annually due to another shift in timeframes. It provides data on the number of federal state unitary enterprises (FSUs) and business entities with the Russian Federation as a shareholder.²

The release of a new edition of the "Forecast Plan (Program) for the Privatization of Federal Property and the Main Directions of Federal Property Privatization," with its timeframe shifted from 2025–2027 to 2026–2028, makes it possible to characterize the processes that took place in 2025 only within the first half of that year, similar to what occurred in the first half of the 2000s and in 2023–2024 (*Table 1*).

As of May 30, 2025, the Russian Federation owned the assets of 249 federal state unitary enterprises (excluding federal state owned enterprises) and held shares (or was a participant) in 692 business entities. Comparing these figures with the data as of June 1, 2024, presented in the previous privatization program for 2025–2027,

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1. Authors: *Malginov G.N.*, Candidate of Economic Sciences, Leading Researcher, Institutions and Financial Markets Analysis Department, IAES RANEP; *Radygin A.D.*, Doctor of Economic Sciences, Director of IAES RANEP.
 2. Data from the System of Indicators for Assessing the Effectiveness of State Property Management, published in 2016–2023, in addition to the number of Federal State Unitary Enterprises (FSUE) and business entities with a stake held by the Russian Federation in their capital, also included data on the number of Federal State-Owned Enterprises (FSOE) and Federal State Institutions (FSI), as well as joint-stock companies (JSC) where the Russian Federation exercised a special right to participate in management ("golden share"). In addition to the federal level, information was available on the number of economic entities classified as state-owned by the constituent entities of the Russian Federation according to their organizational and legal forms.

Table 1

Federally owned companies and organizations, as listed in the Federal Property Register, the Performance Indicator System for Evaluating the Management of State Property, and privatization programs for 2010–2025

Date	Business entities with federal ownership, units		Other rights holders of federal property accounting items, units		
	stake (share) in the capital/ of which JSC	special right to participate in management (a “golden share”) in the absence of ownership stake ^a	FSUE	FSOE	FSI
As of January 1, 2010	3066/2950 ^b		3517 ^b		
As of January 1, 2013	2356/2337 ^b		1800/1795 ^b	72	20 458
As of January 1, 2016	1557/1704 ^b	88/64 ^c	1488/1247 ^b	48	16 194
As of April 7, 2016 ^c	1683/1620 ^d		1236	48	16 726
As of July 1, 2016	1571	82	1378	47	16 990
As of January 1, 2017	1356/1416 ^e	81	1245/1108 ^e	48	16 846
As of July 1, 2017	1247	78	1058	53	16 244
As of January 1, 2018	1189	77	984	50	15 985
As of July 1, 2018	1060	77	868	50	15 520
As of January 1, 2019	1084/1130 ^b	76	792 ^e /700 ^b	48 ^e	15 140
As of July 1, 2019	1059	73	712	48	14 942
As of January 1, 2020	989	67	672	48	14 576
As of July 1, 2020	948	67	640	46	13 915
As of January 1, 2021	756	67	581	44	13 681
As of July 1, 2021	678	29	539	40	13 149
As of November 25, 2021	691 ^g		498 ^g		
As of January 1, 2022	646	25	409	41	12 300
As of July 1, 2022	578	26	352	41	12 197
As of September 5, 2022	591 ^h		295 ^h		
As of January 1, 2023	507	23	327	41	12 010
As of June 1, 2023	561 ⁱ		278 ^h		
As of July 1, 2023	488	23	312	39	11 678
As of June 1, 2024	723 ^j		269 ^j		
As of May 30, 2025	692 ^k		249 ^k		

^a A special right is not recorded in the registry, but is mentioned in various documents issued by the Federal Agency for State Property Management in the context of data on the state's equity participation.

^b Number of joint-stock companies (JSCs) and federal state-owned enterprises (FSOE) according to the privatization programs for 2010–2013, 2014–2016, 2017–2019 (the data on distribution by OKVED refers to companies whose shares are federally owned) and 2020–2022 (number of business entities).

^c According to the 2015 Activity Report of the Federal Agency for State Property Management.

^d The numerator represents the total number of legal entities, including closed joint-stock companies (ZAO) and limited liability companies (OOO); the denominator represents the number of shareholdings and equity interests (it can be assumed that the difference corresponds to the number of joint-stock companies (AO) that use a “golden share,” but there is no explicit indication of this).

- ^e According to the Report on the Implementation of the Forecast Plan (Program) for the Privatization of Federal Property for 2017–2019, in 2017.
- ^f According to data from the System of Indicators for Evaluating the Effectiveness of State Property Management regarding the number of business entities classified as state-owned by organizational and legal form (OPF), there are 792 enterprises under the right of economic management and 48 enterprises under the right of operational management (state-owned), whereas when broken down by type of economic activity (OKVED) and the federal authorities under whose jurisdiction the FSEs fall (OKOGU), their total number is 821 units.
- ^g Number of state-owned enterprises and federal state unitary enterprises according to the 2022–2024 privatization program.
- ^h Number of state-owned enterprises and federal state unitary enterprises according to the 2023–2025 privatization program.
- ⁱ Number of state-owned enterprises and federal state unitary enterprises according to the 2024–2026 privatization program.
- ^j Number of state-owned enterprises and federal state unitary enterprises according to the 2025–2027 privatization program.
- ^k Number of state-owned enterprises and federal state unitary enterprises according to the 2026–2028 privatization program.

Sources: Forecast Plan (Program) for the Privatization of Federal Property and Key Directions for the Privatization of Federal Property for 2011–2013; 2014–2016; 2017–2019; 2020–2022; 2022–2024; 2023–2025; 2024–2026; 2025–2027; 2026–2028. URL: www.economy.gov.ru (April 23, 2013); Rosimushchestvo Activity Report for 2015; Statistical Data on the System of Indicators for Evaluating the Effectiveness of State Property Management. URL: <http://rosstat.gov.ru> (March 20, 2016, September 5, 2016; March 20, 2017, September 5, 2017, March 20, 2018, September 5, 2018, March 20, 2019, September 5, 2019, March 20, 2020, September 7, 2020, March 22, 2021, September 6, 2021, March 21, 2022, September 5, 2022, March 20, 2023, September 5, 2023).

it can be noted that over the course of the year, the number of FSUE decreased by 7.4% (or by 20 entities). And when compared to January 1, 2019 (700 FSUE), i.e., with data from the initial version of the privatization program for 2020–2022, the reduction amounted to approximately 64.5%.

Following significant growth in 2024, the state's presence at the federal level and in the corporate sector declined. Over the year, the number of business entities with state participation decreased by 4.3% (or 31 entities), returning to the level seen in late fall 2021. When compared to the figure as of January 1, 2019 (1,130 entities) — i.e., the data from the initial version of the 2020–2022 privatization program — the reduction amounted to just under 39%.

Next, we will turn to the category of business entities with varying degrees of state participation that is most significant in economic terms¹ (*Table 2*).

1. Previously, this group of companies was more fully characterized by reports on the management of federally owned shares in OJSCs and the use of the Russian Federation's special right to participate in the management of OJSCs ("golden share") based on the results of the previous year, published by Rosimushchestvo in 2012–2016.

Table 2

**Trends in the Number and Structure of Business Entities (JSCs and LLCs)
by the State's Share in Capital (excluding JSCs with "golden share" rights but no
state ownership) in 2016–2025**

Date and source	Business entities (joint-stock companies and limited liability companies) in which the Russian Federation is a shareholder (member)									
	Total, units	share, %	of which the government holds a stake in the authorized capital							
			100%		50–100%		25–50%		less than 25%	
			units	%	units	%	units	%	units	%
The Government of the Russian Federation (Privatization Forecast Plans, PFP)										
As of January 1, 2016 (PFP for 2017–2019)	1704 ^a	100.0	765	44.9	93	5.4	172	10.1	674	39.6
As of January 1, 2019 (PFP for 2020–2022)	1130 ^b	100.0	368	32.55	30	2.65	95	8.4	637	56.4
As of November 25, 2021 (PFP for 2022–2024)	691 ^b	100.0	269	38.9	29	4.2	59	8.5	334	48.3
As of September 5, 2022 (PFP for 2023–2025)	591 ^b	100.0	256	43.3	22	3.7	36	6.1	277	46.9
As of June 1, 2023 (PFP for 2024–2026)	561 ^b	100.0	263	46.9	34	6.05	42	7.5	222	39.55
As of June 1, 2024 (PFP for 2025–2027)	723 ^b	100.0	492	68.05	55	7.6	40	5.55	136	18.8
As of May 30, 2025 (PFP for 2026–2028)	692 ^b	100.0	419	60.5	68	9.8	37	5.3	168	24.3
Rosstat (Indicator System for Evaluating the Effectiveness of Management of State Property, JSCs only)										
As of January 1, 2016	1557	100.0	816 ^c		52.4 ^c		174	11.2	567 ^d	36.4 ^d
As of July 1, 2016	1571	100.0	711 ^c		45.3 ^c		189	12.0	671 ^d	42.7 ^d
As of January 1, 2017	1356	100.0	575 ^c		42.4 ^c		128	9.4	653 ^d	48.2 ^d
As of July 1, 2017	1247	100.0	514 ^c		41.2 ^c		108	8.7	625 ^d	50.1 ^d
As of January 1, 2018	1189	100.0	488 ^c		41.0 ^c		102	8.6	599 ^d	50.4 ^d
As of July 1, 2018	1060	100.0	448 ^c		42.3 ^c		87	8.2	525 ^d	49.5 ^d
As of January 1, 2019	1084	100.0	442 ^c		40.8 ^c		85	7.8	557 ^d	51.4 ^d
As of July 1, 2019	1059	100.0	429 ^c		40.5 ^c		85	8.0	545 ^d	51.5 ^d
As of January 1, 2020	989	100.0	387 ^c		39.1 ^c		74	7.5	528 ^d	53.4 ^d
As of July 1, 2020	948	100.0	362 ^c		38.2 ^c		66	7.0	520 ^d	54.9 ^d
As of January 1, 2021	756	100.0	318 ^c		42.1 ^c		60	7.9	378 ^d	50.0 ^d
As of July 1, 2021	678	100.0	289 ^c		42.6 ^c		61	9.0	328 ^d	48.4 ^d
As of January 1, 2022	646	100.0	299 ^c		46.3 ^c		54	8.4	293 ^d	45.3 ^d
As of July 1, 2022	578	100.0	273 ^c		47.2 ^c		47	8.1	258 ^d	44.6 ^d
As of January 1, 2023	507	100.0	260 ^c		51.3 ^c		44	8.7	203 ^d	40.0 ^d
As of July 1, 2023	488	100.0	253 ^c		51.85 ^c		42	8.6	193 ^d	39.55 ^d

^a Number of joint-stock companies according to PFP data for 2017–2019 (the data broken down by OKVED code refers to the number of companies whose shares are federally owned.

^b Number of business entities.

^c The total number of joint-stock companies in which the federal government holds more than 50% of the shares (excluding those with 100% federal ownership) and their share of the total.

^d Estimated figure based on data regarding the total number of joint-stock companies whose shares are federally owned and the number of such companies by other categories, based on their share of the authorized capital.

Sources: Forecast Plan (Program) for the Privatization of Federal Property and Key Directions for the Privatization of Federal Property for 2017–2019; 2020–2022; 2022–2024; 2023–2025; 2024–2026; 2025–2027; 2026–2028; Statistical data on the System of Indicators for Evaluating the Effectiveness of State Property Management. URL: <http://rosstat.gov.ru/> (March 20, 2016, September 5, 2016, March 20, 2017, September 5, 2017, March 20, 2018, September 5, 2018, March 20, 2019, September 5, 2019, March 20, 2020, September 7, 2020, March 22, 2021, September 6, 2021, March 21, 2022, September 5, 2022, March 20, 2023, September 5, 2023), authors' calculations.

When comparing data as of the end of May 2025 from the 2026–2028 privatization program with data as of early June 2024, it can be noted that the share of companies with a full (100%) federal stake decreased (by more than 7.5 p.p.), though it still exceeded 60%. The absolute number of companies in this category decreased by nearly 15% (or 73 companies). The share of companies where the federal stake constituted a controlling interest (50–100% of capital) increased by more than 2 p.p. (to 9.8%), and their number more than doubled (or by 13 companies). As a result, the aggregate share of companies where the state, as a shareholder, could exercise full corporate control exceeded 70% (compared to 3/4 a year earlier and about 1/2 at the beginning of 2016).

These shifts were driven by a significant (5.5 p.p.) increase in the share of business entities with a minority (less than 25% of capital) state stake. Their absolute number increased by 23.5% (or 32 entities) over the year, surpassing all figures for the entire period under review (except for early summer 2024). For the second year in a row, the smallest group consisted of companies with a blocking state stake (25% to 50% of capital), whose share changed little (5.3%).

The shifts observed regarding full and minority stakes contradict the trends of recent years, which have seen an increase in the significance of the former and a decrease in that of the latter. In principle, the main factors influencing the scale and structure of the federal portfolio in the corporate sector should be considered the privatization process in the broad sense, including the implementation of the projected privatization plan (program), on the one hand, and the transfer of certain assets to state ownership, primarily as a result of court proceedings, on the other. However, it is far less clear how this affects various categories of companies with different degrees of state participation in their capital.

5.1.2. Privatization policy

In 2025, the Forecast Plan (Program) for the Privatization of Federal Property and the Main Directions of Privatization of Federal Property (PFP) for 2025–2027, approved by Edict of the Government of the Russian Federation No. 2954-r dated October 21, 2024, was being implemented.

As was the case with the previous privatization program, numerous amendments and additions were made to the current document. Since the entry into force of the PFP for 2025–2027, 22 relevant regulatory legal acts (RLA) have been issued, which is comparable to the previous year (2024 — 21 RLA, 2023 — 29 RLA, 2022 — 27 RLA, 2021 — 22 RLA, 2020 — 15 RLA). The main factor behind the adjustments to the privatization program can be considered the creation of integrated structures. Assets that became state property as a result of court proceedings in 2022–2025 were also included in the program (for example, “KONTI-RUS” (Kursk), “Chelyabinskoblغاز,” the Velikoustyug Distillery (Vologda Region), “Komi Energy Sales Company”), although some of these were excluded from it (PJSC “Vyatich Commercial Bank” (Ryazan), JSC “Ivanovo Heavy Machine-Tool Plant,” “IZTS” (Ivanovo)).

For the second consecutive year, sales outside the framework of the privatization forecast plan predominated. Pursuant to separate decrees of the Government of the Russian Federation, shares (stakes in the capital) of 64 out of 78 business entities (or more than 4/5) were sold. During the implementation of the privatization program, shares (stake in the authorized capital) of only 14 business entities were sold. A decision was also made regarding the terms of privatization for 2 federal state unitary enterprises (1 in 2024) (*Table 3*).

The total number of shares (stake in authorized capital) of business entities sold decreased by 41% compared to 2024, including a one-third decrease due to sales pursuant to specific government decisions and a 2.5-fold decrease as part of the privatization program.

Total revenues to the budget system from the sale of shares and other forms of equity participation held by the federal government amounted to Rb81.68 bn at the end of 2025, a decrease of nearly 37% (or Rb47.4 bn) compared to 2024. By significantly exceeding the expected amount specified in the privatization program (Rb2.3 bn, excluding the value of shares in the largest companies holding leading positions in their respective economic sectors), the planned financial results were successfully achieved.

By Order of the Federal Agency for State Property Management No. 162 dated November 13, 2025, the target for 2025 regarding revenues from the sale of shares and other forms of equity participation in federally owned capital was set at Rb1.7 bn, and for revenues received from the disposal and sale of confiscated and other property transferred to the ownership of the Russian Federation, which were to be credited to the federal budget (with respect to the sale of confiscated shares and other financial instruments) (proceeds from the sale of confiscated shares and other financial instruments, excluding those obtained as a result of corruption offenses) — at Rb57.6 bn. Actual receipts were close to these figures.

The shift in the structure of sales by business entities toward a predominance of sales pursuant to individual government orders outside the framework of the privatization program also led to a diversification of the sources of corresponding revenues to the federal budget:

Table 3

Comparative data on the trends in the privatization of federal state-owned unitary enterprises, federal equity stakes, and assets of the Russian Federation's state treasury from 2008 to 2025

Period	Number of privatized enterprises (facilities) owned by the federal government (according to Rosimushchestvo)		
	Privatized FSUEs ^a , entities	number of shares (stake in the authorized capital) of joint-stock companies (business entities) sold, entities	properties sold by the Treasury, entities
2008	213	209 ^b	...
2009	316+256 ^c	52 ^b	...
2010	62	134 ^b	...
2008–2010	591+256 ^c	395 ^b	... ^d
2011	143	317 ^e /359 ^b	3
2012	47 ^f	265 ^e	40
2013	26	148 ^e	22
2011–2013	216	730 ^e	65
2014	33	107 ^e	12
2015	35 ^g	103 ^e	38
2016	60 ^g	179 ^e	282
2014–2016	125 ^g	389 ^e	332
2017	69	47	77
2018	4	46	173
2019	8	51	171
2017–2019	81	144	421
2020	16	23 ^h	312 ^h
2021	64	55	393
2022	11 ⁱ	54	223
2020–2022	91 ⁱ	132	928
2023	3	39/2 ^j	208+386 ^k
2024	1	132/97 ^j	53+691 ^k
2025	2	78/64 ^j	13+710 ^k

- ^a All preparatory steps have been completed, and decisions regarding the terms of privatization have been made.
- ^b Taking into account the blocks of shares announced for sale in the previous year.
- ^c The number of federal state unitary enterprises for which the Russian Ministry of Defense has decided to convert into joint-stock companies, in addition to those for which a similar decision was made by the Federal Agency for State Property Management.
- ^d The available information regarding the sale of other property during the specified period consists of the sale of four properties comprising surplus military real estate between October 2008 and January 2009, as well as the adoption of decisions on privatization terms and the publication of notices regarding the sale of properties in late 2010, the results of which were finalized as early as 2011.
- ^e Excluding sales of shares conducted through investment advisors.
- ^f An estimated figure based on data from the Federal Property Management Agency's Report on the Implementation of the 2011–2013 Forecast Plan (Program) for the Privatization of Federal Property based on the total number of federal state unitary enterprises (FSUs) for which orders were issued in 2011–2013 regarding the terms of privatization through conversion into open joint-stock companies (216 entities), and data for 2011 and 2013.

^g For several enterprises, the decisions on privatization terms were revoked in 2015–2016 and subsequently reissued; therefore, the total number of federal state-owned enterprises for which privatization decisions were made over the three-year period is slightly higher than the figure shown in *Table 3* for 2014–2016 (125 entities).

^h Taking into account the shares of joint-stock companies and state-owned assets sold as part of the previous privatization program.

ⁱ The number of federal state unitary enterprises (FSUEs) for which privatization terms have been decided in 2022 differs from the data contained in the review: *The Russian Economy in 2022: Trends and Prospects. Issue 44*, p. 372 (*Table 4*). The latter figures reflect the number of FSUEs for which decisions on privatization terms have been made (62 entities) out of the total number of FSUEs included in the privatization program as of January 1, 2022, rather than for 2022. The incorrect interpretation of the data also affected the overall indicators for 2020–2022 as a whole.

^j In the denominator, the number of business entities sold pursuant to specific edicts of the Government of the Russian Federation.

^k Number of properties privatized without the inclusion of PFPs, according to lists approved by the Ministry of Finance and the Federal Agency for State Property Management.

Sources: Report on the Activities of the Federal Agency for State Property Management in 2008; Report on the Implementation of the Forecast Plan (Program) for the Privatization of Federal Property for 2009, Moscow, 2010; 2011–2013; Report of the Ministry of Economic Development of Russia on the Results of the Privatization of Federal Property in 2010; 2011; Rosimushchestvo Reports on the Implementation of the Forecast Plan (Program) for the Privatization of Federal Property for 2014–2016 in 2014, in 2015, in 2016; 2017–2019 in 2017, in 2018, in 2019; 2020–2022 in 2020; 2020–2022 in 2021; 2022–2024 in 2022; 2023–2025 in 2023; 2024–2026 in 2024, including Appendix 16 (Rosimushchestvo's report on the results of the privatization of federal property included in the list of federal property to be privatized without inclusion in the forecast plan (program) for the privatization of federal property for the planning period, for 2024); 2025–2027 in 2025, including Appendix 7 (Report of the Federal Property Management Agency on the results of the privatization of federal property included in the list of federal property whose privatization is carried out without inclusion in the forecast plan (program) for the privatization of federal property for the planning period, for 2025); Rosimushchestvo's report on the results of the privatization of federal property included in the list of federal property whose privatization is carried out without inclusion in the forecast plan (program) for the privatization of federal property for the planning period, for 2023. URL: <http://rosim.gov.ru>.

— revenues from the sale of shares and other forms of equity participation held by the federal government (KBC 167 0 10 60 100 01 0 000 630) — Rb1.78 bn compared to Rb13.47 bn in 2024 (a 7.6-fold decrease);

— proceeds received from the disposal and sale of confiscated and other property transferred to the ownership of the Russian Federation and subject to transfer to the federal budget (with respect to the sale of confiscated shares and other financial instruments) (funds from the sale of confiscated shares and other financial instruments, excluding those obtained as a result of corruption offenses) (KBC 167 1 14 14 010 01 6 020 630)

— Rb57.49 bn compared to Rb37.94 bn in 2024 (an increase of more than 1.5 times);

— proceeds credited to the account of the Federal Bailiff Service (FBS) from the privatization of property owned by the Russian Federation (KBC 322 1 14 14 010 01 6 010 630) — Rb22.41 bn versus Rb76.5 bn in 2024 (a 3.4-fold decrease).

Thus, within the structure of budget revenues from the sale of shares (stakes), the most significant source turned out to be funds from the sale of confiscated shares and other financial instruments, excluding those obtained as a result of corruption offenses (70.4%). These are followed by revenues received

by the FSSP (27.4%). Rounding out the top three sources of revenue from the sale of shares and other forms of equity participation in federally owned enterprises — which were typically used as a measure of privatization effectiveness — were proceeds from other sources (2.2%).

The largest sales under the privatization program were those of JSC “RO-STEK” (100%, Rb191.45 mn), “Zelenodolsk Plant named after A.M. Gorky” (5.65%, Rb153.5 mn), “Sukhanovo” (100%, Rb58.67 mn). All three assets were sold by the Central Office of Rosimushchestvo: “ROSTEK” at auction, and the other two through a public offering.

Rosimushchestvo continued to monitor compliance with the investment conditions of transactions previously concluded pursuant to separate decrees of the Government of the Russian Federation regarding the divestment of federal stakes in the joint-stock companies “Adler Breeding Trout Farm” (2020), “Electronic Auctions and Security,” and “Order of the October Revolution, Order of the Red Banner of Labor ‘First Model Printing House’” (JSC “POT”) (2022), and “Kuchuksulfat” (2023).

During the sale of Russian Federation state treasury property as part of the privatization program, auctions were held for only 13 lots (comprising 63 properties).¹ Nevertheless, the revenue target for the privatization of property owned by the Russian Federation, specifically regarding the privatization of non-financial state assets, approved by Order of the Federal Agency for State Property Management No. 162 dated November 13, 2025, in the amount of Rb1.68 bn, was exceeded.

Total proceeds from the sale of state treasury property for 2025 amounted to Rb2.55 bn, including:

- proceeds from the privatization of property owned by the Russian Federation, specifically non-financial state assets (federal government agencies, the Bank of Russia, and management bodies of state extrabudgetary funds of the Russian Federation) (KBC 167 1 14 13 010 01 6 000 410) — Rb1.72 bn, including proceeds from the privatization of property included in Section II of the privatization program — Rb0.28 bn;

- revenues credited to the FSSP account from the privatization of property owned by the Russian Federation (KBC 322 1 14 14 010 01 6 010 410) — Rb0.83 bn, including from the privatization of property included in Section II of the privatization program — Rb0.26 bn.

As in the case of the sale of shares (stakes) in business entities, the revenues received by the FSSP did not play a leading role in the structure of budget revenues from the sale of property (32.5%). The most significant revenues came from the pri-

1. When comparing the number of items (13 units) with 2024, when 53 properties were sold, a fourfold decrease can be observed, although the number of properties sold actually increased by nearly one-fifth. At the same time, Appendix 2 to the Rosimushchestvo Report on the Implementation of the State Property Privatization Program for 2025–2027 specifies that in 2025, exactly 13 state-owned properties included in the State Property Privatization Program were privatized.

vatization of property owned by the Russian Federation, specifically the privatization of non-financial assets of state property (67.5%). At the same time, revenues from the privatization of property included in the privatization program (totaling Rb0.54 bn) accounted for only 21.2% of all revenues from the sale of state property.

Rosimushchestvo continued to carry out privatization activities regarding confiscated property obtained as a result of corruption offenses and transferred to federal ownership in accordance with court decisions (hereinafter referred to as “corruption-related property”). In 2025, out of 5 lots of such property offered at open auctions, two were sold for a total of Rb11.77 mn.

As in the previous year, Rosimushchestvo presented data on the results of the privatization of federal property included in the list of federal property to be privatized without inclusion in the State Property Privatization Program for the planning period.

The document, approved by Order of the Ministry of Finance of Russia No. 553 dated December 15, 2022 (as amended numerous times), included 1,098 properties as of December 31, 2025. Of the 678 units for which auctions were held, 613 were privatized. The primary method of sale was at the minimum permissible price¹ (384 units, or 62.6%). Approximately the same number of properties were sold at auction (114 units, or 18.6%) and through a public offering (110 units, or 17.9%). Another 5 units (or less than 1%) were privatized through the exercise of preemptive rights, including by small and medium-sized enterprises (SMEs).

Following amendments to the privatization law in the spring of 2025 regarding federal property whose privatization is carried out without inclusion in the forecast plan (program) for the privatization of federal property for the planning period, whose market value, determined in accordance with valuation legislation, does not exceed Rb50 mn, Rosimushchestvo was granted the authority to sell it. The list approved by the agency's Order No. 1767-r dated September 2, 2025, included 478 properties. Of the 165 properties for which auctions were held, 97 were privatized. Unlike the property sold under the Ministry of Finance's list, the primary method of sale here was auction (72 properties, or 74.2%). This was supplemented by sales through public offerings (23 units, or 23.7%) and through the exercise of preemptive rights, including by small and medium-sized enterprises (SMEs) (2 units, or 2.1%), while sales at the minimum permissible price were not used at all.

Overall, outside the framework of the privatization program, 710 assets were sold in 2025, which is slightly more than in 2024 (691 units). At the same time, budget revenues (Rb1,723.65 mn) increased by 16.5%. Compared to 2024, the share of assets sold at the minimum permissible price increased significantly in the overall structure of sales methods (over 54% versus over 40%), while the shares of other methods decreased, most notably auctions (by more than 10.5 p.p.).

The most competitive method of privatization turned out to be sale at the minimum permissible price, where the total sale price exceeded the sum of the initi-

1. A new method of privatization replacing sale without a price announcement, applied since July 2024.

al prices by a factor of 3.5. For comparison: when selling property listed by the Ministry of Finance at auction, the excess was about 1.33 times, and for property listed by the Federal Agency for State Property Management—more than 1.4 times. In contrast, when sold via public offering, the total sale prices were 1.75 and 1.58 times lower, respectively.

As in previous years, only a portion of the federal property being privatized was of interest to potential investors. The success rate of sales, calculated as the ratio of the number of assets sold to the number of auctions held, under the privatization program was 50% for equity stakes (shares) and 30.2% for state-owned properties, compared to 22.70% for equity stakes (shares) and 50% for state-owned properties in 2024. The success rate of privatizing property not included in the PPP was much higher, reaching 84.2% (including 90.4% for property on the Ministry of Finance's list and 58.8% for property on the Federal Agency for State Property Management's list), compared to two-thirds a year earlier.

To inform potential buyers, Rosimushchestvo posted information about announced sales of state treasury property on the Avito, CIAN, and Domklik websites, and also held “investment hours,” including sessions on corporate assets.

In 2025, as part of the implementation of 9 decrees of the President of the Russian Federation and 13 orders (resolutions) of the Government of the Russian Federation on the creation/expansion of vertically integrated structures (VIS), Rosimushchestvo carried out measures to form five VIS (JSC “Almaz-Antey Aerospace Defense Concern,” “United Shipbuilding Corporation” (OSK), Russian Railways, “Voentelecom,” “Kavkaz.RF”), and the state corporation (SC) “Rostec.” Corresponding decisions on privatization terms were adopted regarding 1 federal state unitary enterprise (FSUE), 4 joint-stock companies (JSCs), and 11 state-owned assets.

Decree of the Government of the Russian Federation No. 2514-r dated October 8, 2025 approved a new version of the privatization forecast plan (program) (PFP). De facto, this is a new privatization program for 2026–2028. Compared to the corresponding document for 2025–2027, the text has remained virtually unchanged, except for the indication of the document's new validity period.

In terms of numbers, the plan is to complete the privatization of 17 federal state unitary and state-owned enterprises and 57 business entities in 2026–2028. These figures are lower than those contained in the privatization program for 2025–2027: by 15% in terms of the number of enterprises included in the program, and by nearly 20% in terms of the number of business entities. Unlike the previous similar document, there is no separate listing of state-owned enterprises and limited liability companies. Entities of these organizational and legal forms planned for privatization are included in the total number of enterprises and companies. Another distinctive feature of the new document is the absence of data on the number of Russian Federation state-owned property assets to be privatized.

At the same time, the new privatization program shares a common feature with the previous version of the 2025–2027 Privatization Program: the absence of any

mention of the possibility of privatizing specific companies that hold a leading position in their respective industries based on individual decisions by the President of the Russian Federation and the Government of the Russian Federation, as well as the fact that, with regard to shares (shares) of business entities, including those acquired pursuant to court decisions, the most appropriate and economically sound methods of managing and disposing of them, including their privatization, will be determined.

As for federal budget revenues from the privatization of federal property, excluding the value of shares in the largest companies holding leading positions in their respective economic sectors, these will amount to — Rb1,802.7 mn in 2026, Rb2,814.9 mn in 2027, and Rb883.7 mn in 2028.

5.1.3. Improving privatization legislation

When discussing the 2001 Framework Law on Privatization (No. 178-FZ), it is first necessary to note the entry into force of legal amendments adopted as early as late 2024. At that time, it was determined that the specifics of the privatization of cultural heritage objects (CHO) that are subject to a concession agreement are established by Article 30.2, which was supplemented by the following provisions.¹

The concessionaire has a preemptive right to purchase the object of the concession agreement upon its expiration if three conditions are met:

- the specified object of the concession agreement is included in the forecast plan (program) for the privatization of federal property or in the list of federal property to be privatized without inclusion in the privatization program as of the date of expiration of the concession agreement;
- the concessionaire has fully fulfilled the obligations to carry out work to preserve the specified object, as provided for in the concession agreement. Full fulfillment of such obligations is confirmed by an acceptance certificate for work performed to preserve cultural heritage sites, as provided for by the Law “On Cultural Heritage Sites (Historical and Cultural Monuments) of the Peoples of the Russian Federation” (No. 73-FZ) (clause 9 of Article 45);
- with respect to the object of the concession agreement, the decision of the relevant executive authority of the Russian Federation or a constituent entity of the Russian Federation, authorized in the field of preservation, use, promotion, and state protection of cultural heritage objects, to classify the specified object as a cultural heritage object in an unsatisfactory condition has been revoked.

1. The relevant law (No. 444-FZ) dated November 30, 2024, entered into force within 30 days of its official publication. However, its provisions concerning the privatization of state-owned enterprises do not apply to concession agreements, public-private partnership agreements, and municipal-private partnership agreements concluded prior to the date of entry into force.

Similarly, an amendment came into effect at the beginning of 2025 that made the provision regarding the specifics of privatizing power grid facilities, heat energy sources, heating networks, centralized hot water supply systems, and individual components of such systems (set forth in Article 30.1) universally applicable. The previous version contained an exception for such facilities that are not the main production assets of a unitary enterprise.¹

The amendments to the basic privatization law (No. 178-FZ), adopted in 2025, were a logical continuation of the innovations that have emerged over the past few years.

It should be recalled that, as a result of amendments adopted in 2022, it became possible to privatize property with a market value of up to Rb100 mn (excluding shares and equity interests in the authorized capital of business entities, as well as property to be contributed to the authorized capital of joint-stock companies) without inclusion in the privatization forecast plan (program) based on a list approved by the Ministry of Finance.

Now, an additional differentiation has been introduced for such assets depending on their value. If the value does not exceed Rb50 mn, the list is approved by the authorized federal executive body (FEB), and if it exceeds that amount — by the federal executive authority (FEA) responsible for formulating state policy and regulatory oversight in the sphere of privatization of state and municipal property.

In effect, this means granting Rosimushchestvo the authority to independently make decisions on the privatization of state-owned assets with a market value of up to Rb50 mn. From a common-sense perspective, such a conclusion may seem erroneous, but a review of the regulatory documents governing the distribution of powers among various executive bodies puts everything in its proper place. According to Russian Government Resolution No. 329 of June 30, 2004 (as currently amended), the federal executive body responsible for formulating state policy and regulatory oversight in the sphere of privatization of state and municipal property has been the Ministry of Finance of the Russian Federation since the spring of 2020. It is no coincidence that at the end of 2022, it was the Ministry of Finance that approved the list of property with a market value of up to Rb100 mn to be privatized without inclusion in the privatization program. Now, however, the Ministry of Finance's powers are somewhat curtailed; they apply only to property in the value range of Rb50 to Rb100 mn.

An important clarification has been made regarding the sale of property at auction. The basic rule that buyers are not required to fulfill any conditions has been supplemented by a provision allowing state or municipal property being sold to be

1. At the same time, the specialized law on unitary enterprises of 2002 (No. 161-FZ) was supplemented with Article 19.1, which regulates the specifics of the alienation of heat energy sources, heating networks, centralized hot water supply systems, and individual facilities of such systems assigned to them under the right of economic management or the right of operational management.

encumbered with restrictions provided for by the privatization law and/or other federal laws, and/or a public easement. At the same time, regarding the sale of property through a competitive bidding process, a direct reference has been added stating that the list of possible conditions for the buyer is set forth in the relevant article of the law (Article 21).

Provisions regulating the new method of privatization introduced in 2024 — sale at the minimum permissible price¹ — have been further developed.

The amendments provide for:

- clarification of the procedure for paying a deposit (1% of the initial offer price): this is made prior to submitting a price offer to the account of the electronic platform operator specified in the sale notice and signifies the bidder's consent to the freezing of these funds in the event of rejection of price offers not confirmed by the payment of a deposit;

- imposing on the electronic platform operator the obligation to ensure that a bidder can submit a price bid only after the deposit has been received in the operator's account;

- limiting the period for a bidder to withdraw an application to 5 days before the deadline for acceptance (previously, withdrawal was possible up until that very moment);

- when determining the results of the sale from all offers made by a single bidder, the highest-priced offer is now considered, rather than the most recent one;

- in the event of multiple identical price offers, the buyer is deemed to be the person who submitted the price offer for such property earlier than others and was admitted to participate in the sale;

- if the buyer evades or refuses to conclude the purchase and sale agreement, it is concluded with the person who submitted the penultimate price offer;

- by analogy with the buyer (or the person recognized as the sole participant in the sale),² the provision regarding a penalty (the above-mentioned minimum price minus the amount of the deposit).

These provisions, which took effect in the spring of 2025, are aimed at improving the mechanism for the sale of state-owned property, increasing competition, and minimizing situations where auctions are declared void.

As of August 1, the provision introduced in mid-2022 allowing the Russian Federation to contribute 100% of the shares of another joint-stock company as a contribution to the authorized capital of a joint-stock company whose shares are wholly owned by the federal government has been repealed. At that time, it was also esta-

1. Depends on the initial offer price set during an unsuccessful sale via a public offering: 10% if it exceeds Rb20 mn, 5% in all other cases.

2. A sale to a single participant is possible if only one person among those admitted to the sale has submitted a bid or if only one person has been admitted to participate in the sale. The purchase and sale agreement specifies the bid price submitted by that participant.

blished that the privatization of the entire federal stake in a parent JSC that owns 100% of the shares of a subsidiary JSC is possible only in cases where the parent company ceases its participation in the subsidiary or ceases to be its sole shareholder.

The repeal of these provisions makes relevant the prohibition, stemming from the 1995 Law on Joint-Stock Companies (No. 208-FZ), against a company having as its sole founder (shareholder) another business entity consisting of a single individual, unless otherwise provided by federal law. This, in turn, will contribute to the unification of management practices in the corporate sector by extending general rules to state-established holding companies and creating the conditions for opening their capital to outside investors. At the same time, this circumstance inevitably raises the issue of maintaining proper manageability of integrated structures when implementing state property and industrial policy.

A separate amendment concerns information support for privatization (Article 15). The general rule requiring that decisions on the terms of privatization of state and municipal property be made publicly available on the official website within 10 days of their adoption no longer applies to decisions on the transformation of a unitary enterprise into a joint-stock company (JSC) or a limited liability company (LLC), on the sale of state-owned shares in JSCs outside the country and as a result of trust management, as well as on the contribution of state or municipal property as a capital contribution to the authorized capital of JSCs. Obviously, this reduces the transparency of the privatization process, but likely stems from the need to ensure information security.¹

The provision regarding the submission of accounting (financial) statements (Article 10.1) has been amended. Unitary enterprises, JSCs, and LLCs included in privatization programs are required to submit to the authorized federal executive authority (FEA), regional government body, or local government body, within the time limit established by the legislation of the Russian Federation on accounting for the submission of its mandatory copy in the event of an exemption from the obligation to submit such reports for the purpose of forming a state information resource of accounting (financial) statements, as well as interim accounting (financial) statements for the quarter, half-year, 9 months—no later than 30 days from the end of the reporting period, with the information contained in such reports posted on websites designated by the federal executive body authorized by the Government of the Russian Federation, the highest executive body of state power of a constituent entity of the Russian Federation, or the local administration for the publication of privatization information. In the event that the aforementioned business entities submit annual accounting (financial) reports for the purpose of forming a state information resource for accounting (financial) reports, the relevant public authorities shall obtain them from this state information resource using a unified system of interdepartmental electronic interaction.

1. *Malginov G.N.* Major trends in the privatization process in 2023–H1 2024 // *Russia's Economic Development*. 2025. No. 7. P. 222–229.

An amendment adopted at the end of 2025 stipulates that the required interim accounting (financial) reports of business entities included in privatization programs are not subject to submission for the purpose of forming the state information resource on accounting (financial) reports.

The future prospects for the disposal of federal property are largely determined by Decree of the President of the Russian Federation No. 693 of September 30, 2025.

In connection with the unfriendly actions of the United States and allied foreign states and international organizations — actions that contravene international law and are aimed at imposing restrictive measures against citizens of the Russian Federation and Russian legal entities — and in order to protect the country's national interests and in accordance with the federal security laws of December 28, 2010 (No. 390-FZ) and on measures to counter (counteract) unfriendly actions by the United States and other foreign states dated June 4, 2018 (No. 127-FZ), the document establishes that in cases provided for by a decision of the President of the Russian Federation, for the purpose of ensuring defense capability and security, the disposal of federal property may be carried out subject to the following conditions:

- the determination of the market value of federal property and the preparation of a valuation report shall be carried out within a period not exceeding 10 business days from the date of conclusion of the contract for the valuation of federal property by an individual and/or a legal entity that meets the requirements of the 1998 Law on Valuation Activities (No. 135-FZ) from the list approved by the Government of the Russian Federation;

- a special procedure applies for state registration, accounting, and the transfer of rights to federal property, including reduced deadlines for state registration, accounting, and the transfer of rights;

- PJSC “PSB Bank” organizes, on behalf of the Russian Federation, the sale of federal property subject to privatization and acts as the seller of such property.

A decision of the President of the Russian Federation may establish specific provisions for the application of Russian legislation, including legislation on privatization, joint-stock companies, limited liability companies, the securities market, banks and banking activities, and competition protection.

The list of legal entities authorized to assess the market value of federal property for the purposes of the Decree was approved by Order of the Government of the Russian Federation No. 2841-r dated October 14, 2025, and includes 23 entities (JSCs, CJSCs, LLCs).

5.1.4. The state's property policy and its role in the economy

Since late 2020, the general approaches to state property policy have been incorporated into the state program (SP) “Management of Public Finances and Regulation of Financial Markets,” overseen by the Russian Ministry of Finance, which includes

the “Management of Federal Property” subprogram. Last year, it did not undergo any changes.

Changes were also minor in the list of strategic organizations, which included only 2 Federal State Unitary Enterprises (FSUEs) and excluded 2 FSUEs (including one being transformed into a Federal State Budgetary Institution) and 1 joint-stock company (JSC).

In the latter case, this refers to the “Bashkir Soda Company,” which was included in the list of strategic joint-stock companies only in 2021 after the majority of its authorized capital was transferred to the state pursuant to a court ruling. The transfer of a 57.43% stake to federal ownership was accompanied by the transfer of 38.3% of common shares to regional ownership. At the same time, 11.7% of common shares belonging to the federal government were to be transferred to the trust management of JSC “Regional Fund” (Ufa) (without holding a tender for the right to conclude a trust management agreement for the shares, as required by the 1996 Decree of the President of the Russian Federation). The remaining bulk of the federal stake was transferred two years later in a similar manner to the trust management of JSC “Russian Hydrogen,” which, after changing its name to “Roskhim,” ultimately acquired all shares previously held by the federal government. However, despite the termination of the trust management of the federal stake and its sale, Bashkortostan will be able to exercise control over half of the company’s capital through shares transferred in 2021 to republican ownership and trust management.¹

In yet another company, the threshold for state corporate control was lowered. In JSC “DOM.RF”², it decreased to 50% plus 1 share (previously 100%), which is related to the authorization to carry out procedures to increase the authorized capital by placing additional ordinary shares through a public offering and acquiring the status of a public joint-stock company (PJSC). In practice, as a result of the securities offering conducted in the fall (10.1% of the authorized capital for Rb31.7 bn), the state’s stake decreased to 89.9%.³ A rough analogue of this IPO can be considered the additional issuance by PJSC “Sovcomflot” in 2020, when the state’s stake fell to 82.8% of the company’s authorized capital, and the amount of funds it received from the public offering of common shares amounted to approximately Rb42.9 bn.

The development of integrated structures continued. For example, regarding JSC United Shipbuilding Corporation (OSK), it is worth noting the decision to contribute blocks of shares in 5 JSCs (including 3 full (100%) stakes, one controlling (55.7%) stake, and one minority (20%) stake) for subsequent disposal by contributing them to the authorized capital of PJSC “Severnaya Verf Shipyard” as payment for additional shares issued by the latter in connection with an increase in its authorized capital.

1. URL: <https://www.rbc.ru/business/06/06/2025/67eac7309a794728eb8a5a0a> (June 6, 2025).

2. Until 2018, the Agency for Housing Mortgage Lending (AHML), on the basis of which a unified development institution in the housing sector was established in 2015.

3. URL: <https://www.rbc.ru/finances/20/11/2025/691eb2ef9a7947611e6ebedd> (November 20, 2025).

The list of assets subject to temporary administration — imposed in response to hostile actions by foreign states pursuant to Decree of the President of the Russian Federation No. 302 dated April 25, 2023 — has undergone significant changes.

As of early 2026, it included securities (shares) of 15 companies (24 a year earlier) and shares in the authorized (stock) capital of 28 Russian legal entities (17 a year earlier).¹ Of this number, one-third of the companies represented by securities (JSC “Nizhny Novgorod Chemical and Pharmaceutical Plant,” “PETRUS,” “Chelyabenergoremont,” “Logika,” “Er Liquid Severstal”) and nearly half of the companies represented by equity interests (“Sever Liquid UAZ,” “ER LIQUID,” “Er Liquid Alabuga,” “Er Liquid Balakovo,” “Er Liquid Kstovo,” “Er Liquid Kuzbass,” “Air Liquide Lipetsk,” “Air Liquide Ryazan,” “VONORUS,” “ROKVUL,” “ROKVUL-VOLGA,” “KEN-PAK,” “Ken-Pak Packaging Plant”). De facto, the main new asset under temporary administration is that of the French chemical company Air Liquide (specializing in industrial gases). Unlike the previous two years, when Rosimushchestvo served as the temporary administrator in most cases, for the assets included in the 2025 list, this role was primarily assigned to various business entities (Farmirus LLC, SafPetAktiv, M-LOGISTIKA, StalElement, and Razvitie Stroitelnykh Aktivov JSC). Rosimushchestvo, however, was designated as the temporary administrator only for Chelyabenergoremont JSC.

As for the companies excluded from the list, the vast majority of them are assets of the GMS Group that were included in the list at the very end of 2024; the group specialized in the production of technological equipment for the oil and gas complex and the provision of related services.² Pursuant to the provisions of Decree of the President of the Russian Federation No. 520 dated August 5, 2022, JSC RusGazDobycha was authorized to acquire shares in JSC GMS Neftemash and JSC Gidromashservice.³ Additionally, temporary administration was lifted with respect to LLC Ariston Termo Rus.

The wave of court cases related to the seizure of assets in favor of the state continued. The summer 2025 decision to return the assets of Domodedovo Airport (DME Holding and numerous subsidiaries) to federal ownership received widespread attention. In January 2026, these assets were acquired by Perspektiva LLC, a subsidiary of Sheremetyevo International Airport (SIA), for Rb66.1 bn.⁴

1. The number of legal entities differs from the numbering in the list, since most of them indicate shares that collectively constitute their entire capital but belong to different owners.

2. “GMS Holding,” “GMS Group,” “GIDROMASHSERVIS,” “Nizhnevartovskremservice,” “Livensky Submersible Pump Plant” (Oryol Region), “GMS Livgidromash,” “GMS Processing Technologies,” “GMS Neftemash,” “Sibnefteavtomatika Engineering and Manufacturing Firm,” “Sibneftemash,” “V.B. Shnepp Research and Design Institute of Centrifugal and Rotary Compressors,” “Kazan Compressor Engineering Plant,” “Dimitrovgrad Chemical Engineering Plant” (Ulyanovsk Region), “V.I. Muravlenko Tyumen Design and Research Institute of the Oil and Gas Industry,” LLC “GMS Group Management Company”.

3. Putin Authorized RusGazDobycha to Purchase Shares in GMS Neftemash//RBC. August 20, 2025.

4. URL: <https://www.rbc.ru/rbcfree/news/698f055e9a79477a00038eca> (February 13, 2026). MASH is included in the list of strategic organizations (the threshold for state corporate control is 30.43%).

In total, in 2025, according to a report by the AK&M agency, assets with a total value of \$14.9 bn were transferred from private owners to the state, including 24 assets (worth \$11.03 bn) with a specific value based on claims filed in court against former owners for compensation, and 9 assets (worth \$3.8 bn) without such a valuation. The largest seizures in the first of these categories were several seafood harvesting companies in the Far East and nearly 68% of the Yuzhuralzoloto group of companies, with an estimated value of \$4.3 bn and approximately \$2 bn, respectively. In the second category, these included the IT company Lesta (\$1.7 bn), 16 warehouse complexes located near Russia's critical transport infrastructure, the Raven Russia group of companies, owner of the largest logistics real estate network (\$919.2 mn), and the grain trader "Rodnye Polya" (main specialization — grain export with its own port infrastructure, cargo fleet, and rolling stock, Rostov Oblast (\$867.3 mn). Also worth mentioning are the decisions to transfer to the state the assets of Bayadera Group (main specialization — production and sale of alcohol; core asset — a distillery in the Vologda Oblast), extensive commercial real estate in Moscow related to the Yugra Bank case (hotel, retail properties, offices, etc.).¹

For comparison: a year earlier, 10 private businesses worth \$3.89 bn were transferred to state ownership. While in 2024 such deals accounted for only 7.2% of the Russian mergers and acquisitions (M&A), by 2025 their share had nearly quadrupled, reaching 27.6% (excluding transactions where the value was not specified due to court claims against former owners for compensation).² Compared to 2023–2024, when litigation mainly affected large and medium-sized industrial companies across various sectors, a shift toward infrastructure and logistics can be observed, with no clear regional focus, except for the continuation of a distinctly redistributive process in the Chelyabinsk Region (Yuzhuralzoloto following Chelyabinsk Metallurgical Plant and "Makfa" in 2024).

The return of assets to the state through the courts is often followed by their privatization. The situation in the chemical industry is particularly telling in this regard, where the "Roskhim" holding (formerly "Russian Hydrogen"), in addition to the aforementioned acquisition of the "Bashkir Soda Company," previously purchased from the state JSC "Kuchuksulfat" (Altai Krai, 100% of shares in 2023), companies that provided control over the Dalnegorsk Mining and Processing Plant

1. URL: <https://www.rbc.ru/business/31/01/2025/679d27c19a794700a960ecf6>, January 31, 2025; URL: <https://www.rbc.ru/business/02/02/2025/679f6f3e9a794799c276f1c7> (February 02, 2025); URL: <https://www.rbc.ru/business/29/03/2024/64e3a6769a7947634c7c9f53> (February 06, 2025); URL: <https://www.kommersant.ru/doc/7515630> (February 18, 2025); URL: <https://www.kommersant.ru/doc/7808093> (June 20, 2025); URL: <https://www.vedomosti.ru/business/articles/2025/07/11/1123657-sud-obratil-yuzhuralzoloto> (July 11, 2025); URL: <https://www.rbc.ru/finances/12/02/2026/698c564e9a79470bcd b329ec> (February 12, 2026). In addition to assets related to its core business, Yuzhuralzoloto's structure also included other assets (such as agricultural ones). Enterprises belonging to Bayadera Group and the Lesta Group of Companies were transferred to state ownership after their beneficiaries were designated as extremists.
2. URL: <https://www.rbc.ru/finances/12/02/2026/698c564e9a79470bcd b329ec> (February 12, 2026).

(Primorsky krai in 2024), “Volzhsky Orgsintez” (Volgograd oblast, 100% in 2024), and “Metafrax Chemicals” (Perm krai, 97% in 2024). In the latter two cases, Roskhim acted as the managing company.¹ In these instances, a mechanism for the divestiture of federal property was implemented to create conditions for attracting investment, stimulating the development of the stock market, and promoting the modernization and technological advancement of the economy. It should be noted that this category of assets has been exempt from the privatization law since 2010, and in 2024, the Russian government approved separate Rules to regulate changes in ownership rights over them.

Another option is the transfer of state-acquired assets to integrated structures. Thus, as early as 2023, by executive orders of the President of the Russian Federation, shares in OJSC “Solikamsk Magnesium Plant” and PJSC “Far Eastern Shipping Company” were transferred as a capital contribution to the Rosatom State Corporation.

At the very end of 2025, a government order stipulated that stakes in 55 LLCs and 96 real estate properties located in Primorye and on Sakhalin were to be contributed to the authorized capital of the Far Eastern Fisheries Management Company (JSC “DRUK,” Moscow).² DRUK, 100% of whose shares are federally owned, was established in May 2024 and has already acquired certain assets from among the Far Eastern fishing companies previously transferred to the state.³

It is worth noting that, according to the aforementioned report by AK&M, 2025 was marked by the dominance of state-owned companies in the mergers and acquisitions market. They completed 55 business acquisition deals worth \$16.87 bn, which exceeds the value of assets transferred to the state through court rulings. The recorded share of the value of purchases by state-owned companies (40.8% of the total value) was the highest in the history of observations.⁴

However, based on publicly available data on the largest deals of 2025, it is more accurate to speak of state-owned companies divesting certain non-core assets. Examples of this include Gazprom’s sale of 100% of “Gazprom Neftekhim Salavat” to the aforementioned “Roskhim,” and the sale by Sberbank subsidiaries of 79% of “Aquarius” (specializing in the production of electronics and computer equipment) to MT-Integration and S8 Capital, and the sale by subsidiaries of the Rostec Group of Techservice LLC (specializing in the development of gold

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1. Only enterprises returned to state ownership in recent years are mentioned here, and Roskhim’s structure, of course, is not limited to them. The holding company includes many other controlled enterprises, including those where it acts as the managing entity.
 2. In almost all of these companies (except for two), the stakes are either full (100%) or majority (at least 60%) shares in the capital. Judging by the names of the companies proposed for inclusion in DRUK’s capital, the profile of some of them is far removed from its core specialization (for example, “GORODSKOE ECO TAXI” (Yuzhno-Sakhalinsk), “Moststroy” (Vladivostok)).
 3. URL: <https://www.rbc.ru/business/03/12/2024/674daa2f9a7947d07ba28c3c> (December 03, 2024).
 4. URL: <https://www.rbc.ru/finances/12/02/2026/698c564e9a79470bcd329ec> (February 12, 2026).

deposits in the Irkutsk region) to IG Geoinvest.¹ It should be added that at the very end of 2024, VTB exited the capital of Aurora Invest JSC, which owns the First Freight Company (PGK).²

5.1.5. Management of Public Sector Entities

An overview of changes in the regulatory framework for managing public sector entities should begin with the regulation of financial transactions conducted by federal unitary enterprises of strategic importance to the defense-industrial complex (DIC) and the security of the Russian Federation, as well as business entities under their direct or indirect control (hereinafter referred to as the aforementioned business entities). This issue is regulated by Article 24.1, which was introduced into the 2002 Law on Unitary Enterprises (No. 161-FZ) as early as 2017. The aforementioned economic entities include:

1) Federal State Unitary Enterprises (FSUEs) and Federal State-Owned Enterprises (FSOEs) included in the list of strategic organizations in accordance with the 2001 Law on Privatization (No. 178-FZ);

2) Federal State Unitary Enterprises (FSUEs) and Federal State-Owned Enterprises (FSOEs) included in the list of strategic organizations in accordance with the 2002 Insolvency (Bankruptcy) Act (No. 127-FZ);

3) FSUEs and FSOEs designated by a separate decision of the President of the Russian Federation or the Government of the Russian Federation.³

Under the previous version, for the aforementioned business entities, the opening of accounts and covered (deposited) letters of credit, as well as the conclusion of bank account and bank deposit agreements — regardless of the currency of the relevant agreement — could be carried out only by credit institutions meeting one of the following requirements: 1) possession of own funds (capital)

1. URL: <https://www.vedomosti.ru/business/selection/2025/12/28/1166773-25-krupneishih-v-rossii-sdelok> (December 28, 2025).

2. URL: <https://www.vedomosti.ru/business/news/2024/12/16/1081729-vtb-vishel-iz-pervoi-gruzovoi> (December 16, 2024).

3. Based on the 2018 Edict of the Government of the Russian Federation (as currently in force) the relevant list includes 17 enterprises. In addition to these, this document, adopted in accordance with the 2014 law on the opening of bank accounts and letters of credit, the conclusion of bank deposit agreements, and agreements for maintaining a register of securities holders by business entities of strategic importance to the military industrial complex (OPK) and the security of the Russian Federation of 2014 (No. 213-FZ), the following are also approved: 1) a list of business entities whose shares in the authorized capital or stock are owned by the Russian Federation, as provided for in paragraph 4 of part 6 of Article 1 of the 2014 Law (No. 213-FZ) (1 entity); 2) a list of business entities controlled by federal unitary enterprises of strategic importance to the DIC and the security of the Russian Federation (5 entities); 3) list of business entities controlled by business entities of strategic importance to the defense industry and the security of the Russian Federation (39 entities).

in an amount not less than that established by the Government of the Russian Federation in agreement with the Bank of Russia, and compliance with additional requirements established by the Government of the Russian Federation; 2) being under the direct or indirect control of the Bank of Russia or the Russian Federation.

Under the new version, the Government of the Russian Federation establishes credit rating requirements on the national rating scale that must be met by credit institutions with which, regardless of the currency of the relevant agreement, the aforementioned business entities are entitled to open accounts and covered (deposited) letters of credit and with which they are entitled to enter into bank account and bank deposit (deposit) by the specified business entities. The Government of the Russian Federation has the right to establish differentiated requirements for credit rating levels and to determine cases in which such requirements do not apply.

For the purchase of securities of credit institutions, the Government of the Russian Federation retains the right to establish requirements for such securities, as well as limits on the placement of funds in them by federal unitary enterprises of strategic importance to the defense industry and the security of the Russian Federation, and by business entities under their direct or indirect control. The previous wording regarding limits on the placement of funds¹ has been clarified: as a percentage of the credit institution's own funds (capital), depending on the credit rating assigned to the credit institution on the national rating scale, or depending on another criterion if credit rating requirements do not apply.

In cases where credit institutions ceased to meet the requirements and were excluded from the relevant list of credit institutions, federal unitary enterprises of strategic importance to the defense industry and the security of the Russian Federation, as well as business entities under their direct or indirect control, were required to terminate bank account agreements and bank deposit agreements with such credit institutions within 180 days from the date the Bank of Russia published the relevant list of credit institutions on its official website on the Internet, with the government retaining the right to extend this period. Now, however, the period within which the aforementioned business entities must terminate bank account agreements and bank deposit (deposit), is directly established by the Government of the Russian Federation.

In cases where credit institutions cease to meet the established requirements, the general rules regarding the termination of bank account and bank deposit, on the termination of the extension of the term of bank deposit agreements, on the opening of covered (deposited) letters of credit, and on the cessation of the crediting of funds, with the exception of interest under a bank account or deposit agreement, do not apply in the following situation.

1. Depending on the amount of a credit institution's own funds (capital) and/or the credit rating assigned to a Russian credit institution on the national rating scale for the Russian Federation.

During the period of implementation of the plan approved by the Bank of Russia's Board of Directors in accordance with the 2002 Bankruptcy Law (No. 127-FZ) for its participation in measures to prevent the bankruptcy of a bank which, as of the last quarterly reporting date preceding the date of approval of this plan, met the requirements established for working with federal unitary enterprises of strategic importance to the defense industry and the security of the Russian Federation, as well as business entities under their direct or indirect control, such a bank is entitled to conduct transactions involving the crediting of funds to an account (deposit) regardless of whether such a bank meets (or fails to meet) the established requirements, provided that the Bank of Russia's Board of Directors adopts a resolution guaranteeing the continuity of such a bank's operations. Information on this is posted on the Bank of Russia's official website.

These amendments were further specified by Resolution of the Government of the Russian Federation No. 934 dated June 23, 2025, which extended their application to legal relationships arising on or after May 1, 2025.

Credit institutions with which federal unitary enterprises and business entities of strategic importance to the defense industry and the security of the Russian Federation, as well as business entities under their direct or indirect control, must simultaneously hold at least two credit ratings of a level not lower than a specified threshold on the national rating scale for the Russian Federation, assigned by the following credit rating agencies: Analytical Credit Rating Agency (JSC), JSC "Rating Agency 'Expert RA'", LLC "National Credit Ratings", LLC "National Rating Agency".

However, this requirement does not apply to a credit institution: 1) which has been granted the status of a central securities depository in accordance with the 2011 Law "On the Central Securities Depository" (No. 414-FZ), and 2) which is a qualified central counterparty in accordance with the 2011 Law "On Clearing, Clearing Activities, and the Central Counterparty" (No. 7-FZ).

Furthermore, this requirement does not apply in the case of opening an account, concluding a bank account agreement, or a bank deposit agreement by business entities specified by the Government of the Russian Federation, provided that funds are placed in such an account or deposit for a term not exceeding 45 calendar days, for the purpose of making settlements under foreign trade agreements (contracts) or conducting conversion transactions to facilitate such settlements. With respect to certain business entities, the Government of the Russian Federation may establish a different maximum term for the placement of funds, exceeding one and a half months.

The issuer of securities (with the exception of bonds) acquired by federal unitary enterprises and business entities of strategic importance to the defense industry and the security of the Russian Federation, as well as business entities under their direct or indirect control, must be a credit institution that meets the above-mentioned credit rating requirements. For bonds, in addition, the issue must be assigned a credit rating of no lower than a specified level on the national rating scale

for the Russian Federation by the following credit rating agencies: Analytical Credit Rating Agency (JSC), JSC “Rating Agency ‘Expert RA’”, LLC “National Credit Ratings”.

The specified requirements for credit institutions regarding work with federal unitary enterprises and business entities of strategic importance to the defense industry and the security of the Russian Federation, as well as with business entities under their direct or indirect control, in terms of ratings, mirror the previous ones approved back in 2018. However, the previous requirements included provisions regarding the amount of a credit institution’s own funds (capital)—at least Rb1 bn, calculated according to the Central Bank of the Russian Federation’s methodology as of the latest reporting date—and participation in the mandatory deposit insurance system in accordance with the relevant 2003 law (No. 177-FZ), as well as direct or indirect control by the Bank of Russia or the Russian Federation.

It is worth adding that as of January 1, 2026, the provision regarding the right of the Government of the Russian Federation to designate a credit institution that does not meet the established requirements but is entitled to open accounts and covered (deposited) letters of credit, as well as to enter into bank account and bank deposit (deposit) agreements with federal unitary enterprises of strategic importance to the defense industry and the security of the Russian Federation, and with business entities under their direct or indirect control, in the event that restrictive measures imposed by a foreign state, a state association, and/or a union are in effect against the credit institution, and (or) a state (interstate) institution of a foreign state or a state association and (or) union, or if such a credit institution is under the control or significant influence of persons subject to sanctions imposed by the aforementioned foreign entities.

Edict of the Government of the Russian Federation No. 1636 of October 23, 2025 No. 1636 introduced amendments to the Regulation on the Terms of Remuneration for Senior Management of State Corporations, State Companies, and Business Entities Whose Shares in the Charter Capital Are Owned by the Russian Federation, which was first issued in 2023.

First and foremost, its full title has changed. The document is now titled Regulations on the Terms of Remuneration for Executives, Their Deputies, Chief Accountants, and Members of Collegial Executive Bodies of State Corporations, State Companies, business entities whose shares in the authorized capital are owned by the Russian Federation, as well as on the Incentives for Executives, Their Deputies, Chief Accountants, and Members of Collegial Executive Bodies of Joint-Stock Companies, whose shares in the authorized capital are owned by the Russian Federation. This led to corresponding changes in several sections of the document itself and in the Regulations on the Government Commission on the Optimization and Improvement of the Efficiency of Budget Expenditures, approved by Resolution of the Government of the Russian Federation No. 855 dated August 26, 2014. It is important to note that the inclusion of incentive-related issues within the scope

of the document applies only to joint-stock companies with federal shareholdings, without affecting state corporations and state-owned companies.

It is worth noting the introduction of new concepts.

Long-Term Incentive Program (LTIP) — a set of conditions contained in internal documents and resolutions of the general meeting of shareholders and/or the board of directors (supervisory board) of a joint-stock company, aimed at the long-term motivation of the company's executive officers to improve the financial and economic results of its operations, including the growth of the company's net profit, the listing of its shares on organized trading markets, and the growth of its market capitalization, which determine, in particular, the procedure for rewarding senior management of the joint-stock company under the Incentive Plan.

Rewards received under the Incentive Plan are rewards granted to a member of the senior management of the joint-stock company in connection with the performance of their employment duties under an employment contract, received under the Incentive Plan in the form of the right to acquire shares of the joint-stock company and (or) the right to enter into an option agreement with them for the purchase of the JSC's shares.

In addition, the wording of certain terms used has been clarified: 1) "payments for participation in management bodies and the performance of other paid work"; 2) "maximum possible annual aggregate personal remuneration", and 3) "incentive payments."

The first of these is defined as payments for the participation of the organization's senior management in the management and supervisory bodies of the organization, its subsidiaries and affiliated companies, and/or other legal entities with direct or indirect participation by the Russian Federation, as well as payments for the performance of other paid work within the organization, its subsidiaries and affiliated business entities and/or other legal entities in which the Russian Federation has a direct or indirect interest (with the exception of payments related to the performance of teaching activities and incentives received under the PDM). The previous wording did not mention payments for performing other paid work or disclose such payments, with the exception of payments related to teaching activities and incentives received under the PDM.

The second concept is defined as the maximum permissible payments to senior management of the organization, consisting of a base salary, compensation payments, and incentive payments specified in the document (excluding incentives received under the Performance-Based Incentive System, payments for participation in management bodies and the performance of other paid work, as well as other payments in cases established by labor legislation (except for payments provided for by decrees of the President of the Russian Federation). The previous wording did not mention the exclusion of incentives received under the PDM or payments for performing other paid work.

The third concept — “incentive payments” — is defined as incentive payments provided for by these Regulations without any mention of a link to the achievement of target values for key performance indicators (KPIs)¹ and functional key performance indicators (KPIs),² as was the case in the previous wording.

A clear classification of possible incentive payments (bonuses) has also been introduced: 1) based on annual performance results, linked to the achievement of annual overall KPI targets; 2) based on annual performance results, linked to the achievement of annual functional KPI targets; 3) based on quarterly performance, linked to the achievement of KPI targets for the quarter. As before, the establishment of other incentive payments is not permitted, and mandatory payments are bonuses based on annual performance, linked to the achievement of annual KPI targets.

The provisions determining the amount of incentive payments also remain in force.

Bonuses based on annual performance upon achieving annual KPI targets and functional KPIs in accordance with the methodological recommendations on the formation and application of key performance indicators for joint-stock companies whose shares are federally owned, and certain non-profit organizations (NPOs) for the purpose of determining the amount of remuneration for their management, approved by Decree of the Government of the Russian Federation No. 3579-r of December 28, 2020, shall amount to no less than 30% and no more than 50% of the maximum possible annual total personal remuneration, unless otherwise agreed by the working group under the Government Commission on the Optimization and Improvement of the Efficiency of Budget Expenditures. Quarterly performance bonuses upon achieving KPI targets³ based on quarterly performance in accordance with the above methodological recommendations may not exceed a total of 10% of the annual maximum possible total personal remuneration, unless otherwise agreed by the working group.

5.1.6. The budgetary effect of the government’s property policy

In 2025, as in the previous year, federal budget revenues related in one way or another to state property demonstrated significant growth. The main factor was the increase in revenues from renewable sources, primarily dividend payments by com-

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1. An indicator linked to the strategic documents of the Russian Federation, as well as to the organization’s own strategic documents, on the basis of which the effectiveness of its activities is assessed to determine the amount of remuneration for senior management based on the results of the year or quarter.
 2. An individual indicator established for members of the management team on a personal basis and taking into account the specifics of the areas of the organization’s activities under their supervision, characterizing the performance of the officials themselves or the implementation of specific significant projects.
 3. Under the previous version, quarterly bonuses could be awarded upon the achievement of both general and functional KPIs.

panies with state participation. This offset the decline in revenues from privatization and the sale of state property (from non-renewable sources), including funds from the sale of confiscated property in terms of confiscated shares and other financial instruments.¹

Shown below (*Tables 4 and 5*) are the data on income stated in the reporting on the execution of the federal budget, in terms of the use of state property and its sale only in respect to a certain range of material objects.²

1. Funds from the sale of confiscated property, including fixed assets and inventories, have been included in budget items for the sale of tangible assets for many years. However, funds from the sale of property obtained through corruption offenses were not included, and funds from the sale of shares and other financial instruments were completely absent as a source of income. Their emergence is likely linked to a new trend in state policy in recent years (the expansion of property confiscation as part of anti-corruption measures, and the transfer of assets of a number of companies to state ownership following legal proceedings).
2. Left outside the scope of consideration are federal budget revenues received as payments for natural resources (including aquatic biological resources, revenues from the use of forest resources and subsoil use), compensation for losses in agricultural production associated with the withdrawal of agricultural land, as a result of financial transactions (revenues from the placement of budget funds (revenues from the balances of federal budget funds and from their placement, since 2006 also revenues from the management of the funds of the Stabilization Fund of the Russian Federation (since 2009 — the Reserve Fund and the National Welfare Fund), revenues from the placement of amounts accumulated during auctions for the sale of shares owned by the Russian Federation), interest received from the provision of budget loans within the country at the expense of the federal budget, interest on government loans (receipts of funds from the governments of foreign states and their legal entities in payment of interest on loans provided by the Russian Federation, receipts of funds from legal entities (enterprises and organizations), constituent entities of the Russian Federation and municipalities in payment of interest and guarantees on loans received by the Russian Federation from foreign governments and international financial organizations)), from the provision of paid services or compensation of state expenses, transfer of profits of the Central Bank of the Russian Federation, certain payments from state and municipal enterprises and organizations (patent fees and registration fees for the official registration of computer programs, databases and topographies of integrated circuits and other income that up to and including 2004 were an integral part of payments from state organizations (in addition to income from the activities of the joint venture Vietsovpetro since 2001 and the transfer of a portion of the profits of FSUEs since 2002)), income from the implementation of production sharing agreements (PSA), income from the disposal and sale of confiscated and other property converted to state revenue (including that transferred to state ownership by inheritance or gift, or treasures), income from lotteries, other income from the use of property and rights, which are in federal ownership (income from the disposal of rights to the results of intellectual activity (R&D and technological work) for military, special and dual purposes, income from the disposal of rights to the results of scientific and technical activity owned by the Russian Federation, income from the operation and use of highway property, fees from the passage of motor vehicles registered in the territory of other states, disposal of the exclusive right of the Russian Federation to the results of intellectual property in the field of geodesy and cartography, fees for the use of spatial data and materials that are not objects of copyright, contained in the federal fund of spatial data and other receipts from the use of property owned by the Russian Federation), as well as from permitted types of activities of organizations credited to the federal budget, receipts from the sale of state reserves of precious metals and precious stones.

The laws on the execution of the federal budget (before 2015) and the data of the Reports on the execution of the federal budget as of January 1, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025 (annual) and the Report on the execution of the federal budget as of January 1, 2026 (monthly) were used.

Table 4

Federal budget revenues from the use of state property (renewable sources) in 2000–2025, Rb mn

Year	Total	Dividends on shares (2000–2025) and income from other forms of equity participation (2005–2025)	Rent for state-owned lands	Income from leasing state-owned property	Income from transfer of portion of profit remaining after payment of taxes and other mandatory payments of FSUES	Income from other sources (2000–2007 and 2011 from the activities of joint venture Vietsovpetro and 2018–2025 from transfer of property as collateral, trust management)
2000	23 244.5	5676.5	–	5880.7	–	11 687.3 ^a
2001	29 241.9	6478.0	3916.7 ^b	5015.7 ^c	209.6 ^d	13 621.9
2002	36 362.4	10 402.3	3588.1	8073.2	910.0	13 388.8
2003	41 261.1	12 395.8	10 276.8 ^e		2387.6	16 200.9
2004	50 249.9	17 228.2	908.1 ^f	12 374.5 ^g	2539.6	17 199.5
2005	56 103.2	19 291.9	1769.2 ^h	14 521.2 ⁱ	2445.9	18 075.0
2006	69 173.4	25 181.8	3508.0 ^h	16 809.9 ^j	2556.0	21 117.7
2007	80 331.85	43 542.7	4841.4 ^h	18 195.2 ^j	3231.7	10 520.85
2008	76 266.7	53 155.9	6042.8 ^h	14 587.7 ^j	2480.3	–
2009	31 849.6	10 114.2	6470.5 ^h	13 507.6 ^j	1757.3	–
2010	69 728.8	45 163.8	7451.7 ^h	12 349.2 ^j	4764.1	–
2011	104 304.0	79 441.0	8210.5 ^h	11 241.25 ^j	4637.85	773.4
2012	228 964.5	212 571.5	7660.7 ^k	3730.3 ^l	5002.0	–
2013	153 826.25	134 832.0	7739.7 ^k	4042.7 ^l + 1015.75 ^m	6196.1	–
2014	241 170.6	220 204.8	7838.7 ^k	3961.6 ^l + 1348.5 ^m	7817.0	–
2015	285 371.1	259 772.0	9032.3 ^k	5593.8 ^l + 1687.8 ^m	9285.2	–
2016	946 723.35/ 254 328.3 ⁿ	918 969.1/ 226 574.1 ⁿ	9412.4 ^k	5843.25 ^o + 3026.7 ^m	9471.9	–
2017	275 168.2	251 327.0	9825.1 ^k	5318.4 ^o + 2857.7 ^m	5840.0	–
2018	333 396.13	312 565.8	9783.0 ^k	1988.6 ^o + 2922.6 ^m	6136.0	0.13
2019	465 974.25	441 620.4	12 051.65 ^k	1290.4 ^o + 3239.2 ^m	7616.9	155.7
2020	451 764.45	422 667.6	10 498.7 ^k	7655.3 ^o + 2509.2 ^m + 28.8 ^p	8404.7	0.145
2021	364 634.8	339 493.2	12 719.5 ^k	1207.7 ^o + 3615.4 ^m + 24.1 ^p	7572.4	2.481
2022	777 989.3	753 471.6	13 827.9 ^k	1209.2 ^o + 3494.8 ^m + 876.4 ^p	5078.0	31.4
2023	373 699.95	339 056.9	14 756.9 ^k	9016.1 ^o + 3965.5 ^m + 224.2 ^p	6564.25	116.1
2024	341 550.3	307 783.2	15 894.3 ^k	1303.7 ^o + 4334.5 ^m + 272.0 ^p	11 367.5	595.1
2025	569 223.45	523 743.5	17 639.55 ^k	1186.8 ^o + 4890.2 ^m + 230.9 ^p	18 718.9	2813.6

^a According to the Ministry of Property of the Russian Federation, the law on the execution of the federal budget for 2000 did not list a separate line item; it indicated the amount of payments from state-owned enterprises (Rb9,887.1 mn) (without specific components).

^b Rent amount for 1) agricultural land and 2) city and town land.

^c Income from leasing property assigned to 1) scientific organizations, 2) educational institutions, 3) healthcare institutions, 4) state museums, state cultural and art institutions, 5) archival institutions, 6) the Ministry of Defense of the Russian Federation, 7) organizations of the RF Ministry of Railways, 8) scientific service organizations of the Academies of Sciences with state status, and 9) other income from leasing property owned by the state.

- ^d According to the Ministry of Property of the Russian Federation, this was not listed as a separate line item in the federal budget execution law for 2001; the amount coincided with the amount of other income in payments from state and municipal organizations.
 - ^e Total income from leasing state-owned property (without excluding land rent).
 - ^f Amount of rent 1) for land in cities and towns and 2) for land in federal ownership after delimitation of state land ownership.
 - ^g The amount of income from the lease of property assigned to 1) scientific organizations, 2) educational institutions, 3) healthcare institutions, 4) state cultural and artistic institutions, 5) state archival institutions, 6) postal institutions of the federal postal service of the Ministry of Communications and Informatization of the Russian Federation, 7) scientific service organizations of the Academies of Sciences with state status and 8) other income from the lease of property in federal ownership.
 - ^h Rent after the delimitation of state ownership of land and proceeds from the sale of the right to enter into lease agreements for land in federal ownership (except for land plots of federal autonomous (2008–2011) and budgetary (2011) institutions).
 - ⁱ Income from leasing property under the operational management of federal government bodies and institutions established by them and under the economic management of federal state unitary enterprises: transferred to the operational management of those having state status: a) scientific institutions, b) scientific service institutions of the Russian Academy of Sciences and sectoral Academies of Sciences, c) educational institutions, d) healthcare institutions, e) federal postal service institutions of the Federal Communications Agency, f) state cultural and art institutions, g) state archival institutions and h) other income from leasing property under the operational management of federal government bodies and institutions established by them and under the economic management of federal state unitary enterprises¹ (for 2006–2009, excluding income from permitted types of activities and the use of federal property located outside the territory of the Russian Federation, received abroad, which were not specified at all in previous years²).
 - ^j Income from leasing property under the operational management of federal government bodies and institutions established by them (except for autonomous and budgetary ones): transferred to the operational management of those having state status: a) scientific institutions, b) scientific service institutions of the Russian Academy of Sciences and sectoral Academies of Sciences, c) educational institutions, d) healthcare institutions, e) state cultural and artistic institutions, f) state archival institutions, g) under the operational management of the Ministry of Defense of the Russian Federation and institutions subordinate to it (2010), h) under federal ownership, the functions for the disposal of which are carried out by the Administrative Department of the President of the Russian Federation (2010), i) other income from leasing property under the operational management of federal government bodies and institutions established by them (excluding income from permitted types of activities and the use of federal property located outside the territory of the Russian Federation, received abroad).
 - ^k Rent after the delimitation of state ownership of land and funds from the sale of the right to enter into lease agreements for lands in federal ownership (with the exception of land plots of federal budgetary and autonomous institutions), including funds received in accordance with the decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, provided for in Article 12 (1) 2 of the Law of July 24, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities and Other Development of Territories” (Law No. 161-FZ), from the transfer of land plots for lease by a single institute for development in the housing sector (hereinafter referred to as JSC “DOM.RF”) and the sale of the right to enter into lease agreements (2025), as well as a) rent for land plots located in the right-of-way of public federal highways that are in federal ownership (2012–2025), b) payment from the implementation of agreements on the establishment of easements in relation to land plots within the boundaries of the right-of-way of public federal highways for the purposes of construction (reconstruction), major repairs and operation of road service facilities, laying, relocation, reconstruction and operation of utility lines, installation and operation of advertising structures (2012 and 2014–2025), c) fees under agreements on the establishment of an easement in relation to land plots in federal ownership (2015–2025), d) fees for a public easement provided for by the decision of the authorized body on the establishment of a public easement in relation to land plots in federal ownership (2021–2025), e) the amount of unjust enrichment for the use of land plots in federal ownership, the right to dispose of which, in accordance with the legislation of the Russian Federation, is granted to federal government bodies (2020–2025), f) fees received under an agreement for the granting of the right to place and operate a non-stationary trading facility, install
1. In 2008–2009, federal state unitary enterprises were not mentioned as a source of income from the lease of property under their economic management, and the lease of property under the operational management of federal government bodies and institutions established by them excludes the property of federal autonomous institutions.
 2. According to the RF Ministry of Property, revenues from the use of federal property located abroad (in addition to revenues from the share of the Russian participant in the joint venture Vietsovpetro) amounted to Rb315 mn Rb440 mn in 1999 and 2000, respectively. Later, the Federal State Unitary Enterprise “Enterprise for Management of Property Abroad” began to play the main role in organizing the commercial use of federal real estate abroad.

and operate advertising structures on lands or land plots in federal ownership, and on lands or land plots, the state ownership of which is not delimited (2023–2025), g) funds received in accordance with decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, provided for in Article 12 (1) 2 of the Law of July 24, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities and Other Development of Territories” (Law No. 161-FZ), from the sale to JSC “DOM.RF” of the right to enter into contracts for comprehensive development of undeveloped territories (2025).

^l Income from leasing property under the operational management of federal government bodies and institutions established by them (except for budgetary and autonomous ones): transferred to the operational management of those having state status a) scientific institutions, b) educational institutions, c) healthcare institutions, d) state cultural and art institutions, e) state archival institutions; f) other income from the lease of property under the operational management of federal state-owned institutions, g) federal government bodies, the Central Bank of the Russian Federation, and governing bodies of state extra-budgetary funds of the Russian Federation, h) federal state-owned institutions (2015 only) (excluding income from the use of federal property located outside the territory of the Russian Federation received abroad).

^m Income from the lease of property constituting the treasury of the Russian Federation (except for land plots), including funds received in accordance with decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, as provided for in Article 12 (1) 2 of the Law of July 24, 2008, “On Facilitating Housing Construction, the Creation of Tourist Infrastructure Facilities, and Other Territorial Development” (Law No. 161-FZ), from the lease of real estate (excluding land plots) by a single housing development institution (hereinafter referred to as JSC “DOM.RF”), as well as proceeds from the sale of the right to enter into lease agreements for such real estate by JSC “DOM.RF” (2025).

ⁿ Excluding proceeds from the sale of Rosneft shares (Rb692.395 bn) (excluding interim dividend payments).

^o Data for 2016–2025 are presented in aggregate form without distinguishing groups of institutions by industry. The generalized classification includes only two categories of income depending on the recipient of rental income (federal government agencies, the Central Bank of the Russian Federation, governing bodies of state extra-budgetary funds of the Russian Federation, and federal government institutions).

^p The amount of unjustified enrichment for the use of property (with the exception of land plots) in federal ownership, the right to dispose of which, in accordance with the legislation of the Russian Federation, has been granted to federal state bodies.

Sources: Laws on the execution of the federal budget for 2000–2014, Reports on the execution of the federal budget as of January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019, January 1, 2020, January 1, 2021, January 1, 2022, January 1, 2023, January 1, 2024, January 1, 2025 (annual), Report on the execution of the federal budget of the Russian Federation as of January 1, 2026 (monthly), URL: <http://roskazna.gov.ru>, own calculations.

Total revenues from renewable sources increased by 66.7% in 2025 compared to the previous year, amounting to Rb569.2 bn. This was primarily due to dividend payments to the budget (Rb523.7 bn), which increased 1.7 times over compared to the 2024 figure (Rb307.8 bn), second only to the 2022 level (Rb753.5 bn). The increase in profit transfers by unitary enterprises was slightly smaller (almost 1.65 times). Their absolute value (Rb18.7 bn) renewed the previous maximum reached the year before (Rb11.4 bn).

Total federal property lease revenues increased by 6.7% (to Rb6.3 bn)¹, with only revenues from the lease of property belonging to the Russian Federation treasury

1. Including the payment of amounts of unjust enrichment for the use of property (except for land plots) in federal ownership, the right to disposal of which, in accordance with the legislation of the Russian Federation, is granted to federal government bodies, as well as funds received in accordance with the decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, provided for in Article 12 (1) 2 of the Law of July, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities and Other Development of Territories” (Law No. 161-FZ), from the transfer of real estate (except for land plots) by a single development institute in the housing sector (hereinafter referred to as JSC “DOM.RF”) for lease, as well as funds from the sale by JSC “DOM.RF” of the right to conclude lease agreements for them (2025).

(excluding land) growing (by 12.8%, or almost to Rb4.9 bn). Revenues from this source were the highest since the revenues from treasury property lease began to be specified in 2013. Their share in total federal property lease revenues amounted to 77.5%, exceeding the previous maximum of 2021. Revenues from the lease of property under the operational management of federal government bodies and institutions established by them (excluding budgetary and autonomous ones) kept declining (by 9%, or approximately to Rb1.2 bn). Budget revenues from land use picked up by 11% (over Rb17.6 bn).¹

As in the previous year, dividends dominated the overall structure of federal budget revenues from renewable sources at 92%, exceeding the 2023–2024 level (90–91%). Among other sources, it is worth noting the reduction in the share of land payments to 3.1% and property rental payments to 1.1% (versus 4.7% and 1.7%, respectively, in the previous year), while the share of profits transferred by federal state unitary enterprises remained unchanged at 3.3%.²

1. Along with the income from land rent, as in the previous year, they include income received in terms of rent for land plots located in the right-of-way of public federal highways that are in federal ownership (Rb14.4 mn), fees from the implementation of agreements on the establishment of easements in relation to land plots within the boundaries of the right-of-way of public federal highways for the purposes of construction (reconstruction), major repairs and operation of road service facilities, laying, relocation, reconstruction and operation of utility lines, installation and operation of advertising structures (Rb17.5 mn), fees under agreements on the establishment of easements concluded by federal executive bodies, state-owned enterprises or institutions in respect to land plots that are in federal ownership (Rb134.05 mn), fees allocated since 2021 for a public easement provided for by the decision of the authorized body on the establishment of public easement in relation to land plots in federal ownership (except for plots that are in federal ownership and the exercise of powers of the Russian Federation for the management and disposal of which has been transferred to the state authorities of the constituent entities of the Russian Federation) and not granted to citizens and legal entities (except for state authorities (government bodies), local government bodies (municipal bodies), governing bodies of state extra-budgetary funds, state-owned institutions) (Rb1.8 mn), as well as the amount of unjust enrichment allocated since 2020 for the use of land plots in federal ownership, the right to dispose of which, in accordance with the legislation of the Russian Federation, is granted to federal government bodies (Rb302.05 mn), since 2022 the fee received under the agreement for the granting of the right to place and operate a non-stationary trading facility, the installation and operation of advertising structures on lands or land plots in federal ownership, and on lands or land plots, the state ownership of which is not delimited (Rb17.1 mn), as well as in 2025 the funds received in accordance with the decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, provided for in Article 12 (1) 2 of the Law of July 24, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities and Other Development of Territories” (Law No. 161-FZ), from the transfer of land plots for lease by a single institute for development in the housing sector (hereinafter referred to as JSC “DOM.RF”) and the sale of the right to enter into agreements on their lease (Rb318.7 mn) and the sale by JSC “DOM.RF” of the right to enter into agreements on the integrated development of undeveloped territory (2025) (Rb20.6 mn).
2. For several years now, the classification of federal budget revenues from the use of property has included another source: funds received from the transfer of federally owned property (excluding the property of federal budgetary and autonomous institutions, as well as the property of federal state unitary enterprises, including state-owned ones) as collateral or for trust management. Its role in the struc-

Turning to an analysis of federal budget revenues from the privatization and sale of state property (*Table 5*), it should be noted that since 1999, proceeds from the sale of a large portion of such assets (shares, while in 2003–2007 land¹ also included) have been among the sources of budget deficit financing. However, the situation changed in 2024–2025 owing to the sale of large volumes of confiscated property, primarily shares and other financial instruments, the proceeds from which began to be included in federal budget revenues along with other revenue items from the sale of tangible and intangible assets.

Table 5

**Federal budget revenues from privatization and sale of property
(non-renewable sources) in 2000–2025, million rubles.**

Year	Total	Sale of shares in federal ownership (2000–2025) and other forms of capital participation (2005–2025) ^a	Sale of land plots	Sale of various property (except for movable property of budgetary and autonomous institutions, as well as property of state unitary enterprises, including state-owned ones)
2000	27 167.8	26 983.5	–	184.3 ^b
2001	10 307.9	9 583.9	119.6 ^c	217.5 + 386.5 + 0.4 (HMA) ^d
2002	10 448.9	8 255.9 ^e	1 967.0 ^f	226.0 ^g
2003	94 077.6	89 758.6	3 992.3 ^h	316.2 + 10.5 ⁱ
2004	70 548.1	65 726.9	3 259.3 ^j	197.3 + 1 364.6 + 0.04 (HMA) ^k
2005	41 254.2	34 987.6	5 285.7 ^l	980.9 ^m
2006	24 726.4	17 567.9	5 874.2 ^l	1 284.3 ⁿ
2007	25 429.4	19 274.3	959.6 ^o	5 195.5 ^p
2008	12 395.0	6 665.2 + 29.6	1 202.0 ^q	4 498.2 + 0.025 (HMA) ^r
2009	4 544.1	1 952.9	1 152.5 ^q	1 438.7 ^r
2010	18 677.6	14 914.4	1 376.2 ^q	2 387.0 + 0.039 (HMA) ^r
2011	136 660.1	126 207.5	2 425.2 ^q	8 027.4 ^r
2012	80 978.7	43 862.9	16 443.8 ^q	20 671.7 + 0.338 (HMA) ^r
2013	55 288.6	41 633.3	12 12.75 ^q	12 442.2 + 0.310 (HMA) ^r
2014	41 155.35	29 724.0	1 912.6 ^q	9 517.7 + 1.048 (HMA) ^r
2015	18 604.1	6 304.0	16 34.55 ^q	10 665.5 + 0.062 (HMA) ^r
2016	416 470.5	406 795.2	2 112.7 ^q	7 562.6 + 0.012 (HMA) ^r
2017	21 906.7	14 284.5	1 199.6 ^q	6 421.3 + 1.3 (HMA) ^r
2018	28 252.0	12 787.5	1 660.6 ^q	13 803.7 + 0.2 (HMA) ^r
2019	20 129.3	11 527.5	1 647.5 ^q	6 954.3 ^r

ture of revenues from renewable sources in 2025 remained insignificant (0.5%), but the absolute value (Rb2,813.6 mn) increased by 4.7 times over, turning out to be 2.4 times greater than the revenues from the lease of property under the operational management of federal government bodies and institutions established by them (excluding budgetary and autonomous institutions).

1. In 2003–2004 with taking into account the sale of lease rights.

Year	Total	Sale of shares in federal ownership (2000–2025) and other forms of capital participation (2005–2025) ^a	Sale of land plots	Sale of various property (except for movable property of budgetary and autonomous institutions, as well as property of state unitary enterprises, including state-owned ones)
2020	27 961.5	12 570.7	3235.5 ^a	11 247.2 + 1.9 (HMA) ^f + 906.2 ^g
2021	20 234.05	5272.0	2455.6 ^h	11 460.6 ^f + 1045.85 ^g
2022	20 636.0	7792.5	1733.9 ^h	10 175.2 ^f + 934.4 ^g
2023	43 090.6	27 278.5	3022.5 ^h	11 112.8 ^f + 1676.8 ^g
2024	36 396.2/ 151 057.1 ^t	16 425.4 + 114 430.2 ^u	5693.3 ^h	12 448.0 ^f + 1829.5 ^g + 230.7 ^v
2025	21 677.2/ 102 412.2 ^t	4409.2 + 79 907.3 ^u	3121.9 ^h	12 421.9 ^f + 1724.2 ^g + 827.7 ^v

- ^a Relates to sources of internal financing of the federal budget deficit; the amount of Rb29.6 mn for 2008 (according to the Report on Federal Budget Execution as of January 1, 2009) is attributed to federal budget revenues, but is not included in the law on federal budget execution for 2008.
- ^b Revenues from the privatization of state-owned organizations, attributed to sources of internal financing of the federal budget deficit.
- ^c Revenues from the sale of land plots and lease rights to land plots in state ownership (with a distinction made between those on which privatized enterprises are located), attributed to federal budget revenues.
- ^d The amount of revenues from 1) the sale of federally owned property, attributed to sources of internal financing of the federal budget deficit, 2) income from a) the sale of apartments, b) from the sale of state production and non-production assets, vehicles, other equipment, and other tangible assets, and 3) income from the sale of intangible assets (IA), attributed to federal budget revenues.
- ^e Including Rb6 mn from the sale of shares owned by constituent entities of the Russian Federation.
- ^f Revenues from the sale of land and intangible assets, the amount of which was not separately identified, attributed to federal budget revenues.
- ^g Revenues from the sale of state-owned property (including Rb1.5 mn from the sale of property owned by constituent entities of the Russian Federation), attributed to sources of internal financing of the federal budget deficit.
- ^h Includes revenues: 1) from the sale of land plots on which real estate objects are located, which were federal property prior to alienation, credited to the federal budget, 2) from the sale of other land plots, as well as from the sale of the right to conclude lease agreements for them, 3) from the sale of land plots after the delimitation of land ownership, as well as from the sale of the right to enter into lease agreements for them, credited to the federal budget and related to sources of internal financing of the federal budget deficit.
- ⁱ The amount of 1) revenues from the sale of property in federal ownership, related to sources of internal financing of the federal budget deficit, and 2) income from the sale of intangible assets related to federal budget revenues.
- ^j Includes revenues: 1) from the sale of land plots prior to the delimitation of state ownership of land on which real estate objects are located that were federal property prior to alienation, credited to the federal budget, 2) from the sale of other land plots, as well as from the sale of the right to conclude lease agreements for them, 3) from the sale of land plots after the delimitation of land ownership, as well as from the sale of the right to conclude lease agreements for them, credited to the federal budget and related to sources of internal financing of the federal budget deficit.
- ^k The amount of 1) revenues from the sale of property in federal ownership, attributed to sources of internal financing of the federal budget deficit, 2) income a) from the sale of apartments, b) from the sale of equipment, vehicles and other material assets, credited to the federal budget, c) from the sale of ship recycling products, d) from the sale of property of state unitary enterprises, institutions and military property, e) from the sale of weapons, military equipment and ammunition recycling products, 3) income from the sale of intangible assets (IA) attributed to federal budget revenues.
- ^l Includes revenues: 1) from the sale of land plots prior to the delimitation of state ownership of land on which real estate objects are located that were federal property prior to alienation, 2) from the sale of land plots after the delimitation of land ownership, credited to the federal budget, 3) from the sale of other land plots that were state property prior to the delimitation of state ownership of land and not intended for housing construction (the last clarification applies only to 2006) and attributed to sources of financing the federal budget deficit.
- ^m Revenues from the sale of tangible and intangible assets (less federal budget funds from the disposal and sale of confiscated and other property transferred into the state's revenues) includes revenues from a) the sale of apartments, b) the sale of property of federal state unitary enterprises, c) the sale of property under the operational management of federal institutions, d) the sale of military property, e) the sale of products from the disposal of weapons, military equipment and ammunition, f) the sale of other property in federal ownership, g) the sale of intangible assets, attributed to federal budget revenues.

- ⁿ Revenues from the sale of tangible and intangible assets (excluding revenues in terms of a share of the state's profit/output under production sharing agreements (PSA) and federal budget funds from the disposal and sale of ownerless, confiscated, and other property transferred into the state's revenues) include revenues from a) the sale of apartments, b) the sale of property of federal state institutions, c) the sale of property under the operational management of federal institutions, d) the sale of military property, e) the sale of products of recycling of weapons, military equipment, and ammunition, f) the sale of other property in federal ownership, attributable to federal budget revenues.
- ^o Revenues from the sale of land plots after the delimitation of land ownership, which were in federal ownership, attributable to sources of federal budget deficit financing.
- ^p Revenues from the sale of tangible and intangible assets (excluding revenues in terms of a share of the state's profit/output under production sharing agreements (PSA) and federal budget funds from the disposal and sale of ownerless, confiscated and other property transferred into the state's revenue, funds from the sale of sequestered timber) include revenues a) from the sale of apartments, b) from the sale of property of federal state unitary enterprises, c) from the sale of property under the operational management of federal institutions, d) from the sale of released movable and immovable military and other property of federal executive bodies in which military and equivalent service is provided, e) from the sale of military products from the possession of federal executive bodies within the framework of military-technical cooperation, f) from the sale of other property in federal ownership, attributed to the revenues of the federal budget.
- ^q Revenues from the sale of land plots in federal ownership (except for land plots in the use of federal budget and autonomous institutions) (except for 2019–2025), attributable to the revenues of the federal budget, including funds received in accordance with the decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, provided for in Article 12 (1) 2 of the Law of July 24, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities and Other Development of Territories” (Law No. 161-FZ), from the sale of land plots by a single development institute in the housing sector (JSC “DOM.RF”) (2025), and for 2015 and 2021–2025, also payment for an increase in the area of land plots in private ownership as a result of the redistribution of such land plots and land plots in federal ownership.
- ^r Revenue from the sale of tangible and intangible assets (excluding revenue in terms of a share of the state's profit/output when implementing production sharing agreements (PSA), federal budget funds from the disposal and sale of ownerless, confiscated and other property transferred to the state's revenue, funds from the sale of sequestered timber (2008–2011), revenue from the release of material assets from the state reserve of special raw materials and fissile materials (in terms of revenue from sales, from providing for temporary borrowing and other use), as well as for 2012–2025 excluding funds from the sale of timber obtained during the implementation of measures for the protection, conservation, reproduction of forests when placing a state order for their implementation without the sale of forest plantations for timber harvesting, as well as timber obtained during the use of forests located on forest fund lands, in accordance with Articles 43–46 of the Forest Code of the Russian Federation, revenue from the sale of forest plant seeds from their insurance funds (2024–2025), from the implementation of commodity interventions from the reserves of the federal intervention fund for agricultural products, raw materials and food, from the release of material assets from the state reserve, from the involvement of convicts in paid labor (in terms of the sale of finished products), from the sale of specially stored products) include income: a) from the sale of apartments (except for 2024–2025)¹, b) from the sale of property under the operational management of federal institutions, with the exception of autonomous and budgetary ones (2011–2025), less funds received from activities carried out by foreign institutions (2015–2025), c) from the sale of released movable and immovable military and other property of federal executive bodies in which military and equivalent service is provided, d) from the sale of products of recycling of weapons, military equipment and ammunition, e) from the sale of military products at disposal of federal executive bodies within the framework of military-technical cooperation (2008 and 2010–2023 and 2025), f) from the sale of products of recycling of weapons and military equipment within the framework of the federal target program “Industrial Recycling of weapons and military equipment (2005–2010) (up to and including 2017), g) from the sale of real estate of budgetary and autonomous institutions (2014–2018 and 2020–2025),” h) from the sale of other property in federal ownership, including funds received in accordance with the decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, provided for in Article 12 (1) 2 of the Law of July 24, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities, and Other Territorial Development” (Law No. 161-FZ), from the sale of real estate (except for land plots (2025) by the unified development institute in the housing sector (JSC “DOM.RF”), as well as income from the sale of intangible assets (IA) attributable to federal budget revenues.
- ^s Income from the privatization of property owned by the Russian Federation, in terms of non-financial assets of treasury property.
- ^t In the denominator with taking into account funds from the sale of confiscated assets.
- ^u Income from the sale of confiscated shares and other financial instruments, including those obtained through corruption offenses.

1. In 2024–2025, unlike previous years, funds from the sale of apartments were not specified.

^v Income from the sale of confiscated property (in terms of fixed assets and inventories) obtained as a result of corruption offenses and from the sale of property converted by a court decision to the benefit of the Russian Federation, in respect of which evidence of its acquisition with legal income was not presented in accordance with the legislation of the Russian Federation on combating corruption.

Sources: Laws on the execution of the federal budget for 2000–2014, Reports on the execution of the federal budget as of January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019, January 1, 2020, January 1, 2021, January 1, 2022, January 1, 2023, January 1, 2024, January 1, 2025 (annual), Report on the execution of the federal budget as of January 1, 2026 (monthly), URL: <http://roskazna.gov.ru>, own calculations.

Revenue from the sale of shares fell 3.7-fold (to Rb4.4 bn), turning out to be the minimum over the entire time period since the early 2000s, with the exception of 2009. The revenues from the sale of land plots decreased by 45% to more than Rb3.1 bn¹, which is comparable with the level of 2020 and 2023. The revenues from the sale of various property (about Rb14.15 bn) compared to 2024 decreased by the mere 1%, mainly on the back of a 6% drop in revenues from the privatization of property owned by the Russian Federation, in terms of non-financial assets of treasury property (Rb1,724.2 mn).

As a result, in absolute terms, federal budget property revenues from a comparable range of non-renewable sources decreased by more than 40% in 2025, amounting to approximately Rb21.7 bn. The most significant revenues came from the sale of property — more than 65%² (over 39% in 2024), while share sales accounted for 20.3% (over 45% in 2024) and land sales — 4.4% (15.6% in 2024).

However, the budget revenue pattern changes dramatically when accounting for funds from the sale of confiscated property. In terms of confiscated shares and other financial instruments, revenues amounted to Rb79.9 bn, including Rb22.4 bn from the sale of shares and other financial instruments obtained through corruption offenses (or 28%), and Rb57.5 bn from the sale of shares and other financial instruments, excluding those obtained through corruption offenses (or 72%).

1. Including funds received in accordance with decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, as provided for in Article 12 (1) 2 of the Law of July 24, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities and Other Development of Territories” (Law No. 161-FZ), from the sale of land plots by a single institute for development in the housing sector (JSC “DOM.RF”) (Rb925.6 mn), as well as income from the sale of land plots in federal ownership, in the use of budgetary and autonomous institutions (Rb116.2 mn, for reference: 2024 — Rb33.4 mn, 2023 — Rb19.6 mn, 2022 — Rb4.4 mn, 2021 — Rb76.4 mn, 2020 — Rb298.3 mn).
2. Including revenues from the privatization of property owned by the Russian Federation, in terms of non-financial assets of the treasury (Rb1,724.2 mn, or about 8%), and funds received in accordance with decisions of the interdepartmental collegial body authorized by the Government of the Russian Federation, as provided for in Article 12 (1) 2 of the Law of July 24, 2008 “On Facilitating the Development of Housing Construction, the Creation of Tourist Infrastructure Facilities and Other Development of Territories” (Law No. 161-FZ), from the sale by a single institute for development in the housing sector (JSC “DOM.RF”) of real estate objects, with the exception of land plots (Rb928.3 mn, or 4.3%).

A year earlier, this ratio was reversed: approximately 2 to 1 in favor of revenues from the sale of shares and other financial instruments obtained through corruption offenses. A small amount (Rb827.7 mn) is added by the sale of confiscated property obtained as a result of corruption offenses and from the sale of property transferred by a court decision to the income of the Russian Federation, for which property the evidence of its acquisition with legal income in terms of the sale of fixed assets and material stocks was not presented in accordance with the legislation of the Russian Federation on combating corruption.¹

Compared to 2024, the total amount of funds from the sale of confiscated shares and other financial instruments decreased by more than 30% due to a 3.4-fold decrease in revenues from the sale of shares and other financial instruments obtained through corruption offenses. In contrast, revenues from the sale of shares and other financial instruments, excluding those obtained through corruption offenses, increased by more than 1.5 times, while revenues from the sale of confiscated fixed assets and inventories increased by 3.6 times.

Taking these revenues into account, the total federal budget property revenues from non-renewable sources amounted approximately to Rb102.4 bn. The sale of shares, along with other financial instruments, clearly dominates the structure of these revenues (82.3% versus 86.6% the year before). The share of revenues from other sources, however, is becoming insignificant: property sales account for 14.6% (9.6% in 2024), and land sales account for 3% (3.8% in 2024).

As a result, the total volume of federal budget revenues from privatization (sale) and use of state property in 2025 (*Table 6*) increased by 36.3% compared to the previous year (up to Rb671.6 bn), turning out to be comparable to the 2016 level (excluding funds received from the sale of Rosneft shares).

In the structure of total revenues from privatization (sales) and use of state property, after a two-year break, the share has again shifted in favor of the latter. The share of revenues from privatization (sales) has more than halved (to 15.3%), although it still significantly exceeds the 2023 level (10.3%).

The share of revenues from the use of state property increased to almost 85%. In absolute terms, they were second only to the 2022 peak (excluding 2016, when the Rosneft share sale took place, the proceeds from which went to the federal budget in terms of Rosneftegaz dividends). The absolute value of revenues from privatization and property sales was lower not only in the previous year, 2024, but also in 2011, although it exceeded the 2012 results (excluding funds received by the Central Bank of the Russian Federation from the sale of Sberbank shares).

1. It is noteworthy that a broader definition was used for their implementation in budget reporting. It includes not only property obtained through corruption (as in the case of shares and other financial instruments), but also property for which no evidence of acquisition with legitimate income was provided.

Table 6

**Structure of federal budget revenues of property nature
from various sources in 2000–2025**

Year	Total income from privatization (sale) and use of state property		Income from privatization and sale of property (non-renewable sources)		Income from the use of public property (renewable sources)	
	Million rubles	% of total	Million rubles	% of total	Million rubles	% of total
2000	50 412.3	100.0	27 167.8	53.9	23 244.5	46.1
2001	39 549.8	100.0	10 307.9	26.1	29 241.9	73.9
2002	46 811.3	100.0	10 448.9	22.3	36 362.4	77.7
2003	135 338.7	100.0	94 077.6	69.5	41 261.1	30.5
2004	120 798.0	100.0	70 548.1	58.4	50 249.9	41.6
2005	97 357.4	100.0	41 254.2	42.4	56 103.2	57.6
2006	93 899.8	100.0	24 726.4	26.3	69 173.4	73.7
2007	105 761.25	100.0	25 429.4	24.0	80 331.85	76.0
2008	88 661.7	100.0	12 395.0	14.0	76 266.7	86.0
2009	36 393.7	100.0	4 544.1	12.5	31 849.6	87.5
2010	88 406.4	100.0	18 677.6	21.1	69 728.8	78.9
2011	240 964.1	100.0	136 660.1	56.7	104 304.0	43.3
2012	309 943.2/ 469 243.2 ^a	100.0	80 978.7/ 240 278.7 ^a	26.1/ 51.2 ^a	228 964.5	73.9/ 48.8 ^a
2013	209 114.85	100.0	55 288.6	26.4	153 826.25	73.6
2014	282 325.95	100.0	41 155.35	14.6	241 170.6	85.4
2015	303 975.2	100.0	18 604.1	6.1	285 371.1	93.9
2016	1 363 193.85/ 670 798.85 ^b	100.0	416 470.5	30.6/ 62.1 ^b	946 723.35/ 254 328.35	69.4/ 37.9 ^b
2017	297 074.9	100.0	21 906.7	7.4	275 168.2	92.6
2018	361 648.13	100.0	28 252.0	7.8	333 396.13	92.2
2019	486 103.55	100.0	20 129.3	4.1	465 974.25	95.9
2020	479 725.95	100.0	27 961.5	5.8	451 764.45	94.2
2021	384 868.85	100.0	20 234.05	5.3	364 634.8	94.7
2022	798 625.3	100.0	20 636.0	2.6	777 989.3	97.4
2023	416 790.55	100.0	43 090.6	10.3	373 699.95	89.7
2024	492 607.4	100.0	151 057.1	30.7	341 550.3	69.3
2025	67 1635.65	100.0	102 412.2	15.25	569 223.45	84.75

^a Taking into account the funds received by the Central Bank of the Russian Federation from the sale of Sberbank shares (Rb159.3 bn), this may slightly overstate the total share of non-renewable sources, as these funds were not fully credited to the budget, but were allocated after deducting their book value and the amount of expenses associated with the sale of these shares. Accordingly, the share of renewable sources is likely somewhat understated.

^b Excluding funds received from the sale of Rosneft shares (Rb692.395 bn) (less interim dividend payments).

Sources: Laws on the execution of the federal budget for 2000–2014, Reports on the execution of the federal budget as of January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019, January 1, 2020, January 1, 2021, January 1, 2022, January 1, 2023, January 1, 2024, January 1, 2025 (annual), Report on the execution of the federal budget as of January 1, 2026 (monthly). URL: <http://roskazna.gov.ru>, own calculations.

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The situation in the property sector last year was impacted by the continued trends of the past several years. The forecast plan (program) for the privatization of federal property, supplemented by certain assets transferred to state ownership following legal proceedings in 2022–2025, has not been the primary instrument of privatization policy for the second year running. Less than one-fifth of all shares (stakes) in business entities within its framework were sold, with no transactions under individual schemes (Section I of the PPP). The remaining sales were carried out through separate government decisions.

The total number of shares (stakes) sold has decreased by more than 40% compared to 2024, while still exceeding annual figure from 2017 to 2023. The number of sold state-owned assets within the scope of the privatization program has decreased fourfold. However, taking into account the privatization of property not included in the projected privatization plan (according to the lists approved by the RF Ministry of Finance and the Federal Agency for State Property Management), it has decreased only slightly (by less than 3%).

The parameters of the current version of the privatization program, which emerged after the latest one-year extension of the start and end dates, differ from the previous forecast plan in terms of the decreased number of unitary enterprises and business entities included, while data on other treasury assets is unavailable. The possibility of privatizing the largest companies holding leading positions in their respective industries, based on separate decisions of the President of the Russian Federation and the Government of the Russian Federation, remains unmentioned.

Amendments to the basic privatization law introduce additional differentiation of property based on its market value to allow for privatization without inclusion in the forecast privatization plan (program). Instead of the previous uniform threshold (up to Rb100 mn), it is now established that if the value of the property to be privatized does not exceed Rb50 mn, the list is approved by the authorized federal executive body (FEB). If this amount is exceeded, it is approved by the federal executive body (FEB) responsible for developing public policy and implementing legal regulations in the sphere of privatization of state and municipal property, i.e., the Ministry of Finance of the Russian Federation, which has held this position since the spring of 2020. Actually, this means that Rosimushchestvo is empowered to independently make decisions on the privatization of state-owned assets worth up to Rb50 mn, normally low-liquid assets.

The buyer's freedom to fulfill any conditions during an auction sale is limited by the possibility of encumbering the state or municipal property for sale with restrictions stipulated by the privatization law and/or other federal laws, and/or a public easement. The rules governing the new privatization method introduced in 2024 — sale at the minimum permissible price — have been expanded.

A new impetus to the privatization process could be given by the President's Executive Order issued this fall, which limits the timeframe for evaluating federal property for sale and allows for shorter periods of state registration, accounting and transfer of titles to such property in cases stipulated by the Executive Order of the President of the Russian Federation. The scope of these provisions is not yet entirely clear, with the exception of transferring the functions of the seller of such property to PJSC Bank PSB, and this marks an attempt to revive the practice of involving legal entities in privatization, which used to be in place before 2022–2023.

When comparing the figures for June 2024 and May 2025, the number of economic entities in federal ownership decreased: a decline of 7.4% and 4.3% for FSUEs and economic entities with Russian Federation participation in the capital, respectively. Regarding the latter, it is noteworthy that this occurred after a considerable expansion of the government's presence in the corporate sector in 2023–2024, and their number by the end of spring 2025 corresponded to the level of late autumn 2021. An analysis of the federal portfolio shows that the total share of companies in which the state, as a shareholder, could exercise full corporate control decreased slightly, exceeding 70% (versus 3/4 the previous year). There was a significant increase (5.5 p.p.) in the share of companies with minority (less than 25% of capital) state-owned stakes, the absolute number of which increased by 23.5% over the year. The shifts observed in relation to full and minority stakes contradict the trends of recent years toward an increase in the share of the former and a decrease in the latter.

In 2025, the pattern of legal proceedings seen in recent years continued, resulting in the transfer of assets of a number of companies to the state. Compared to 2023–2024, when litigation primarily affected large and medium-sized industrial companies across various sectors, a shift toward infrastructure and logistics can be observed. The decision to return Domodedovo Airport assets to federal ownership, only to sell them to another owner just over six months later, is indicative. A similar situation arose with the removal of Bashkir Soda Company, a controlling stake in which was acquired by Roskhim Holding, from the list of strategic organizations. Another change to the list of strategic organizations involved lowering the threshold for state corporate control at JSC "DOM.RF", which paved the way for a successful additional share issue amounting to approximately 10% of the authorized capital.

The practice of temporary management was widely used in relation to the assets of a number of foreign companies. Over the course of the year, the total number of legal entities included in the relevant list, including securities (shares) and stakes in the authorized (share) capital of Russian legal entities, increased slightly, exceeding 40. However, a certain rotation was observed within the list. Its addition was primarily owing to the assets of the French chemical company Air Liquide, while removal was due to the assets of the GMS Group (manufacturer of equipment

for the oil and gas industry and the provision of related services). Unlike the two previous years, when Rosimushchestvo acted as temporary manager in most cases, for the assets included in the list in 2025 this role was primarily assigned to various business entities.

Some legal innovations have emerged regarding the management of economic entities in the public sector.

Amendments to the law on unitary enterprises change the regulation of financial transactions conducted by federal unitary enterprises of strategic importance to the defense-industrial complex (DIC) and the security of the Russian Federation, as well as by business entities under their direct or indirect control. The powers and prerogatives of the Government of the Russian Federation have been expanded, while the role of the Central Bank of the Russian Federation has been reduced, and its role is now limited to guaranteeing the continuity of operations of troubled banks if they conduct financial transactions for these business entities.

The Regulation on the terms of remuneration of top officials of state corporations (SC), state-owned companies and business entities whose shares are owned by the Russian Federation, after amendments to its title, also touches upon issues of incentives for the top management of JSCs with federal shareholdings, without affecting SC and state-owned companies.

Substantive adjustments consist of changes to the document's conceptual framework. Most notably, the introduction of the concept of a "long-term incentive program" and the incentives received by a JSC management official under it, in terms of the right to acquire JSC shares and/or the right to enter into an option agreement to acquire them. The exclusion of this type of incentive from payments related to participation in management bodies and other paid work, as well as the annual maximum possible total personal compensation, not only means an increase in potential management income, but also creates the preconditions for future privatization in their favor.

In the structure of federal budget revenues from privatization (sale) and use of state property in 2025, as in the previous year, revenues from renewable sources predominated. Their share increased to almost 85%, compared to less than 70% in 2024. Dividends transferred to the budget continued to account for the bulk of property revenues, increasing by 1.7 times, second only to the 2022 level. Revenues from virtually all other renewable sources also increased, although the same cannot be said for revenues from privatization and property sales.

The largest declines were in revenue from the standard sale of shares (interests) of business entities (3.7 times) and from the sale of shares and other financial instruments obtained through corruption offenses (3.4 times). At the same time, revenue from the sale of shares and other financial instruments, excluding those obtained through corruption offenses, increased by more than 1.5 times, which partially offset the decline in revenues from other non-renewable sources.

5.2. Russia in key international institutions¹

Interaction within the multilateral institutional system in 2025 was characterized by two trends. On the one hand, international organizations continued to weaken due to growing contradictions and tensions between leading members and increasing distrust in the diplomatic potential of negotiating platforms. The most striking example of the failure of multilateral efforts as a result of contradictions between members² and US pressure on participants in the extraordinary session of the International Maritime Organization's Environmental Protection Committee (IMO)³ was the failure to agree on framework rules for the International Convention for the Prevention of Pollution from Ships, including a new fuel standard for the gradual reduction of greenhouse gas emissions and a corresponding global pricing mechanism.⁴ Although many countries, including Russia and Saudi Arabia, are not interested in the forced approval of new rules, it was precisely the use of threats and blackmail against sovereign states that determined the decision to postpone the negotiations, which significantly undermined confidence in multilateral diplomacy.⁵

On the other hand, despite the politicization of a number of economic and financial institutions, including the International Monetary Fund (IMF) and the World Bank, and the crisis of legitimacy of international organizations, solving common problems requires the establishment of pragmatic multilateral cooperation. Russia and its partners continue their efforts to reform the international monetary and financial system (IMFS), the World Trade Organization (WTO), and the United Nations (UN), to create instruments of cooperation to protect against new threats, and to develop and agree on rules for the digital economy and artificial intelligence (AI). Thus, in October 2025, the UN Convention against Cybercrime was signed.⁶

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 2. Extraordinary IMO MEPC meeting fails to adopt Net-Zero Framework. URL: <https://www.cimac.com/news-press/news/extraordinary-imo-mepc-meeting-fails-to-adopt-net-zero-framework.html>
 3. Trump Officials Accused of Bullying Tactics to Kill a Climate Measure. URL: <https://www.nytimes.com/2025/11/06/climate/trump-climate-international-bullying.html>
 4. IMO approves net-zero regulations for global shipping. URL: <https://www.imo.org/en/mediacentre/pressbriefings/pages/imo-approves-netzero-regulations.aspx>
 5. US Climate Deal: 'Bully-Boy' Tactics Accusations. URL: <https://time.news/us-climate-deal-bully-boy-tactics-accusations/>
 6. The convention was developed and agreed upon as a result of cooperation on an initiative put forward by Russia in 2019 to develop a universal international treaty on combating the use of information and communication technologies (ICT) for criminal purposes.

At the 80th session of the UN General Assembly (GA), a Global Dialogue on AI Governance was established.¹ The expansion and deepening of BRICS cooperation continued.

5.2.1. BRICS

In 2025, BRICS members demonstrated their commitment to the decisions agreed upon in Kazan. BRICS countries fulfilled 83% of the key commitments of the 2024 summit, exceeding the average fulfillment rate of 77% (2011–2023). Indonesia's accession completed the expansion process. The meeting of leaders in Rio de Janeiro, comprising 10 members² and 11 partner countries,³ confirmed the growing importance of the alliance, its ability to ensure continuity of decisions and to act collectively despite differences in interests. The leaders agreed on 164 specific decisions, which were reflected in the text of the declaration “Strengthening Global South Cooperation for More Inclusive and Sustainable Governance,” adopted the Statement on Global AI Governance and the Framework Declaration on Climate Finance, and launched the BRICS Partnership on Socially Determined Morbidity. At the invitation of the Brazilian presidency, the summit meetings in the “BRICS Plus” and “BRICS Outreach” formats were attended by heads of state and government of the Global South and East⁴ and the African Union, heads of the secretariats of the UN, the World Health Organization (WHO) and the WTO, and the leadership of multilateral banks.⁵ Russia views increasing the representativeness of BRICS as a factor in strengthening its influence on the processes of reforming the global governance system, creating the foundations for a new model of governance, and ensuring sustainable development and inclusive growth.⁶

The final documents reflect the consolidated positions of the chairmanship, Russia, and BRICS partners on common priorities, including the tasks of ensuring peace, security, and international stability. The growing understanding among BRICS members of the root causes of the crisis in Ukraine, support for initiatives aimed at a peaceful political settlement, including the Chinese, Brazilian, and African peace initiatives, and the partners' condemnation of attacks on civilian infrastructure in the Russian Federation are all positive developments.

1. Speech by Russian Deputy Foreign Minister S.V. Vershinin at the inaugural session of the Global Dialogue on Artificial Intelligence. URL: https://www.mid.ru/ru/foreign_policy/news/2049021/

2. Brazil, Russia, India, China, South Africa, Egypt, Iran, UAE, Ethiopia, Indonesia.

3. Belarus, Bolivia, Kazakhstan, Cuba, Nigeria, Malaysia, Saudi Arabia, Thailand, Vietnam, Uganda, Uzbekistan.

4. Chile, Colombia, Mexico, Kenya, Nigeria, Turkey, Palestine.

5. New Development Bank (NDB), Asian Infrastructure Investment Bank (AIIB), Latin American Development Bank (CAF).

6. Speech and answers to questions from the media by Russian Foreign Minister Sergey Lavrov following the BRICS summit. URL: https://www.mid.ru/ru/foreign_policy/news/2034668/

Although the document issued by finance ministers and central bank governors on their vision for reforming IMF quotas and governance does not contain any new specific proposals on the quota calculation formula, it is important to confirm the aspects of the Fund's governance changes that are significant for all BRICS countries: quotas should be the main source of IMF borrowing resources; their share in the Fund's total resources should be increased; quota shares should be reviewed as part of the 17th General Review; the share of basic votes in the total number of votes should be increased to enhance the influence of low-income countries in decision-making processes; priority should be given to revising the quota calculation formula based on GDP at purchasing power parity; The archaic “gentlemen’s agreement” on the appointment of European and US leaders to the IMF and World Bank, respectively, needs to be revised.

The BRICS countries have expressed their support for the development of a UN Framework Convention on International Tax Cooperation aimed at creating a fair international system for the exercise of sovereign tax rights by states. In doing so, they supported the long-standing demand of developing countries, which consider the processes of coordinating approaches to the redistribution of tax rights in relation to the profits of the largest TNCs and the introduction of a minimum tax rate within the framework of the OECD's Inclusive Program and the G20's Base Erosion and Profit Shifting (BEPS) initiative. However, it is unlikely that there will be a real shift in influence over international taxation rules to the UN platform. This is especially true given that many BRICS members and partners — Brazil, Indonesia, Thailand (as part of their roadmaps for joining the OECD), India, South Africa, China, Saudi Arabia, the UAE, and Egypt — have joined the BEPS instruments and are implementing measures to implement them.

Overall, the implementation of the IMFS transformation tasks, which remain a priority for BRICS, is not straightforward, even in terms of cooperation between countries. It is difficult to imagine that the US President Donald Trump's threats to impose 100% tariffs (in October 2024)¹ and then 10% tariffs on BRICS countries (on the eve of the summit)² had any impact on them, but the 2025 documents do not record any significant progress on the decisions of the Kazan summit. Discussions are continuing on the creation of a voluntary BRICS Cross-Border Payments Initiative, an independent cross-border settlement and depository infrastructure (BRICS Clear), an independent reinsurance mechanism, and a new investment platform based on the infrastructure of the New Development Bank (NDB). The proposal to create a multilateral guarantee mechanism (based on the experience

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1. Trump threatens 100% tariff on the BRIC bloc of nations if they act to undermine U.S. dollar. URL: <https://www.cnbc.com/2024/11/30/trump-threatens-100percent-tariff-on-the-bric-bloc-of-nations-if-they-act-to-undermine-us-dollar.html>
 2. BRICS tariff to be applied only if they adopt policies deemed ‘anti-American’, source says. URL: <https://www.reuters.com/world/china/brics-tariff-be-applied-only-if-they-adopt-policies-deemed-anti-american-source-2025-07-07/>

of the World Bank's Multilateral Investment Guarantee Agency) based on the NDB to stimulate private investment in sustainable infrastructure has been accepted and is to be implemented on a pilot basis by the end of 2025¹ and may contribute to the creation of an investment platform. The full and IMF-independent functioning of the Contingent Reserve Arrangement has been postponed again due to the revision of the existing rules and the Arrangement Agreement with a view to including new BRICS countries and expanding the use of national currencies.² Despite the difficult course of institutional transformations, it is important for Russia that the process is still ongoing and that the share of national currencies in settlements between BRICS countries is de facto growing. Thus, in 2024, the share of the ruble and currencies of friendly countries in Russia's settlements with other BRICS countries amounted to 90%.³

On trade issues, the BRICS countries emphasize their unchanged common position on the incompatibility of "indiscriminate tariff increases and non-tariff measures or protectionism under the guise of environmental goals" with WTO norms and the needs of sustainable development and support for an open, transparent, non-discriminatory and consensus-based multilateral trading system with the WTO as its foundation, providing for special and differential treatment (SDT) for developing country members.⁴ The statement on SDT is particularly important in the context of China's announcement that it will not seek new special and differential treatment in the current WTO negotiations.⁵

Amid attempts by developed countries to impose measures of forced decarbonisation and a complete abandonment of hydrocarbons on all states, the following are important for Russia a balanced approach by BRICS to the policy of transition to a low-carbon economy, based on the fundamental principle of common but differentiated responsibilities; objective understanding of the essential role of fossil fuels in the global energy balance, especially for developing countries and emerging market economies; the priority of achieving all Sustainable Development Goals (SDG) in a balanced manner, including improving energy access and security (SDG 7), ensuring economic growth and quality employment (SDG 8), building sustainable infrastructure and industry (SDG 9), reducing inequality (SDG 10), etc. Cooperation within the framework of their own instruments and research plat-

1. Guidelines on the BRICS Multilateral Guarantees (BMG). URL: https://brics.br/en/documents/economy-finance-trade-and-infrastructure/2506_guidelines_bmg.pdf/@download/file

2. 2025 BRICS Summit: Takeaways and Projections. URL: <https://www.stimson.org/2025/2025-brics-summit-takeaways-and-projections/>

3. Speech at the main plenary session of the 17th BRICS Summit. URL: <http://www.kremlin.ru/events/president/news/77373>

4. Rio de Janeiro Declaration. URL: <http://static.kremlin.ru/media/events/files/ru/gvTArkWauqwuryk-9xzLt3Huul7EBmqRC.pdf>

5. Address by Chinese Premier Li Qiang at the High-Level Meeting on the Global Development Initiative. URL: https://www.fmprc.gov.cn/eng/xw/zyjh/202509/t20250924_11715922.html

forms (BRICS Laboratories on Trade, Climate and Sustainable Development (2025) and BRICS Climate Research Platform (2024)) and reliance on common documents such as the Memorandum of Understanding on the BRICS Partnership on Carbon Markets (2024) and the BRICS Principles for Fair, Inclusive and Transparent Carbon Reporting on Products and Equipment (2025).

An unconditional achievement in 2025 was the agreement on a common approach and four guiding principles for building global governance in the field of AI, including: (1) multilateralism, legal regulation, and digital sovereignty; (2) fair competition and fair and transparent market regulation in accordance with national legal norms and applicable international agreements; (3) fairness and sustainable development; (4) ethical, reliable, and responsible AI. For each of these principles, areas for collective action have been identified with a view to building fair and inclusive AI governance that should contribute to reducing the risks of inequality associated with the concentration of AI in the hands of a limited number of individuals and the creation of new forms of technological dependence, and accelerating economic growth and addressing priority socio-economic challenges, especially in emerging market economies and developing countries.¹

Following the second year of work by the expanded BRICS, it can be said that skeptical predictions about the loss of integrity, influence, and ability of BRICS to agree on specific decisions have not come true. BRICS decisions reflect solidarity on key issues while recognizing the diversity of the association's members' priorities and make a significant contribution to the implementation of Russia's foreign policy and socio-economic development goals.

5.2.2. G20

South Africa's presidency of the G20 in 2025 completed a full cycle of G20 work and four years of presidencies by developing countries — Indonesia (2022), India (2023), and Brazil (2024). Emphasizing its mission as a representative of Africa and the Global South, South Africa announced ambitious cooperation priorities that reflect the challenges facing the continent and developing countries as a whole. As a fundamental task, the South African leadership proposed a paradigm shift in economic policy to address inequality and achieve the SDGs. Russia supported the setting of tasks to overcome inequality at the center of economic policy. Moreover, in 2013, Russia initiated this approach in the G20. During Russia's presidency of the G20, a decision was agreed for the first time to strive not only for strong, sustainable, and balanced growth, but also to establish a model of growth that prioritizes the well-being of individuals and the reduction of inequality within and between countries.

1. Statement by BRICS leaders on global governance in the field of artificial intelligence. URL: <http://static.kremlin.ru/media/events/files/ru/n1eGkN9xVCOWXIAGekbAlJOLApDGIXEq.pdf>

The other three priorities put forward by South Africa are also designed to help solve fundamental development problems, including reducing the debt burden of low-income countries, ensuring sustainable financing for a just energy transition, and using critical minerals for inclusive growth and sustainable development. With the G20's full cycle of work coming to an end, South Africa has initiated a review of the G20's activities, an assessment of the implementation of decisions, and an evaluation of the G20's ability to coordinate policy in the future.

Almost at the very beginning of South Africa's chairmanship, the US President Donald Trump announced a boycott of South Africa's program by the US under the pretext of the discriminatory policies of South Africa's white minority population. US representatives did not participate in the preparation of documents or events. At various stages of the US delegation's non-participation, various claims were made against South Africa, including on the subject matter and content of the proposed documents and the approval procedures. The US boycott and, in particular, the de facto paralysis of the "troika" (a mechanism for continuity within the Group of 20, based on close coordination between the three presidencies) did not prevent South Africa from organizing more than 130 events and agreeing on the final text of the declaration. Given the US's intention, announced on the eve of the summit, to participate at the level of a diplomatic mission representative and its demand to reject the declaration due to the lack of US approval, the decision by South African President C. Ramaphosa to hold the summit without the US and adopt the declaration on the basis of consensus among those present was evidence of the growing independence of South Africa and the countries of the African continent, confirming the shift in the balance of power in the global economy and the viability of the G20 (despite the decline in the group's level of participation and transformational potential).¹

It is important for Russia to further reduce the level of geopolitical rhetoric and return economic issues to the focus of the G20's. The declaration reflects both the common position of member countries that peace is a prerequisite for sustainable development and their intention to work "guided by the purposes and principles of the Charter of the United Nations in its entirety ... for the sake of a just, comprehensive, and lasting peace in Sudan, the Democratic Republic of Congo, the occupied Palestinian territory, Ukraine, as well as the resolution of other conflicts and wars on the planet".²

No progress is expected on IMFS reform and debt sustainability. The G20 has once again confirmed its support for quota redistribution and IMF governance reform, increasing the resources and effectiveness of multilateral development banks

1. For various reasons, Russian President Vladimir Putin, Chinese President Xi Jinping, Mexican President Claudia Sheinbaum, Saudi Crown Prince Mohammed bin Salman, Indonesian President Prabowo Subianto, and Argentine President Javier Milei did not attend the summit.

2. Declaration of the Leaders of the G20 South Africa Summit. URL: <http://static.kremlin.ru/media/events/files/ru/Gl3ZrtkLksIPIKY2w2CDsPdJRMSCPyzs.doc>

(MDBs) based on the MDB Capital Adequacy Assessment Framework, and implementing the G20 Common Principles for debt resolution after the completion of the Debt Service Suspension Initiative for low-income countries (although it took five years for Chad, Zambia, Ghana, and Ethiopia to be granted debt resolution terms under the Common Principles). No new decisions on eliminating or alleviating debt vulnerability have been formulated, although the risks of high capital costs and systemic debt crises to sustainable development and economic growth are emphasized at all levels and tracks of the G20.

The G20 devoted considerable attention to issues such as unilateral trade measures, improving the effectiveness of the WTO, and constructive cooperation to modernize trade rules in agriculture, development, and the relationship between climate and trade. On forest-related issues, the G20 adopted a specific decision to “refrain from discriminatory ‘green’ economic policies in accordance with WTO rules and multilateral environmental agreements,” which is in Russia’s interests, given the role of forests in its low greenhouse gas emissions socio-economic development strategy.

Given the priority of ensuring fairness in the transition to low-carbon energy, industry, and the economy as a whole, approaches reflecting Russia’s interests were established. In particular, the principles according to which “energy security remains the foundation of national sovereignty, economic development, stability, and global prosperity”,¹ all transitions must be technologically neutral, taking into account national circumstances and goals for ensuring socio-economic development. The flexibility of the wording was an obvious compromise between developed countries, which are still not ready to commit to increasing climate finance to \$1.3 trillion by 2035, while actively using measures to support the decarbonization of their economies and protectionist measures to combat climate change, and developing countries insisting on technological and financial support for the implementation of nationally determined contributions by developing countries² and the principle of common but differentiated responsibilities. In terms of assessing the policies of developed countries, the declaration’s stated intention to work to minimize the negative consequences of sustainable industrial policy in accordance with international rights and obligations, including WTO rules, is significant.³

The results of South Africa’s initiatives have been rather modest. They have mainly been reflected in voluntary framework documents and reports confirming the significance of the issues and the need for coordinated action.

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1. Declaration of the Leaders of the G20 South Africa Summit. URL: <http://static.kremlin.ru/media/events/files/ru/Gl3ZrtkLkslPIKY2w2CDsPdJmSCPyzs.doc>
 2. Estimated at \$5.8–5.9 trillion in the period up to 2030. See: URL: https://unfccc.int/sites/default/files/resource/COP30%20Action%20Agenda_Final%20Report.docx.pdf
 3. Declaration of the Leaders of the South African G20 Summit. URL: <http://static.kremlin.ru/media/events/files/ru/Gl3ZrtkLkslPIKY2w2CDsPdJmSCPyzs.doc>

The G20 High-Level Principles on Sustainable Industrial Policy for Inclusive Economic Growth, Industrialization, Employment, and Equality postulate the importance of sustainable industrial policy for economic diversification and support for sustainable growth that provides economic benefits for all countries, the need for fair competition and coordinated policies that link industrialization, decent job creation, social protection, and respect for workers' rights. This is a thesis that Russia formulated as a priority in the G20 back in 2013.

The G20 Framework on Critical Minerals aims to attract investment in geological exploration, promote mineral processing at the point of extraction, and improve governance to ensure the sustainability of mining activities while respecting the sovereignty of countries. The Framework's principles on sustainable management are essentially similar to the Principles for Responsible Supply Chains of Critical Minerals¹ adopted by the members of the Partnership for Mineral Security established by the G7. Russia fully supports the noble goals of the Framework: expanding exploration for critical minerals; promoting diversification of mineral sources, routes, markets, processing locations, and supply chains; increasing the level of localized value added and processing in developing countries rich in minerals; and introducing reliable, non-discriminatory and applicable standards related to economic, social and environmental aspects, in accordance with national approaches. The document can serve as a basis for further concrete initiatives.

The Report of the Committee of Independent Experts on Global Inequality, chaired by Nobel Prize-winning economist Professor Joseph Stiglitz, contains an analysis of the causes and extent of inequality and recommendations for policies to reduce inequality, including through the development and adoption of new international rules limiting the influence of corporations; new models of trade cooperation and strategies for sustainable industrial development; macroeconomic policies aimed at ensuring equality; measures to radically transform the governance and policies of international financial institutions (IFIs), and to restructure the architecture of lending and liquidity support.² The report "Debt and Development: Opportunities for a New Partnership for Africa"³ includes a proposal to launch a new G20 initiative on refinancing for low-income countries, revising international rules and agreements, including rules on international trade, taxation, competition, and IFI governance.³ However, the recommendations set out in the report were not reflected in the text of the declaration on overcoming inequality and a new phase of partnership between the G20 and Africa (2025–2030).

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1. Minerals Security Partnership Principles for Responsible Critical Mineral Supply Chains. URL: <https://www.state.gov/wp-content/uploads/2023/02/MSP-Principles-for-Responsible-Critical-Mineral-Supply-Chains-Accessible.pdf>
 2. Report by G20 Extraordinary Committee of Independent Experts on Global Inequality. URL: https://www.gov.za/sites/default/files/gcis_document/202511/g20-global-inequality-report-full-and-summary.pdf
 3. Growth, Debt and Development: Opportunities for a New African Partnership. URL: https://www.g20.utoronto.ca/2025/FINAL-AEP_Report_Individual_Pages_v251115.pdf

Nevertheless, South Africa's presidency marked another step toward strengthening the influence of the world's majority countries in the Group of 20¹ and moving toward a new balance. As a result of the summit, 163 specific commitments were agreed upon, although no breakthrough decisions or landmark initiatives were adopted. The decisions of the G20 summit in Rio de Janeiro have been implemented at an unprecedentedly high level — 88% — compared to an average of 77% over all years of observation. The absence of the US did not spell the end of the G20 or multilateralism.² The next two years of US (2026) and UK (2027) presidencies will test the G20's ability to act “on the basis of consensus and with the equal participation of all members ... in accordance with international commitments.” There is an increased risk of the troika failing, the G20 losing its potential as a forum for cooperation between the world's leading economies, and its fragmentation into groups (BRICS, G7, IBSA (India—Brazil—South Africa)). Given the specifics of its presidency in 2026, Russia will continue to advocate for the depoliticization of the G20 and its focus on economic growth, sustainable development, energy security and accessibility, reform of global economic governance, and the development of rules for the digital economy.

5.2.3. United Nations Organization (UN)

Sustainable development goals (SDG)

In 2025, the UN continued its work to coordinate efforts in the field of sustainable development. The annual meeting of the High-Level Political Forum (HLPF) was devoted to promoting sustainable, inclusive, science-based solutions for the 2030 Agenda and its Sustainable Development Goals.³ Participants heard reports from the UN Secretary-General on the progress of the SDG,⁴ on promoting scientific methods and innovation for the implementation of the SDG,⁵ and on the long-term consequences of achieving the SDG.⁶

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1. Johannesburg G20 summit: advancing amidst anxiety. URL: <https://www.gatewayhouse.in/johannesburg-g20-summit-advancing-amidst-anxiety/>
 2. Canada PM Carney says world can move on without US, stresses new ties. URL: <https://www.straitstimes.com/world/canada-pm-carney-says-world-can-move-on-without-us-stresses-new-ties>
 3. High-level Political Forum on Sustainable Development (HLPF). 2025. URL: <https://globalcompact.ru/events/announcements/politicheskiy-forum-vysokogo-urovnya-po-ustoychivomu-razvitiyupfvu-2025-/>
 4. Progress towards the Sustainable Development Goals. Report of the Secretary-General. URL: https://docs.un.org/ru/a/80/81&i=A/80/81_1748035261784
 5. Promoting sustainable, inclusive, science-based and evidence-based solutions for the implementation of the 2030 Agenda for Sustainable Development and the achievement of its Sustainable Development Goals. URL: <https://docs.un.org/ru/e/2025/69>
 6. Long-term implications for achieving the Sustainable Development Goals. Report of the Secretary-General. URL: <https://docs.un.org/ru/E/2024/55>

To support developing economies, UN members pledged to “provide developing countries with more accessible, predictable, sustainable, and adequate financing.” Support was expressed for the provisions of the Doha Program of Action for the Least Developed Countries for the Decade 2022–2031, the Antigua and Barbuda Agenda for Small Island Developing States, and the Program of Action for Landlocked Developing Countries for the Decade 2024–2034. The need to strengthen measures to implement the African Union Agenda 2063, its second ten-year implementation plan, and the New Partnership for Africa’s Development program was also emphasized.

The funding gap needed to implement the SDG continues to grow (\$4 trillion per year in 2025). The HLPF declarations include both a commitment to close this gap and a call for increased international aid and expanded access to concessional financing. In July 2025, the Fourth Conference on Financing for Development agreed on the Sevilla Commitment, which contained plans to reform the global financial system, reform taxation, ease the debt burden, increase official development assistance (ODA), increase funding, and restructure financial institutions.¹

Following the HLPF, a Ministerial Declaration was adopted with a recommendation to “refrain from enacting and applying any unilateral economic, financial, and trade measures that are inconsistent with international law and the UN Charter.”² This recommendation is in line with the position of Russia and many other developing countries, in particular the Group of 77, on the inadmissibility of politically motivated unilateral measures.

As part of the Ministerial Declaration, specific steps were proposed during the forum to harness the potential of digital technologies. In particular, the “transformative potential of digital health technologies” was noted and the “need to take measures to ensure fairness and increase literacy in digital health issues” was recognized. The ministers drew attention to the importance of developing the digital skills of the population and creating tools and opportunities for their use in economic activity, including in the context of ensuring equality and overcoming the digital divide. However, the participants of the HLPF did not propose ways to systematically integrate new tasks and indicators into the current or future structure of the SDG. In the absence of specifics on tasks and accountability mechanisms, the ministers’ statements will not be reflected in national sustainable development strategies, financing plans (including against the backdrop of the expected further reduction in ODA in 2026)³ and, as a result, will not be implemented.

1. Sevilla Commitment Fourth International Conference on Financing for Development. URL: https://financing.desa.un.org/sites/default/files/2025-11/FFD4%20Outcome%20Booklet%20v5_EN_Digital%205.5x8.5.pdf

2. Ministerial Declaration at the high-level segment of the 2025 session of the Economic and Social Council 2025. URL: <https://docs.un.org/ru/E/HLPF/2025/L.1>

3. Cuts in official development assistance. URL: https://www.oecd.org/en/publications/cuts-in-official-development-assistance_8c530629-en/full-report.html

In 2025, there were no signs of serious work beginning on the formation of a forward-looking agenda for the period after 2030. To ensure that the new SDG cover all relevant topics, take into account current and future challenges and risks, and create incentives for integration into national planning, it is necessary to assess the reasons for the lag, identify cooperation issues, conceptualize and structure future goals, and agree on tasks and principles of cooperation. There are less than five years left to implement these measures.

UN Framework Convention on Climate Change (UNFCCC)

The 30th Conference of the Parties (COP30) to the UNFCCC in Belém in 2025, which the Brazilian presidency called the “Conference of the Parties on Implementation”,¹ was supposed to focus not so much on finding new solutions as on ways to implement those already adopted. Twenty-nine decisions were agreed on topics such as just transition, adaptation finance, trade, technology, and renewing the collective commitment to accelerate action to achieve the Paris Agreement goal.² However, deep divisions on financing, trade measures, ways to reduce emissions, and other aspects slowed progress in adopting these decisions.

Russia’s objectives in participating in the UNFCCC process are to ensure a balance between adaptation and emission reduction efforts, and to achieve a just transition to a low-carbon economy, in which decarbonization cannot be achieved at the expense of socio-economic development and growth. Russia advocates the principle of technology neutrality, whereby resources should be directed towards the entire spectrum of solutions: from renewable sources to nuclear energy and carbon capture technologies. Russia, like its BRICS partners, considers it unacceptable to introduce unilateral measures that hinder the achievement of climate goals and to revise agreements that have already been reached.³

By the end of COP30, 119 countries, accounting for 74% of global emissions, had submitted new commitments under the “nationally determined contributions” (NDC).⁴ The adopted targets demonstrated some progress in reducing emissions and mobilizing sectoral action, but collectively they provide less than 15% of the emissions reductions needed by 2035 to keep global temperature rise to 1.5°C.⁵ UN analy-

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1. COP30 approves Belém Package. URL: <https://cop30.br/en/news-about-cop30/cop30-approves-belem-package1>
 2. Outcomes of the Belém Climate Change Conference. URL: <https://unfccc.int/cop30/auvs>
 3. Kondratiev N. Russia has confirmed its commitment to the Paris Agreement. URL: https://www.vedomosti.ru/esg/climate/characters/2025/12/09/1161564-nikita-kondratiev-rossiya-podtverdila-priverzhennost-parizhskomu-soglasheniyu?from=copy_text
 4. NDC Tracker. URL: <https://www.climatewatchdata.org/ndc-tracker?ap3c=IGj4zqhXiHVaGgFAGj4zqhc5E0mgnXRbKfeAM9kCZGO3cIURg>
 5. Despite Some Progress, Countries’ New Climate Plans Largely Fall Short. URL: <https://www.wri.org/insights/assessing-2025-ndcs>

sis shows that even with the updated NDCs, the world is still on track for a 2.3–2.8°C warming, which is well above the temperature targets of the Paris Agreement.¹

Significant progress has been made in the area of climate change adaptation. The Mutirão Decision (Global Mutirão Decision) called for a threefold increase in adaptation funding by 2035.² This goal helps maintain pressure on developed countries to increase their support. However, it does not mention a specific baseline and does not correspond to the desired level that developing countries insisted on in Belém, nor does it ensure the adoption of urgent measures to protect communities, economies, and ecosystems from climate change. Also, following COP30, a set of 59 indicators was adopted to assess progress on adaptation in seven sectors, such as water supply, agriculture, and health, as well as the adaptation policy planning process, including financing, capacity building, and technology transfer.³ At the same time, this set includes some indicators that are impossible to measure and are thematically incomplete, which creates technical problems for real monitoring and data collection.

An agreement was reached on developing a just transition mechanism aimed at strengthening international cooperation, technical assistance, capacity building, and knowledge sharing.⁴ Decision COP 30 confirmed that a just transition should be based on an approach that encompasses the whole of society and the entire economy, including emissions reduction, adaptation, the consequences of natural disasters, and financing. There is a clear focus on domestic aspects of fairness, while cross-border aspects (the impact of unilateral trade measures and industrial policy) are not given due attention, which is likely the result of pressure from developed countries.

In the context of the WTO crisis, the UNFCCC is gradually becoming the central forum for discussing the impact of climate-related trade measures. At the beginning of COP30, some developing countries insisted on including such trade policy measures in the official agenda for discussion. Although the adopted agenda did not reflect this request, the Mutirão decision, which was a central element of the COP30 outcome, mentioned trade and climate dialogues. The outcome document reaffirmed that countries should cooperate to create a favorable and open international economic trading system that complements efforts to combat climate change. Over the next three years, dialogues will be held during the intersessional meetings of the UNFCCC. These dialogues will involve the WTO and other international economic organizations, which will examine issues at the intersection of trade and climate, and a report will be prepared in 2028 based on the results.

1. Emissions Gap Report 2025. URL: <https://www.unep.org/resources/emissions-gap-report-2025>

2. Global Mutirão. URL: https://unfccc.int/sites/default/files/resource/cma2025_L24_adv.pdf

3. Beyond the Headlines: COP30's Outcomes and Disappointments. URL: <https://www.wri.org/insights/cop30-outcomes-next-steps>

4. COP30 approves Belém Package. URL: <https://cop30.br/en/news-about-cop30/cop30-approves-belem-package1>

The failure to adopt a resolution on phasing out hydrocarbons was a significant setback for Russia. Eighty-eight countries supported the development of a roadmap for phasing out fossil fuels, insisting that this goal be enshrined in the Mutirão resolution so that discussions could continue over the next year.¹ However, the final text did not reflect these calls and did not contain any wording on phasing out fossil fuels.

Thus, COP30, chaired by Brazil, can be considered generally successful for Russia, as decisions were made on fundamental issues (just transition, adaptation, inadmissibility of unilateral trade measures). At the same time, however, no decisions were made that demonize hydrocarbons and establish a complete rejection of them as a common goal and commitment. The Conference of the Parties once again highlights the growing contradictions between developed and developing countries, especially on issues of financing, including adaptation efforts, technology transfer, and unilateral trade measures.

Global Dialogue on AI Governance

One of the key trends of 2025 was increased competition for influence over the emerging rules and mechanisms for AI governance. In 2025, the UN launched the process of establishing global AI governance through the Global Digital Treaty (GDT) adopted in 2024. The first stage involved determining the modality and agreeing on the scope of authority of collective bodies (the Global Dialogue (GD) on AI Governance and the Independent International Scientific Panel (IISP) on AI) by the time they began their work at the 80th session of the UN General Assembly.

It was initially suggested that the DG and IISP on AI would prepare a consolidated draft resolution on AI governance by 2027 for adoption at the 82nd session of the UN General Assembly in 2027. The draft document should include agreed approaches to key AI governance issues, including: the social, economic, ethical, cultural, and linguistic implications of AI use; interoperability and comparability of approaches to AI governance; transparency, accountability, and reliability of human oversight of AI systems in accordance with international law; the development of open source software, open data, and open AI models.

The nature, scope of tasks, powers of the co-chairs' mandate, and expected outcome of the Global Dialogue have become subjects of disagreement. This is due to the fact that Western countries, including Western NGOs and technology corporations, play a leading role in negotiations on AI governance at the UN. The opportunities for participation and influence of representatives of developing countries are significantly lower than those of developed countries and their technology companies. Despite the commitments made in the GDT to govern AI in accordance

1. COP 30 Outcome: What it means and what's next. URL: <https://www.iisd.org/articles/insight/cop-30-outcome-what-it-means-and-whats-next>

with the public interest for the benefit of countries and communities,¹ the processes of establishing AI governance carry the risk that the emerging ecosystem of international AI governance will cement the overwhelming influence of Western-centric structures (OECD, Global Partnership on Artificial Intelligence (GPAI), G7, Council of Europe, national and regional initiatives). Following consultations, the mandate of the Global Dialogue has been significantly reduced. General Assembly Resolution 79/325 stipulated that “the co-chairs of the Dialogue shall conduct intergovernmental consultations to develop a common understanding of priority issues of AI governance in an international format.” This is a significant change from the drafts that provided for intergovernmental negotiations and the preparation of a GA resolution approving a declaration “reflecting a common understanding of priority areas for international AI regulation.” At the 80th session of the UN General Assembly on September 25, 2025, the first meeting of the General Debate was held with an approved mandate for consultations. Nevertheless, the risks of dominant influence by Western countries and corporations remain high.

The fact that Russia distanced itself from the consensus on the GDT does not prevent it from participating in the intergovernmental process, including consultations between the GD and the IISP on AI. It is important to ensure that an influential Russian representative is appointed to the first 40-member NMN, elected for a three-year term, as this period will be the most significant in the process of developing draft proposals on AI governance. Continuous substantive work is needed in the IISP and in the process of preparing Global Dialogue meetings and documents. It is advisable to ensure coordination on substantive issues with partners in BRICS, SCO, and ASEAN. It would be useful to assess the prospects and advantages of implementing China’s proposal to establish a World AI Cooperation Organization.²

International Information Security (IIS)

In July 2025, the second mandate of the Open-ended Working Group (OWG) on Security in the Use of Information and Communication Technologies (ICT) and ICT Themselves, established in accordance with the UN General Assembly resolution of January 4, 2021, came to an end.³ According to the final report,⁴ one of the key decisions was to agree on the mandate of the Global Mechanism on ISA. The new body will begin work in 2026 and will address the same issues as the OWG, focusing on developing practical solutions. The mechanism will have two thematic working

1. Task 5 of the GCD.

2. Statement by Chinese Premier Li Qiang at the General Debate of the 80th Session of the United Nations General Assembly. URL: https://gadebate.un.org/sites/default/files/gastatements/80/cn_en.pdf

3. Achievements in the field of informatization and telecommunications in the context of international security. URL: <https://docs.un.org/ru/A/RES/75/240>

4. Draft Final Report. URL: [https://docs-library.unoda.org/Open-Ended_Working_Group_on_Information_and_Communication_Technologies_-__\(2021\)/Letter_from_OEWG_Chair_10_July_2025.pdf](https://docs-library.unoda.org/Open-Ended_Working_Group_on_Information_and_Communication_Technologies_-__(2021)/Letter_from_OEWG_Chair_10_July_2025.pdf)

groups: a general cross-sectoral group and a group on capacity building for developing countries in the regulation of the ICT environment. Plenary meetings are planned to be held twice a year. Organizations with consultative status with the United Nations Economic and Social Council (ECOSOC) may be accredited to participate in the work of the Global Mechanism. Other organizations may also be accredited, provided there are no objections from participating states. This is in line with Russia's policy of seeking to maintain the leading position of states in negotiations.

In July 2025, the second mandate of the Open-ended Working Group (OEWG) on Security in the Use of Information and Communication Technologies (ICT) and ICT Themselves, established in accordance with the UN General Assembly resolution of January 4, 2021, came to an end. According to the final report, one of the key decisions was the agreement on the mandate of the Global Mechanism on ISA. The new body will begin work in 2026 and will address the same issues as the OEWG, focusing on the development of practical solutions. The mechanism will have two thematic working groups: a general cross-sectoral group and a group on capacity building for developing countries in the regulation of the ICT environment. Plenary meetings are planned to be held twice a year. Organizations with consultative status with the United Nations Economic and Social Council (ECOSOC) may be accredited to participate in the work of the Global Mechanism. Other organizations may also be accredited, provided there are no objections from participating states. This is in line with Russia's policy of seeking to maintain the leading position of states in the negotiations.

During the negotiations, Russia's BRICS partners demonstrated a fairly high level of commonality in their stated positions, but there were also some differences. The BRICS countries showed the greatest solidarity in discussing the problems of developing the potential of developing countries and measures to build trust. All BRICS countries supported Russia's proposal to create a register of contact points to facilitate international information exchange. Differences emerged in positions on the applicability of international law in the ICT environment. For example, Brazil, Indonesia, and the African countries that are members of BRICS spoke in favor of the full and comprehensive application of IL in the ICT environment, which correlates with the position of Western countries, while Russia, India, and Iran called for preliminary resolution of the issue of qualifying the use of ICT as a means of attack. China took a compromise position on this issue and pointed to the priority of protecting state sovereignty, without denying the possibility of regulating the digital environment based on existing international law norms. As a result, the issue of the applicability of international law in the ICT environment remained on the agenda for future negotiations. On the format of the negotiations on the IIS, the BRICS countries differed in their views on the possibility and modalities of including non-state actors in the negotiation process. Countries such as Egypt and Indonesia actively advocated for the permanent involvement of a wide range of stakeholders in the development and adoption of decisions, while Russia, Chi-

na, and Iran, which sought to preserve the principle of priority for intergovernmental cooperation and consensus-based decision-making, which could be hindered by expanding the membership of the negotiations.

Amid ongoing international confrontation, the adoption of the final report by the OEWG and the decision to launch a permanent negotiation mechanism are significant achievements. However, the complexity of the institutional structure of the negotiating platform creates risks of excessive bureaucratization of the process and duplication of the agenda between tracks. In addition, contradictions in the positions of key participants in the negotiations are likely to persist in the foreseeable future, resulting in a low estimated probability of agreeing on the practical solutions expected from the format.

5.2.4. International Monetary Fund (IMF)

In 2025, Russia continued to fulfill its financial obligations and contribute to the formation of IMF credit resources, although restrictions remained on our country's interaction with the Fund in terms of the use of its resources, consultations, and expertise. Nevertheless, the Russian authorities still consider it necessary to maintain dialogue in a multilateral format and support the IMF's priorities, which are in line with the interests of the majority of countries in the world.¹

Russia's position implies the need for the IMF to take action in two main areas. The first involves improving the effectiveness of bilateral and multilateral surveillance and further refining lending instruments. In the area of surveillance and economic policy recommendations, the Fund should focus on maintaining financial and fiscal stability, including through the mobilization of countries' domestic resources. Russian representatives pay particular attention to the development of a more coordinated and accessible Global Financial Safety Net, since more than half of the world's countries have access to only one element of this network—the IMF. The fragmentation of the network, including inequality in access to loans and swap lines, undermines the legitimacy of the IMF.

The second area relates to the need to ensure the stability of the international financial system amid the rapid development of digital technologies. Given that the scale of digital transformation goes beyond national jurisdictions, Russian financial authorities believe that the IMF should take on a coordinating role in managing the changes taking place,² confirming the position that the existing global

1. Written statement by Russian Finance Minister Anton Siluanov at the 52nd Plenary Meeting of the IMF. URL: https://minfin.gov.ru/ru/press-center/?id_4=39980-pismennoe_zayavlenie_ministra_finansov_rossiiskoi_federatsii_upravlyayushchego_ot_rossiiskoi_federatsii_v_mvfd_a.g._siluanova_na_52-m_plenarnom_zasedanii_mvfd_16-17-oktyabrya_2025_g._vashington

2. Ibid.

economic governance system needs to be transformed without radical changes, supplementing rather than replacing traditional institutions.

However, progress in these areas in 2025 was insignificant. A key unresolved issue remains the extremely slow implementation of IMF capital and governance reforms, including increasing the quota and voting shares of underrepresented members and revising the quota calculation formula. The proposal adopted in 2023 as part of the 16th General Review of Quotas to increase them by 50% in proportion to current values (i.e., without redistribution from developed countries to countries most in need of financing) has not yet entered into force.¹ The decision to redistribute quota shares among countries, which was postponed to the 17th Quota Review and has more significant consequences, continues to be discussed, with the deadline for formulating the relevant principles once again postponed from June 2025² to spring 2026.³

Despite the IMF's claims of "success in addressing debt problems",⁴ there were no significant changes in its policy in this area in 2025. There are also no concrete results from the Global Sovereign Debt Roundtable (GSDR), a multilateral forum for discussing debt burden issues.⁵

The implementation of reforms of the Poverty Reduction and Growth Trust (PRGT), aimed at ensuring its self-sustaining lending capacity, is being delayed. As part of the reforms, IMF member countries have committed to providing guarantees amounting to approximately \$8.5 bn, but as of October 2025, less than half of the agreed amount had been allocated.⁶

The IMF's financing terms for the poorest countries are not becoming more favorable. Thus, on May 1, 2025, a new interest rate mechanism for new loans under the PRGT came into effect. Outstanding loans approved before that date, as well as new payments under existing agreements, still have a zero interest rate. However, when concluding new loan agreements, zero interest rates are set only for the poorest countries that are PRGT borrowers (approximately half of all states), while the rest will receive financing at preferential, but still non-zero rates.⁷

Thus, in the interaction between Russia and the IMF, long-term problems of bilateral interaction and lack of progress in implementing reforms that are in the interests of partner countries remain. Western countries continue to attempt to poli-

1. Resilience in a World of Uncertainty. URL: <https://www.imf.org/en/news/articles/2025/10/17/sp101725-resilience-in-a-world-of-uncertainty>

2. Chair's Statement: Forty-Eighth Meeting of the IMFC. URL: <https://www.imf.org/en/News/Articles/2023/10/14/pr23353-chairs-statement-forty-eighth-meeting-of-the-imfc>

3. Chair's Statement Fifty-Second Meeting of the IMFC. URL: <https://www.imf.org/en/news/articles/2025/10/17/pr25348-imfc-chairs-statement-fifty-second-meeting-of-the-imfc>

4. Ibid.

5. Global Sovereign Debt Roundtable. URL: <https://www.imf.org/en/about/faq/gsd-roundtable>

6. Resilience in a World of Uncertainty. URL: <https://www.imf.org/en/news/articles/2025/10/17/sp101725-resilience-in-a-world-of-uncertainty>

7. IMF Lending. URL: <https://www.imf.org/en/about/factsheets/imf-lending>

timize the Fund's activities, including in the context of financial support for Ukraine. In November 2025, IMF staff and the Ukrainian authorities reached an agreement on macroeconomic and structural measures that could be supported under a new 48-month Extended Fund Facility (EFF) agreement worth \$8.1 bn.¹

5.2.5. Multilateral Development Banks (MDBs)

The nature of Russia's interaction with the MDB in 2025 did not change fundamentally. Since 2022, the activities of the World Bank Group (WBG) institutions in Russia have been frozen, and since 2014, there has been a moratorium on their new projects in Russia. The World Bank's expert and analytical work in Russia, including within the framework of the Financial Sector Assessment Program and the publication of reports on the Russian economy, has been completely suspended.

There has been no progress in implementing the reforms of the WBG's share capital, voting rights, and governance promoted by Russia in the interests of the world's majority of states. A review of the share capital structure of the International Bank for Reconstruction and Development (IBRD), conducted once every five years, was planned for 2025, but as of December 2025, no specific decisions have been made within its framework, and further consultations are expected at the IMF and GBR meetings in the spring of 2026.² There are doubts that the review will ultimately lead to a significant redistribution of share capital and votes, since previous reviews have not resulted in any significant changes, even for significantly underrepresented countries.³

Other multilateral banks in which Russia is a shareholder have also continued to effectively suspend their activities in the country. These include, in particular, the European Bank for Reconstruction and Development (EBRD). At the same time, the EBRD's management is inclined to take a politicized view of the geopolitical situation in the world, and support for Ukraine is declared as one of its priorities. Over the past four years, more than \$8 billion has been allocated for these purposes.⁴

The issue of resuming cooperation with formally friendly multilateral development banks remains unresolved. Against the backdrop of sanctions risks, the Asi-

1. IMF and Ukrainian authorities reach Staff-Level Agreement on a new US\$8.1 billion 48-month Extended Fund Facility (EFF) Arrangement. URL: <https://www.imf.org/en/news/articles/2025/11/26/pr-25399-ukraine-agreement-on-new-us-8-point-1-bil-48mo-eff-arrangement>

2. 2025 Shareholding Review. Progress Report to Governors for the 2025 Annual Meetings. URL: https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2025/Final_DC2025-0005.pdf

3. 2020 Shareholding Review: Concluding Report to Governors at the Annual Meetings 2021. URL: <https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/mgr/DC2021-0008%20Final%20Shareholding%20paper.pdf>

4. The EBRD in Ukraine. URL: <https://www.ebrd.com/home/what-we-do/where-we-invest/ukraine.html>

an Infrastructure Investment Bank (AIIB) canceled one of the approved Russian project and suspended another.¹ The same situation arose with the New Development Bank (NDB) projects. Nevertheless, cooperation with the NDB and AIIB continues actively outside the scope of investment cooperation. In June 2025, Russian President, Vladimir Putin, met with the NDB President Dilma Rousseff. They emphasized common priorities, including “expanding the possibility of settlements in national currencies and efforts to create a digital platform for settlements and investments.”² Russia is interested in the rapid integration of new members into the NDB’s activities and the accession of new states, viewing the bank as the main international development institution for the countries of the Global South and the basis for the formation of a New Investment Platform for global growth. Work in these areas is continuing. In 2025, Algeria became a full member of the NDB, and the Board of Governors approved the accession of Ethiopia, Colombia, and Uzbekistan. Of the projects approved over 10 years, worth \$42 billion, more than a quarter are financed in national currencies, and this share is gradually increasing.³ Bonds in national currencies are actively used to attract financing. Thus, the total volume of the NDB panda bonds (debt securities denominated in Chinese currency) issued as of December 2025 amounted to 78.5 billion yuan (about \$11 bn).⁴ Russian Finance Minister, Anton Siluanov, has been elected chairman of the bank’s Board of Governors for the next year, and Russia will host the 11th annual NDB meeting in 2026.⁵

After Russia’s share in the paid-up capital decreased in 2023, the Eurasian Development Bank (EDB) continued its activities in our country, although the share of Russian projects in its portfolio is constantly decreasing amid a lack of data on new investments. The latest available annual report of the EDB notes that “taking into account compliance with international standards and the Bank’s obligations to investors and counterparties, the share of Russian projects in the EDB’s balance sheet portfolio decreased from 41% at the end of 2021 to 11% at the end of 2024.” The reduction in activity was linked to the task of “preserving the EDB’s own financial and operational activities in the medium term,” i.e., in essence, minimizing

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1. Our Projects. URL: https://www.aiib.org/en/projects/list/year/All/member/Russian%20Federation/sector/All/financing_type/All/status/All
 2. Meeting with Dilma Rousseff, President of the New Development Bank. URL: <http://kremlin.ru/events/president/news/77205>
 3. Keynote Address by Vice President Roman Serov at the 22nd China International Finance Forum. URL: <https://www.ndb.int/news/keynote-address-by-vice-president-roman-serov-at-the-22nd-china-international-finance-forum/>
 4. New Development Bank successfully issued RMB 3 billion 3-year Panda Bond. URL: <https://www.ndb.int/news/new-development-bank-successfully-issued-rmb-3-billion-3-year-panda-bond/>
 5. New Development Bank’s Board of Governors Convened its 10th Annual Meeting in Rio de Janeiro. URL: <https://www.ndb.int/news/new-development-banks-board-of-governors-convened-its-10th-annual-meeting-in-rio-de-janeiro/>

the risks of sanctions.¹ As of early 2025, the EDB's current portfolio in Russia had shrunk to \$722 million (13 projects)² compared to \$1.48 billion (22 projects) a year earlier.³

Thus, the geopolitical situation has greatly complicated the implementation of joint initiatives between Russia and the major MDBs, although Russia continues to faithfully fulfill its obligations to international financial institutions. Beyond investment projects, cooperation continues with those IBRs where Russia and friendly states play a key role. It includes expert and analytical work, promoting initiatives to expand the use of national currencies, better accounting for the needs of borrowers, and other areas of reform of the international monetary and financial system to address common challenges.

5.2.6. World Health Organization (WHO)

The main event of 2025 on the international health agenda was the 78th session of the WHO, held on May 19–27 in Geneva. The most important outcome of the session was the agreement on the Pandemic Preparedness and Response Agreement after three years of negotiations. The agreement will be available for signature and ratification by UN members after the development and agreement of the System for Access to Pathogens and Benefit-Sharing (DPSV) and its approval as an annex to the Agreement by the Assembly in 2026.⁴

The Intergovernmental Working Group (IGWG) was tasked with initiating preparations for the establishment of a Pandemic Prevention, Preparedness, and Response Financing Coordination Mechanism and a Global Supply and Logistics Network with the aim of “expanding, simplifying, and ensuring equitable, timely, rapid access to safe and affordable medical countermeasures against pandemics.”

Russia was among the 11 countries that abstained from voting on the draft resolution. Russia's position is based on concerns about restrictions on the sovereignty of signatory countries in the process of implementing WHO powers and the lack of specific mechanisms for implementing the Agreement.⁵ In its statement explaining its vote, Russia emphasized that “the Russian Federation is organizing its work

1. Annual Report of the Management Board of the Eurasian Development Bank – 2024. URL: <https://eabr.org/upload/iblock/f86/GO2024-publicnaya-versiya.pdf>

2. Ibid.

3. Annual Report of the Board of Directors of the Eurasian Development Bank – 2023. URL: https://eabr.org/upload/iblock/a8b/EDB_Annual_Report_2023_RU_web_2024_06_18.cleaned.pdf

4. World Health Assembly adopts historic Pandemic Agreement. URL: <https://www.who.int/ru/news/item/20-05-2025-world-health-assembly-adopts-historic-pandemic-agreement-to-make-the-world-more-equitable-and-safer-from-future-pandemics>

5. Pandemic agreement: more questions than answers. URL: <https://dfnc.ru/c106-technika/pandemicheskoe-soglashenie-voprosov-bolshe-chem-otvetov/>

in the field of responding to health emergencies based on the interests of the Russian people, priorities in the field of public health protection, and national rules, norms, and standards.”¹

The second important outcome of the 78th session of the WHO was the adoption of the Organization’s Program Budget for 2026–2027, which provides for a 20% increase in mandatory contributions. This increase will provide an additional \$90 million in annual funding for WHO activities.² Back in 2022, an agreement was reached to gradually increase the share of mandatory contributions from 16% to 50% of the WHO budget. This step is important in terms of increasing the predictability of the Organization’s funding and reducing its dependence on targeted voluntary contributions, especially in the context of the withdrawal of the United States from the WHO, which provided 12–15% of its funding in 2022–2023.³

5.2.7. Shanghai Cooperation Organization (SCO)

The 2025 anniversary of the SCO was marked by landmark decisions (including the decision to establish the SCO Development Bank), new initiatives (including the creation of the SCO Single Transport Space, the Regional Center for Critical Materials, the E-Commerce Cooperation Program, and the establishment of the SCO Export Credit and Investment Mechanism) and the personal participation of the heads of the 10 SCO member states in the 25th summit chaired by Chinese President Xi Jinping. In the context of many multilateral meetings of leaders being held in incomplete composition or online, the personal participation of all the leaders of the 10 member states in the Tianjin summit⁴ and the 10 partner states⁵ in the “SCO Plus” meeting testifies to the importance they attach to the organization. It is no coincidence that it was at the SCO summit that Xi Jinping put forward China’s new initiative on global governance.⁶

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1. Comment by the Permanent Mission of Russia to the UN Office in Geneva on the adoption of the WHO Pandemic Agreement. URL: https://geneva.mid.ru/ru/vystupleniya_i_zayavleniya/o_prinyatii_soglasheniya_voz_po_borbe_s_pandemiyami/
 2. WHO Director-General: At the historic session of the World Health Organization, Member States reaffirmed their support for the Organization and global health. URL: <https://www.who.int/ru/news/item/30-05-2025-who-director-general--member-states-reaffirm-commitment-to-who-and-global-health-at-historic-world-health-assembly>
 3. United States of America, WHO, 2024. URL: <https://www.who.int/about/funding/contributors/usa>
 4. Belarus, India, Iran, Kazakhstan, China, Kyrgyzstan, Pakistan, Russia, Tajikistan, Uzbekistan.
 5. At the meeting, it was decided to combine the statuses of “observer” and “dialogue partner” into a single status of “SCO partner.” The SCO Plus meeting was attended by partner countries: Azerbaijan, Armenia, Cambodia, the Maldives, Myanmar, Mongolia, Nepal, Turkey, Egypt, and representatives of guest countries: Turkmenistan, Indonesia, Laos (which received partner status), Malaysia, and Vietnam, as well as heads of executive bodies of the UN, SCO, CIS, ASEAN, CSTO, ECO, CSTO, EEC, and AIIIB.
 6. Concept Paper on the Global Governance Initiative. URL: https://www.mfa.gov.cn/eng/xw/wjbxw/202509/t20250901_11699912.html

As chair of the SCO Council of Heads of Government in 2025, Russia coordinated work on the government track, focusing on practical measures to deepen trade, economic, investment, and financial cooperation, including expanding transport corridor infrastructure; creating an independent financial infrastructure; developing innovative agriculture; strengthening technological sovereignty; and deepening industrial cooperation.

The key decisions of the heads of state are reflected in the Tianjin Declaration and a number of statements on issues of priority for the SCO Plus countries and the region as a whole, including statements on strengthening cooperation in the digital economy; strengthening scientific, technological, and innovative cooperation; deepening international cooperation in the field of artificial intelligence; cooperation in the field of green industry; supporting the multilateral trading system; and sustainable energy development. The summit approved the “SCO Development Strategy until 2035” and the “Roadmap for the Implementation of the Strategy for Energy Cooperation among SCO Member States for the Period until 2030.”

The SCO agenda has consistently focused on decisions to ensure security and counter traditional and new threats, terrorism, separatism, and extremism. The leaders of the participating countries adopted the Program of Cooperation in Countering Extremist Ideology in the SCO Space for 2026–2030, signed the Agreement on the Universal Center for Countering Challenges and Threats to the Security of SCO Member States and the Agreement on the SCO Anti-Drug Center. The centres are planned to be established in Tashkent and Dushanbe, respectively. Thus, the institutionalisation of security cooperation continued.

On issues of economic cooperation, SCO members emphasized their readiness to contribute to improving the architecture of global economic governance, including reform of the IMF and WTO; the inadmissibility of unilateral coercive economic measures that contravene the UN Charter and WTO rules, undermine international security, undermine fair competition, and hinder the achievement of the SDGs.

All member states reaffirmed their support for Russia’s initiative to create a Greater Eurasian Partnership (GEP) and expressed their readiness to develop dialogue between the SCO, the EAEU, ASEAN, and other interested states and multilateral associations. Despite a slight warming of relations between China and India (Indian Prime Minister N.Modi met with Xi Jinping in person for the first time in a long time), all members except India expressed their support for China’s Belt and Road Initiative (BRI) and its alignment with the development of the EAEU.

After more than 15 years of discussions, a decision was made to establish a SCO Development Bank and to intensify consultations on its functioning. The key objective of the new institution is to help reduce the SCO members’ dependence on Western financial infrastructure and develop trade between countries. Experts believe that, as in BRICS, one of the Bank’s immediate tasks will be to synchronize exi-

sting national payment systems with each other. On Russia's initiative, the Council of Heads of Government has established an Expert Group on Improving Financial Infrastructure, which is tasked with developing a set of measures to increase the share of national currencies in mutual settlements, including, obviously, the parameters of the SCO Development Bank's activities.

Following the conclusion of the summit of heads of state, the chairmanship of the SCO passed to the Kyrgyz Republic. It will be held under the slogan "25 years of the SCO: together towards sustainable peace, development, and prosperity." The President of the Kyrgyz Republic, S. Zhaparov, identified ensuring long-term stability and security and realizing the potential for economic cooperation, including accelerating the establishment of the SCO Development Bank and decisions on the creation of a SCO emergency assistance fund/mechanism, as the most important issues. A significant step in building a unified digital space and strengthening technological potential could be the implementation of the Kyrgyz Republic's proposal to develop data centers and create regional high-performance computing capabilities. The implementation of the SCO's intention to form in the region "an economic space of equal and mutually beneficial cooperation, ensuring the effective functioning of markets, supply chains, settlement and payment operations, transport corridors, logistics routes, flows of investments, goods, services, and technologies"¹ will be an important step towards building the BEP.

5.2.8. Eurasian Economic Union (EAEU)

In 2025, the EAEU continued its cooperation in key areas of integration. One of the long-awaited decisions was the signing on December 22 of a roadmap for implementing the Eurasian Economic Path declaration. It provides for the development of a separate plan for cooperation in the field of AI for 2026–2030, including issues of legal protection of intellectual property. There are plans to eliminate bottlenecks in the infrastructure on key routes (East-West and North-South) and to switch completely to electronic transport documents. The emphasis is on industrial cooperation, innovative collaboration, and ensuring food and energy security.²

An important event was the adoption of the decision "On the Strategic Program for the Scientific and Technological Development of the Eurasian Econo-

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1. Joint communiqué following the 24th meeting of the Council of Heads of Government (Prime Ministers) of the Member States of the Shanghai Cooperation Organization. URL: <http://government.ru/news/56977/>
 2. A five-year roadmap for the development of economic processes within the EAEU has been approved. URL: <https://eec.eaeunion.org/news/utverzhdjena-dorozhnaya-karta-po-razvitiyu-ekonomicheskikh-protssosov-v-ramkakh-eaes-na-pyat-let/>

mic Union for the Long Term Framework”.¹ The program focuses on digital transformation, biotechnology, space research, new materials, AI, and the creation of common platforms and centers of competence. It is expected to intensify joint research, support cooperation between scientific organizations and businesses, establish common standards, develop venture financing, and create common infrastructures.

In 2025, new measures were implemented in the EAEU to form a common financial market, an independent payment infrastructure, and ensure stable settlements between enterprises. Work was also carried out to develop commodity exchange trading and create price indicators for key mutual trade commodities in national currencies. Recommendations were approved on harmonizing the legislation of the Union countries in the field of securities and insurance markets.² A multi-level (differentiated) approach to harmonizing legislation in the financial sector was agreed upon. Harmonized regulatory requirements will apply only to those financial market participants that provide services throughout the EAEU. For participants operating only within the territory of one state, the requirements established by national legislation will remain in force.³

In 2025, one of the priorities of the EAEU was the development of integration in the agro-industrial complex. A decision was made to establish a supranational mechanism to support cooperation in the agro-industrial complex. A list of joint research and development projects in the agro-industrial complex for 2026–2030 was approved.⁴ These are important steps towards developing the bioeconomy and ensuring food security. The members of the Union have taken decisions to develop integration in industry. The implementation of the Regulation on EAEU intergovernmental programs in industry creates conditions for the development and launch of innovative high-tech intergovernmental programs in the Union, bringing together enterprises and scientific teams from three or more member states.⁵

1. Long-term program for scientific and technical development of the EAEU approved. URL: <https://eec.eaeunion.org/news/utverzhdena-dolgosrochnaya-programma-nauchno-tekhnicheskogo-razvitiya-eaes/>

2. EAEU countries have approved recommendations on harmonizing legislation in the securities and insurance markets. URL: https://economy.gov.ru/material/news/strany_eaes_utverdili_rekomendacii_po_garmonizacii_zakonodatelstva_v_sfere_rynka_cennyh_bumag_i_strahovaniya.html

3. The formation of a common financial market within the EAEU was discussed in Moscow. URL: <https://eec.eaeunion.org/news/v-moskve-obsudili-formirovanie-obshchego-finansovogo-rynka-v-ramkakh-eaes/>

4. The EAEU has defined areas for joint research in the field of agriculture and forestry until 2030. URL: <https://eec.eaeunion.org/news/v-eaes-opredeleny-napravleniya-sovmestnykh-issledovaniy-v-sfere-apk-do-2030-goda/>

5. The heads of government of the EAEU countries supported the development of mechanisms for financing cooperation. URL: https://economy.gov.ru/material/news/glavy_pravitelstv_stran_eaes_podderzhali_razvitie_mehanizmov_finansirovaniya_kooperacii.html

Cooperation in the field of climate continued. As part of the implementation of the five-year plan for the development of the climate agenda, it is proposed to develop interstate standards in the field of carbon regulation, as well as agreed requirements for the accreditation of relevant validation and verification bodies. It is also important to take measures to prevent barriers caused by the climate regulation of member states, as well as to interact with third countries on climate issues in the field of trade.¹

The EAEU seeks to develop economic ties with key international partners. Among the main areas of the Union's international activities for 2026 are minimizing the negative impact of global challenges on the economies of member states; developing dialogue on climate issues; and positioning the Union internationally as a pole of economic attraction.² The EAEU will continue to coordinate efforts to jointly develop the transport, logistics, and digital infrastructure of international transport corridors, including in the East-West and North-South directions.³

In 2025, cooperation within the EAEU made progress on some areas of the agenda. However, it has not yet been possible to resolve the contradictions in order to complete the formation of single energy markets and sign an agreement on electronic commerce. The issue of a single data space and the regulation of data transfer within the Union has fallen off the agenda. Overcoming barriers in these areas should be a priority for cooperation in the coming years.

* * *

In 2025, Russia, in partnership with the leading countries of the global majority, reinforced the trend toward greater multilateralism in the system of international relations. However, the transformation of international institutions is proving difficult. The shift in the balance of power in the global economy is a significant but insufficient factor for the G7 members to abandon their hegemony in global economic governance. Russia, together with other new centers of influence, should focus its efforts not on reform, but on the formation of a new (if necessary, alternative) system of institutions and norms for managing the regional and global economy. Success in this process will be key to uniting the efforts of the Global South countries and creating a multilateral world order for the 21st century.

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1. The EEC will consider a five-year plan for the development of the climate agenda within the EAEU. URL: <https://ru.sputnik.kz/20250726/EEK-rassmotrit-pyatiletniy-plan-po-razvitiyu-klimaticheskoy-povestki-v-ramkakh-eaes-55968144.html?ysclid=mj8cb36lnm192850598>
 2. On the draft decision of the Supreme Eurasian Economic Council "On the Main Directions of International Activities of the Eurasian Economic Union for 2026." URL: <https://www.alta.ru/tamdoc/25r00142/>
 3. Ibid.

5.3. Russia's involvement in WTO trade disputes¹

5.3.1. The crisis of the multilateral trading system, Trump's tariff policy, reforms, and the future of the WTO

In 2025, the key trends in global trade will include.^{2, 3}

- Deepening digitalization and growth in trade in AI-related goods.
- Greening of trade and China's growing role in it.
- Shift in trade flows towards Global South.
- Fragmentation of supply chains amid growing imbalances.
- Increased protectionism and a rise in tariff and non-tariff barriers.
- Growth in global overcapacity, falling steel prices, and an increase in unfair practices, leading to retaliatory measures.
- The need to reform the multilateral trading system (WTO).

The 14th WTO Ministerial Conference is scheduled for March 2026 in Yaoundé, Cameroon. Discussions are proposed within the framework of three tracks: institutional issues, fairness and balance in world trade, and contemporary challenges.⁴ The main issues of WTO reform include:^{5, 6, 7, 8, 9, 10}

- 1) Fairness of future regulation as the main focus of negotiations.
- 2) The need for fundamentally new, socially oriented approaches.
- 3) Understanding of WTO provisions on national security. According to the US, the application of Article XXI ("Exceptions for Security Reasons") of GATT 1994 allows for the introduction of any measures that the initiator deems necessary to protect security interests.¹¹

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2. URL: <https://wto.ru/news/kruglyy-stol-sovremennye-trendy-razvitiya-mezhdunarodnoy-torgovli-segodnya-i-zavtra/>

3. URL: <https://wto.ru/our-blog/problema-izbytochnykh-moshchnostey-v-knr-elektromobili-i-reforma-vto/>

4. URL: <https://wto.ru/our-blog/budushchee-vto-i-interesy-rossii-prioritety-reformy/>

5. URL: <https://wto.ru/our-blog/para-slov-o-spravedlivosti-v-mezhdunarodnoy-torgovle/>

6. URL: <https://wto.ru/our-blog/budushchaya-mnogostoronnyaya-torgovaya-sistema-nam-po-puti-da-net/>

7. Ibid.

8. URL: <https://wto.ru/our-blog/obshchestvennyy-forum-vto-2025/>

9. URL: <https://wto.ru/our-blog/reforma-vto-na-perednem-plane-v-povestke-predstoyashchey-ministerskoy-konferentsii/>

10. URL: <https://wto.ru/our-blog/tramp-2-vyzovy-i-vozmozhnosti-dlya-vto/>

11. URL: <https://wto.ru/our-blog/budushchaya-mnogostoronnyaya-torgovaya-sistema-nam-po-puti-da-net/>

- 4) Reform of the Dispute Settlement Body (DSB, alternatives — Multilateral Provisional Appeal Arrangements (MPIA) and mediation). The DSB has been in crisis since 2019, when the US began systematically blocking the selection of members of the Appellate Body (AB). Although mediation is provided for in the WTO rules, it is used extremely rarely. WTO disputes are often too lengthy and politically sensitive. Mediation can be either part of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) or a third-party procedure. It allows the parties to focus on finding practical solutions to problems and resolving trade disputes, rather than assessing the measures under consideration for their compliance with WTO rules, unlike DSB.¹
- 5) Access for the most developed developing countries (Singapore or the Republic of Korea) to tariff and other preferences.
- 6) New rules for subsidies that would better distinguish between market-distorting support measures and reinforce beneficial ones.
- 7) Improved discipline in WTO members' compliance with transparency obligations, including notifications; the US has proposed a system for this.
- 8) Improved quality of administration and efficiency of the WTO Secretariat.
- 9) Reducing the growth of legal uncertainty, which leads to high losses for developed countries and even higher losses for developing countries.
- 10) Reforming negotiating instruments: multilateral, plurilateral (with a limited number of participants), etc.
- 11) Improving the effectiveness of the decision-making mechanism: currently, WTO members are increasingly using the inflexibility of the consensus rule to block decisions that are inconvenient for them.
- 12) Ensuring the relevance of WTO rules to modern conditions.
- 13) Discussion of alternatives to the WTO.
- 14) Lack of leadership: the US and the EU are losing ground, while China is gaining strength. Russia is developing bilateral trade and economic cooperation with many medium-sized countries, both developed and developing, although there are difficulties, including those related to the fact that since 2022, some countries have had clear political guidelines to avoid direct contact with the Russian delegation.²

An appellate body (AB) is needed to resolve about 70% of WTO trade disputes. When the US imposed additional tariffs, it violated WTO rules and regulations. At the same time, they blocked the work of the AB back in 2019, thereby preventing countries from making full use of the WTO trade dispute resolution mechanism, including the authorization to introduce retaliatory measures.³ Given its tariff policy, it is beneficial for the US that countries resolve conflicts in bilateral mee-

1. URL: <https://wto.ru/our-blog/mediatsiya-v-vto-ostorozhnyy-podkhod/>

2. URL: <https://wto.ru/our-blog/preodolenie-krizisa-liderstva-v-vto-rol-stran-sredney-vesovoy-kategorii/>

3. URL: <https://wto.ru/news/torgovlya-mezhdu-pravilami-i-ponyatiyami/>

tings rather than within the WTO.¹ Donald Trump takes a negative view of preferential trade agreements involving the US, such as those with Mexico and Canada (USMCA). The prospects for international trade largely depend on US decisions (reform or withdrawal from the WTO).²

5.3.2. Russia and the WTO dispute settlement mechanism

Russia joined the WTO on August 22, 2012, and since then has had access to the WTO dispute settlement mechanism in accordance with the DSU.³ The WTO dispute settlement procedure consists of five main sequential stages:⁴

- 1) *Bilateral consultations* (within 60 days of the request for consultations).
- 2) *Establishment of an arbitration panel (AP)* at the request of any disputing party and selection of members to consider the merits of the dispute (45 days from the date of submission of the request).
- 3) *Work of the AP* (6–9 months from the start of the arbitration panel's work) and acceptance of the AP report by the dispute settlement body (DSB) and DSB recommendations (approximately 60 days from the date of submission of the AG report).
- 4) *Consideration of the case by the appellate body (AB)* upon submission of an appeal by at least one of the parties (60–90 days from the date of submission), acceptance of the AB report by the DSB, and announcement of the DSB's recommendations to the parties (30 days from the date of submission of the AB report).
- 5) *Dispute Settlement Body* monitoring of the implementation of recommendations (no more than 15–18 months from the date of adoption of the Dispute Settlement Body report by the TG or AB).

According to data from the end of 2025, Russia had participated in 130 WTO disputes: in 9 as a plaintiff, in 11 as a defendant, and in 110 as a third party. In 2025, Russia initiated one dispute against the EU on cross-border carbon regulation (DS639) and joined four disputes as a third party (DS627, DS629, DS630, and DS636). Russia most often joins trade disputes initiated by the US (14% of WTO disputes in which Russia participates as a third party), the EU, China (13% each), Japan (8%), Indonesia (6%), and Canada (5%), as well as disputes against the US (25%), China (17%), the EU (15%), India (9%), Australia, Canada (5% each), and others. As a rule, Russia is the main party in WTO disputes with the EU, Ukraine, and the US.

1. URL: <https://wto.ru/news/mozhno-li-reanimirovat-vto/>

2. URL: <https://wto.ru/news/torgovlya-mezhdu-pravilami-i-ponyatiymi/>

3. URL: https://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm

4. URL: <https://www.iep.ru/ru/publikacii/publication/rossiyskaya-ekonomika-v-2021-godu-tendentsii-perspektivy-vypusk-43.html>

As a plaintiff, Russia is interested in anti-dumping investigations and measures, particularly in the metallurgical and chemical industries, as well as subsidies and countervailing measures. At the end of 2025, 56 anti-dumping measures, 6 countervailing measures, and 20 special safeguard measures were in force against Russia, and one countervailing, 11 anti-dumping, and 8 special safeguard investigations were conducted, mainly by the EU, the US, and Ukraine.¹ Countries file complaints against Russia regarding TBT,² SPS³ measures, anti-dumping measures, investment measures affecting trade, tariffs, transit restrictions, import substitution, and export restrictions.

Most of the disputes in which Russia has participated as a third party concern the metallurgical industry, agriculture and food, the automotive and aircraft manufacturing industries, the chemical industry, the woodworking industry, and renewable energy sources (RES). Particular attention is paid to disputes concerning protective measures (anti-dumping, countervailing and special protective measures) and subsidies. Cases involving trade and economic sanctions and national security exemptions are of particular interest. Russia's participation as a third party is linked not only to significant trade interests, but also to its practice of participating in specific disputes and its systemic interest in the application of WTO rules and regulations. Sometimes Russia takes a position similar to that of the respondent.

Changes in 2025 regarding WTO trade disputes in which Russia is involved as a plaintiff

DS639: The EU and its member states — Cross-border carbon regulation mechanism (Russia)

On May 12, 2025, Russia submitted a request to the DSB for consultations with the EU regarding the EU Carbon Border Adjustment Mechanism (package) and EU export subsidies under the greenhouse gas emissions trading scheme (DS639).⁴

In October 2003, the EU adopted Directive 2003/87/EC establishing the EU Emissions Trading Scheme (ETS). After the system was introduced, the EU stated that there was a risk of carbon leakage as a result of the scheme. According to the EU, carbon leakage occurs when EU-based companies move the production of EUTS-covered goods abroad or when EU goods are replaced by similar imports from third countries. In May 2023, the EU adopted Regulation 2023/956 ("Establishing a mechanism for carbon border adjustment"), designed to prevent the threat from imports to EU production, as well as the export of production from the EU. The package

1. URL: https://www.economy.gov.ru/material/directions/vneshneekonomicheskaya_deyatelnost/dostup_na_vneshnie_rynki_i_zashchitnye_mery/reestr_ogranich_mer/
2. Agreement on Technical Barriers to Trade (TBT).
3. Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).
4. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds639_e.htm

was adopted as a tool to preserve EU production and protect industries burdened by the CFC from imports. The CFC sets a limit on the total amount of greenhouse gas emissions that can be produced by installations covered by the system. This limit is expressed in emission allowances, with one allowance entitling the holder to emit 1 ton of CO₂ equivalent. Allowances are sold at auction, can be traded, or can be allocated for free. Where a sector or subsector is exposed to carbon leakage, each installation in that sector is allocated free allowances based on the export value of 100% of its baseline. Installations not included in this list will receive only 30% until 2026, with free allocation phased out by 2030.

Russia supports international efforts to combat climate change. Russia's request is for consultations on restrictive and discriminatory mechanisms created by the EU under the pretext of climate policy. The package is used as a tool to increase the EU's competitiveness and investment opportunities.

The EU is establishing a mechanism that, in particular, obliges the authorized declarant to purchase and surrender a certain number of certificates, which effectively introduces additional individual charges, similar to tariffs, on imports of certain goods into the EU from third countries. Among the goods covered by the package are cement, fertilizers, aluminum products, iron and steel, and products made from them. As a result, imports from these countries will attract new resources to the EU budget, effectively depriving the countries of origin of some of the financial resources needed to combat climate change domestically. In addition to import authorizations (authorized declarant) and certificates, the package includes requirements for monitoring, collecting, calculating, and reporting emissions (submitting a declaration), verifying embedded emissions, and accrediting verifiers. Economic operators face significant regulatory uncertainty. The package establishes significant trade barriers for goods imported into the EU that are subject to customs duties, including those originating in Russia, and restricts the right of third-country nationals to import goods subject to customs duties into the EU. Russia considers this measure to be a financial contribution by a government or public body that provides an advantage to certain sectors and subsectors that are considered to be at risk of carbon leakage in accordance with Article 1.1 ("Definition of a subsidy") of the Agreement on Subsidies and Countervailing Measures. In the complainant's view, this is a prohibited subsidy contingent on export performance. Russia considers the rules and requirements prescribed in the package to be incompatible with the EU's WTO obligations.

On May 22, 2025, the EU rejected Russia's request for consultations, stating that in the current extraordinary circumstances resulting from Russia's actions against Ukraine, consultations cannot be fruitful and lead to a mutually acceptable solution until Russia ceases its actions.

It is noted that the US may take a tougher stance on the Carbon Border Adjustment Mechanism (CBAM), as this package may be viewed by the US as a discriminatory measure that infringes on the interests of American companies. Such a posi-

tion would be beneficial to Russia and other countries that export energy-intensive products, which have consistently opposed the introduction of the Carbon Border Adjustment Mechanism (CBAM) at the WTO.¹

Changes in 2025 regarding WTO trade disputes in which Russia participates as a third party

In 2025, Russia joined four WTO trade disputes (DS627, DS629, DS630, and DS636) as a third party, bringing the total number of such disputes to 110. Russia is interested in disputes across a wide range of industries: metallurgy (25% of WTO disputes in which Russia has joined), agriculture (22%), mechanical engineering (10%), renewable energy (6%), the chemical industry (5%), the timber industry (4%), as well as certain commodities, tobacco (3% each), ICT goods, services, and intellectual property rights (2% each). Some of these disputes have already been resolved, and in a number of cases Russia has benefited (directly or indirectly) from its participation.

Most of the disputes to which Russia has joined as a third party are related to GATT 1994 (90%), which is traditional for the WTO trade dispute settlement mechanism. More than half of the complaints challenge domestic market protection measures (the Agreement on Subsidies and Countervailing Measures and the Agreement on Anti-Dumping (25% each), and the Agreement on Special Safeguard Measures (15%)). Russia is also interested in violations of the Agreement establishing the WTO (10%), the protocols on accession to the WTO (9%), the Agreement on Technical Barriers to Trade (TBT), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (8% each), the Agreement on Agriculture, the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), the Agreement on Trade-Related Investment Measures (TRIMS) (7% each), etc. (Fig. 1).

DS627: Canada—Measures on certain goods originating in China (China)

On September 6, 2024, China submitted a request to the DSB for consultations with Canada regarding measures on certain Chinese-made goods. Canada initiated measures, united by a policy and intention to protect Canadian workers and key sectors of the economy from imports from China:

- An additional duty (100%) on electric vehicles.
- An additional duty (25%) on steel and aluminum products.
- Additional taxes and/or tariffs on certain solar energy products, critical minerals, semiconductors, permanent magnets, and natural graphite.

1. URL: <https://wto.ru/our-blog/tramp-2-vyzovy-i-vozmozhnosti-dlya-vto/>

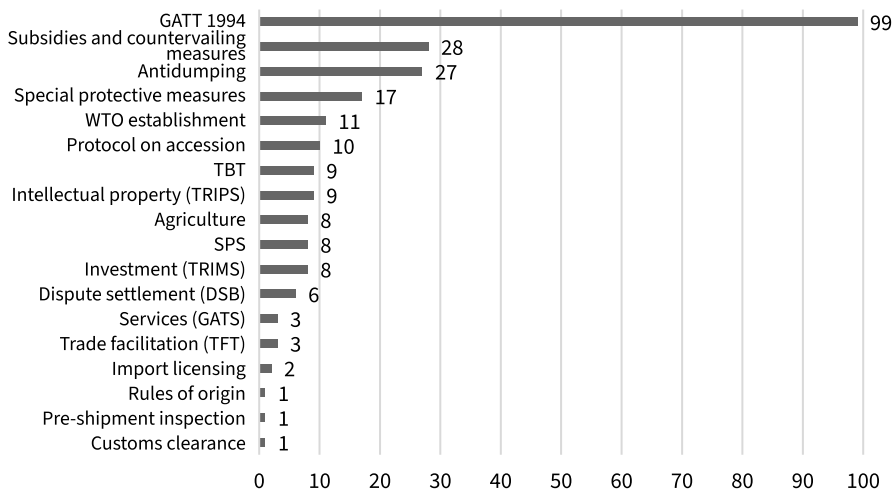


Fig. 1. Subject matter of WTO dispute agreements to which Russia has acceded as a third party, as of the end of 2025

Source: Own calculations on data from the official WTO website: https://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm

China considers these measures to be discriminatory against imports into Canada of goods and materials of Chinese origin. In particular, these measures are inconsistent with Canada’s obligations under Article II:1 (“Schedule of Concessions”) GATT 1994 to grant China most-favored-nation (MFN) treatment, i.e., treatment no less favorable than that provided for in Canada’s Schedule of Concessions and Commitments for the relevant goods and materials. With regard to electric vehicles, Canada’s import duty binding level is less than 100%, and therefore the application of a 100% duty is inconsistent with the respondent’s WTO obligations. The same applies to steel and aluminum products. The measures are inconsistent with Article I:1 (“General Most-Favored-Nation Treatment”) of GATT 1994, as they do not immediately and unconditionally grant goods originating in China the benefits that Canada grants to imports of like goods from other member countries.

On May 12, 2025, China requested the establishment of a TRB, which was established on June 23, 2025. On August 20, 2025, China and Canada agreed to arbitration proceedings under Article 25 (“Arbitration”) of the DSU in this dispute. The parties resorted to such procedures to enforce the MPIA.

Russia’s interest is due to the fact that Canada is an unfriendly jurisdiction that applies sanctions against Russia, including increasing customs duties. Russia is interested in examples of challenging the introduction of additional duties in circumvention of the WTO, including in emergency situations, on issues of national security.

DS629: Turkey—Measures on electric vehicles and other types of vehicles from China (China)

On October 8, 2024, China submitted a request to the WTO for consultations with Turkey regarding additional duties on imports of electric vehicles and other vehicles from China and the issuance of import permits (DS629).¹

Turkey is imposing additional duties of 40% on imports of Chinese electric vehicles and 40–50% on imports of other types of vehicles from China, which is higher than Turkey's bound level. These measures do not apply to imports of electric vehicles from other countries. Imports of electric vehicles and other types of vehicles originating in the EU and member countries with which Turkey has a free trade agreement are exempt from the requirement to obtain an import permit certificate.

China considers the import permit certificate scheme to be restrictive and discriminatory. It considers that the Turkish measures violate:

— Article I:1 (“General Most-Favored-Nation Treatment”) of GATT 1994, as Turkey does not immediately and unconditionally grant Chinese goods the same advantages as similar goods originating in other member countries.

— Article II:1 (“Schedule of Concessions”) of GATT 1994, as Turkey accords Chinese electric vehicles and other vehicles treatment less favorable than that provided for in its Schedule and imposes duties above the bound level.

— Article XI:1 (“General Elimination of Quantitative Restrictions”) of GATT 1994, as the import license certificate scheme constitutes a prohibition or restriction other than duties, taxes, or other charges on imports from China.

— Article III:4 (“National Treatment of Internal Taxation and Regulation”) of GATT 1994, as the basic requirements that must be met to obtain an import license certificate do not provide electric vehicles and other vehicles from China with treatment no less favorable than that accorded to like products of national origin.

— Article X:3(a) (“Publication and Application of Trade Rules”) of GATT 1994, as Turkey does not apply its import license certification scheme uniformly.

— Article 2.1 (“National Treatment and Quantitative Restrictions”) TRIMs Agreement, as the import license certification scheme is an investment measure related to trade in goods.

On January 16, 2025, China submitted a request to establish a TG, which was established on February 24, 2025, and its participants were selected on April 22, 2025.

Russia is interested in environmental issues, in particular the production of electric vehicles. Russia is involved in a large number of disputes over the introduction of additional import duties, taxes, and fees in violation of WTO rules and regulations. Although such measures were mainly introduced against other countries and not as sanctions, participation in such disputes is useful for Russia in developing a counter-sanctions policy.

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds629_e.htm

DS630: EU — Final countervailing duties on new electric vehicles with batteries from China (China)

On November 4, 2024, China submitted a request to the DSB for consultations on EU countervailing duties and an investigation into Chinese new electric vehicles with rechargeable batteries (DS630).¹ According to the complainant, the EU failed to conduct good-faith consultations prior to initiating the investigation and did not provide access to information, in violation of Article 13 (“Consultations”) of the Agreement on Subsidies and Countervailing Measures. The EU did not provide sufficient evidence of the existence of subsidies, material injury or threat thereof, and causation to justify the initiation of the investigation, contrary to Article 11 (“Initiation and Subsequent Investigation”) of the Agreement on Subsidies and Countervailing Measures. The EU did not notify all interested parties of the information required from them and did not collect this information from the parties, which is contrary to Article 10 (“Application of Article VI of GATT 1994”) and Article 12 (“Evidence”) of the Agreement on Subsidies and Countervailing Measures.

The EU failed to establish that the alleged preferential financing was specific to an enterprise, industry, or group of enterprises and industries, and failed to substantiate specificity on the basis of positive evidence, in violation of Article 2 (“Specificity”) of the Agreement on Subsidies and Countervailing Measures. The EU incorrectly determined that the alleged supply of batteries was specific, which is inconsistent with Article 1.2 (“Definition of a subsidy”) and Article 2 of the Agreement on Subsidies and Countervailing Measures, failed to substantiate the determination of specificity based on positive evidence, failed to identify the existence of a subsidy program, and failed to identify that battery suppliers acted as government entities. The EU erred in finding that domestic Chinese battery prices are not market prices under Article 14 (“Calculation of the subsidy amount as a benefit to the recipient”) of the Agreement on Subsidies and Countervailing Measures and are not an appropriate benchmark for assessing the adequacy of remuneration. The EU’s introduction of countervailing measures to counter fiscal subsidy policies is contrary to Article 19 (“Imposition and collection of countervailing duties”) and Article 21.1 (“Duration and review of countervailing duties and undertakings”) of the Agreement on Subsidies and Countervailing Measures, as well as Article VI:3 (“Anti-Dumping and Countervailing Duties”) of GATT 1994, since the alleged subsidy ceased to exist at the beginning of the investigation.

The EU incorrectly determined that the revenue foregone as a result of the alleged tax exemption and reduction programs, including the reduction of corporate income tax for high and new technology enterprises, the preferential deduction of R&D expenses before taxation, the exemption of dividends between qualified resident enterprises, deduction of income from technology transfer, and exemption from consumption tax on rechargeable batteries, resulted in financing or constitut-

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds630_e.htm

ed an export subsidy within the meaning of Article 3.1 (“Prohibition”) of the Agreement on Subsidies and Countervailing Measures.

On March 13, 2025, China submitted a request to establish a TG, which was established on April 25, 2025, and its members were selected on October 13, 2025. On July 31, 2025, China and the EU announced that they had agreed on the arbitration procedure in accordance with Article 25 (“Arbitration”) of the DPRS. The procedures were initiated by the parties to implement the MPIA.

Russia’s interest stems from the fact that Canada is an unfriendly country that has imposed sanctions against Russia, including the cancellation of the RBN and an increase in customs duties. Russia is interested in examples of challenging the introduction of additional duties in circumvention of the WTO, including in emergency situations, on the grounds of national security.

DS636: China—Additional import duties on certain agricultural and fishery products from Canada (Canada)

On March 20, 2025, Canada submitted a request to the DSB for consultations with China regarding the imposition of import duties of 100% on certain types of rapeseed oil, rapeseed meal, and peas, and 25% on pork and certain types of seafood from Canada (DS636).¹ These import tariffs were levied in addition to any duties imposed by China in accordance with its tariff commitments. In Canada’s view, China’s investigation of discrimination and subsequent imposition of countermeasures against Canadian products are unilateral actions that violate the dispute settlement rules of the TRIMs Agreement for obtaining redress for alleged violations of covered agreements. China’s actions have deprived Canada of due process and the right to defend itself against any alleged inconsistencies with the covered agreements. China’s unilateral actions have deprived all WTO members of any role in the dispute settlement process and the DSB of its most important function of facilitating the satisfactory resolution of disputes. Canada considers that China has violated:

—Article I:1 (“General Most-Favored-Nation Treatment”) of GATT 1994, because China applied additional import duties on certain agricultural and fishery products produced in Canada that were not levied on products produced by other WTO members, by failing to extend immediately to Canada the benefits granted by China with respect to duties levied on imports of products produced in other member countries.

—Article II:1 (“Schedule of Concessions”) of GATT 1994, as the measures in question do not accord Canada’s trade treatment no less favorable than that provided for in China’s Schedule of Concessions annexed to GATT 1994. Chinese duties on agricultural and fishery products exceed the bound level.

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds636_e.htm

On May 23, 2025, Canada submitted a revised request to the DSB for the establishment of a TG, which was established a month later. On August 20, 2025, Canada and China informed the DSB that they had agreed to arbitration procedures under Article 25 (Arbitration) of the DSU under the MPIA in this dispute in order to provide a basis for the arbitrators to make a decision if the AB is unable to consider the appeal.

Russia is interested in examples of challenging the imposition of additional duties in circumvention of the WTO, including in emergency situations, on national security grounds. Joining such disputes as a third party, when the respondent is a friendly country against which an unfriendly country has previously imposed unlawful restrictive measures, may be relevant for Russia in light of the development of a counter-sanctions policy.

Below we will examine the changes in 2025 in the situation regarding WTO disputes to which Russia joined as a third party before 2025 (based on 10 unique disputes, i.e., different measures taken by WTO member countries).

DS536: United States — Anti-dumping measures on fish fillets from Vietnam (Vietnam)

On January 8, 2018, Vietnam submitted a request to the DSB for consultations with the US regarding anti-dumping measures on fish fillets from Vietnam and other US legal instruments (DS536).¹ In particular, the following were challenged:

- The US methodology for determining dumping margins in anti-dumping investigations (zeroing), which the AO considered to be in violation of the US's international obligations. When comparing the export price and normal value based on average values, the US did not allow the margin above normal value for non-dumped sales to offset the dumping margin for sales below normal value. The dumping margin determined by the US exceeds the actual dumping.

- The requirement to file a separate application for a rate or certification during investigations and periodic reviews involving Vietnamese producers in order to obtain a separate, rather than a nationwide, rate.

- Application of a Vietnam-wide tax rate based on adverse facts available to respondents who were not individually investigated and who did not submit a separate application for a rate or confirmation of the absence of state control.

- The practice of applying unfavorable AD rulings, as a result of which outstanding positions, whether introduced or withdrawn from the warehouse for consumption, continue to be subject to duty assessment in accordance with the original determination of the anti-dumping duty or at a rate exceeding the agreed WTO rate.

Vietnam considers that the United States is in violation of the Anti-Dumping Agreement, GATT 1994, and the Agreement Establishing the WTO (Marra-kesh Agreement). There are numerous AD and TD rulings in which the US zeroing practice has been found to be inconsistent with WTO rules, both as a matter

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds536_e.htm

of law (DS429)¹ and as applied (DS404).² The US assigns a Vietnam-wide rate to companies that do not receive an individual rate, based solely on the negative facts available, even in cases where companies responded to US questionnaires in a timely and complete manner. The result is the assignment of unreasonable rates to companies that are doing their utmost to comply with the requirements.

The TG worked from November 30, 2018, and submitted its report on February 5, 2025. On January 17, 2025, the parties notified that, in accordance with Article 3.6 (“General Provisions”) of the DSRP, they had reached a mutually agreed solution to the dispute, and the TG completed its work.

Russia is interested in participating in disputes over US safeguard measures, as at the end of 2025, there were 10 anti-dumping, 6 countervailing, and 3 special safeguard measures in force against Russia by the US. Russia is the respondent in a dispute over US anti-dumping measures (DS586).³

DS577: United States — Anti-dumping and countervailing duties on ripe olives from Spain (EU)

On January 29, 2019, the EU submitted a request to the DSB for consultations with the US regarding countervailing and anti-dumping duties on ripe olives from Spain and the legislation on the basis of which they were imposed (DS577).⁴ In March 2024, the Compliance Body upheld the EU’s claim that the respondent had failed to bring its measures into conformity with WTO rules and regulations. On November 14, 2024, the EU requested the DSB’s authorization to suspend the application of concessions or other obligations under the covered agreements to the US in accordance with Article 22.6 (“Compensation and Suspension of Concessions”) of the DSU. The EU announced its intention to suspend payments of approximately \$35 mn annually, subject to adjustment for inflation. The EU stated that the proposed annual level of suspension is equivalent to the level of trade consequences for the EU due to the US’s failure to bring the measure in question into conformity with the recommendations and rulings of the DSB.

On November 22, 2024, the US indicated that, in accordance with Article 22.6 (“Compensation and Suspension of Concessions”) of the DSU, it objects to the levels of suspension of concessions or other obligations proposed by the EU. On October 29, 2025, the arbitrators’ decision was sent to the participants. The arbitrators chose the Armington partial equilibrium model, which provides predictable suspension levels, takes into account different forms of supply and demand, and is versatile enough to cover a variety of products.

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds429_e.htm

2. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds404_e.htm

3. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds586_e.htm

4. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds577_e.htm

The EU may apply a forward-looking model to quantify the value of lost imports due to the use of WTO-inconsistent short-term differential prices (STDs) underlying this event. The forward-looking model is designed to be applied in a single stage only. Two simulations are considered, which use actual sales data from the base year as input and differ only in the scenarios modeled:

- 1) Scenario A: scenario of introducing TDPs that are not compatible with WTO rules.
- 2) Scenario B: scenario of introducing TDPs that are compatible with WTO rules.

The model includes adjustments proposed by the US regarding the inclusion of domestic sales and the exclusion of third markets. The application of the forward-looking model requires certain values for a number of parameters: Armington's substitution elasticity, price elasticities of demand, domestic and export supply.

The arbitrators determined that the amount of unpaid benefits received by the EU as a result of the US countervailing investigation into ripe olives from Spain is \$13.64 mn. The EU may request the DSB to authorize the suspension of benefits or other obligations in an amount not exceeding \$13.64 mn per year. This amount may be adjusted for inflation in 2024 and annually thereafter, as well as for changes in duty rates. On November 13, 2025, the EU submitted a request to the DSB to suspend concessions and other obligations in relation to the US at a level of up to \$13.64 mn.

Russia's interest in this dispute can be explained by the fact that it filed a complaint against the US regarding anti-dumping measures (DS586).¹ Russia often joins disputes over countervailing measures and subsidies, as there are a large number of protective measures in place against it that negatively affect Russian exports.²

DS591: Colombia – Anti-dumping duties on frozen French fries from Belgium, Germany, and the Netherlands (EU)

On November 15, 2019, the EU requested consultations with Colombia regarding anti-dumping duties on imports of prepared or preserved potatoes (without the use of vinegar or acetic acid), frozen (frozen French fries) from Belgium, the Netherlands, and Germany (DS591).³

On October 23, 2025, the TG submitted its compliance report, which the DSB adopted on November 24, 2025. This proceeding concerned the EU's challenge to Colombia's implementation of the arbitrators' decision under Article 25 ("Arbitration") of the DSRP and MPIA. The EU raised claims regarding how Colombia calculated the duty amount. The EU demonstrated that when Colombia decided to apply

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds586_e.htm

2. URL: <https://www.iep.ru/ru/publikacii/publication/rossiyskaya-ekonomika-v-2023-godu-tendentsii-perspektivy-vypusk-45.html>

3. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds591_e.htm

the weighted average comparison methodology provided for in Article 2.4.2 (“Determination of Dumping”) of the Anti-Dumping Agreement, the comparison should have used weighted average normal values, rather than simple average normal values, to address the lack of precisely matching domestic sales.

The TG recommended that Colombia bring its measures into conformity with its obligations under the Anti-Dumping Agreement, agreeing that the EU had shown that Colombia had imposed duties in excess of the dumping margin, contrary to Article 9.3 (“Imposition and collection of anti-dumping duties”) of the Anti-Dumping Agreement, but had not demonstrated that the comparisons made on the basis of product items rather than broader product groups were unfair, in accordance with Article 2 (“Determination of Dumping”) of the Anti-Dumping Agreement.

Disputes over safeguard measures are important to Russia both in terms of its substantial trade interest and its practice of participating in and studying the application of WTO rules and provisions, as there are many safeguard measures in place against Russia that have a significant negative impact on its exports. The procedure for replacing data from exporters subject to anti-dumping investigations with data from producers in third countries has been challenged by Russia in a number of disputes (against the EU—DS474, DS494, DS521, against Ukraine—DS493, against the US—DS586).¹

DS593: EU—Certain measures concerning palm oil and palm oil-based biofuels (Indonesia)

On December 9, 2019, Indonesia submitted a request to the DSB for consultations with the EU regarding measures on palm oil and biofuels derived from oil palms from Indonesia (DS593).² On January 10, 2025, the TG report was submitted, agreeing with the complainant that the EU had violated:

—Article 2 (“Preparation, adoption, and application of technical regulations by central government authorities”) the TBT Agreement by introducing high ILUC risk restrictions³ and phase-outs without analyzing the data used to determine which biofuels are high risk and which are low risk, resulting in unjustified discrimination between countries with similar conditions. The EU also failed to notify the proposed 7% cap and high ILUC risk restriction, ensuring that comments could be provided.

—Article 5 (“Conformity assessment procedures by central government bodies”) TBT Agreement, as shortcomings in the implementation of the low ILUC risk certification procedure created unnecessary barriers to international trade. The EU did

1. URL: <https://www.iep.ru/ru/publikacii/publication/rossiyskaya-ekonomika-v-2023-godu-tendentsii-perspektivy-vypusk-45.html>

2. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds593_e.htm

3. Due to the growth in global demand for biofuels for the production of ethanol or biodiesel, agricultural land is expanding. As a result, virgin land is being cleared for new farms, leading to an increase in greenhouse gas emissions.

not publish a notification on low ILUC risk certification at an early stage for interested parties.

— Article III:4 (“National treatment for internal taxation and regulation”) of GATT 1994, as the EU granted less favorable treatment to palm oil-based biofuels from Indonesia than to similar products of European origin.

— Article I:1 (“General Most-Favored-Nation Treatment”) of GATT 1994, as the EU did not grant palm oil biofuels from Indonesia the advantages granted to similar products from third countries.

— Article XX (“General Exceptions”) of GATT 1994: the high ILUC risk restriction and phase-out were a measure relating to the conservation of exhaustible natural resources, which came into force in conjunction with restrictions on domestic consumption or production; limiting high ILUC risk and phasing it out was a measure necessary to protect human, animal, or plant life or health; restricting high ILUC risk and phasing it out were applied in a way that constituted unjustified discrimination between countries with similar conditions, as the EU had not analyzed data on which biofuels were associated with high ILUC risk, because there were shortcomings in the development of low ILUC risk criteria and the certification procedure.

Similarly, the TG considered the French measure on palm oil biodiesel. On March 24, 2025, the EU announced that it intended to comply with the DSB’s recommendations to bring the measures into line with its WTO obligations, which would require a reasonable period of time. On July 7, 2025, under Article 21.3 (“Monitoring of the implementation of recommendations and rulings”) of the DSU, the parties agreed that a reasonable period for the EU to implement the recommendations would be 12 months, i.e., expiring on February 24, 2026.

In February 2018, Indonesia already won a dispute with the EU over anti-dumping measures on biodiesel (DS480), to which Russia also joined as a third party. Russia’s interest in participating in these disputes is due, among other things, to the priority it gives to the development of renewable energy sources in the country and worldwide.¹

DS599: Panama — Measures concerning imports of certain goods from Costa Rica (Costa Rica)

On January 11, 2021, Costa Rica submitted a request to the DSB for consultations with Panama regarding measures related to the importation of a number of goods from Costa Rica, including strawberries, dairy products, beef, pork, poultry and turkey, fish feed, fresh pineapples, bananas and plantains (DS599).² On December 5, 2024, a report was submitted in which the TG upheld almost all of the claimant’s claims. However, the TG did not agree with Costa Rica that the ban on imports of dai-

1. URL: <https://www.iep.ru/ru/publikacii/publication/rossiyskaya-ekonomika-v-2020-godu-tendentsii-perspektivy-vypusk-42.html>

2. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds599_e.htm

ry and meat products from 16 establishments constituted a disguised restriction on international trade. On January 24, 2025, Panama notified the DSB of its decision to challenge certain issues of law and legal interpretation in the TG report and its intention to file an appeal when the AB resumes its work. Costa Rica noted that it did not agree with all of Panama's assertions regarding the illegality of the TG report.

Russia is interested in disputes over import restrictions and bans. In accordance with the tasks set, Russia plans to increase exports of agricultural products and food by 1.5 times compared to 2021 (up to \$55 billion) by 2030, which explains Russia's significant trade interest in participating in the dispute.¹

DS603: Australia — Anti-dumping and countervailing duties on certain goods from China (China)

On June 24, 2024, China requested consultations with Australia regarding Australian anti-dumping and countervailing measures on imports of certain Chinese-made goods, specifically wind turbines, deep-drawn stainless steel sinks, and railway wheels (DS603).²

On March 26, 2024, the TG submitted a report with recommendations to the respondent to bring the measures into conformity with WTO rules and regulations. On January 16, 2025, Australia notified the DSB pursuant to Article 21.6 ("Monitoring of Recommendations and Rulings") of the DSU that it had complied with the recommendations and rulings in this dispute. Australia reported that the anti-dumping measures on wind turbine towers from China expired on April 16, 2024. The anti-dumping duties (13.3%) applied to railway wheels from China remain in effect while the investigation is ongoing. The notification of anti-dumping measures on Chinese shells was withdrawn for all exporters as of June 25, 2024. These adjustments were made following investigations and reviews conducted by the Australian Anti-Dumping Commission.

Russia's interest is primarily due to its involvement in disputes over anti-dumping and countervailing measures and investigations, and the application of subsidies, as the issue of non-market economies is becoming increasingly relevant not only for China but also for Russia (disputes over energy adjustments with the EU, the US withdrawal of market status for the Russian economy).

DS610: China — Measures affecting trade in goods and services (EU)

On January 27, 2022, the EU submitted a request to the DSB for consultations with China regarding measures affecting trade in goods and services between China and Lithuania.³ In 2021, importers of Lithuanian goods and goods transiting through

1. URL: <https://www.interfax.ru/russia/961021>

2. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds603_e.htm

3. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds610_e.htm

Lithuania began to encounter customs clearance restrictions for the import of goods into the PRC (in particular, errors in IT systems; blocking of containers in Chinese ports; inability of Chinese customs authorities to process customs clearance requests in a timely manner). Since 2021, Chinese customs authorities have begun to refuse customs clearance for shipments of various goods covered by SPS certificates issued by the Lithuanian authorities. According to the EU, China is discriminating in its application of SPS measures, which constitute a disguised restriction on international trade. On July 4, 2023, the EU and China agreed on arbitration procedures in accordance with Article 25 (“Arbitration”) of the DPRS for the entry into force of the MPIA. The TG has been working since April 18, 2023.

On November 28, 2025, the EU announced that, since the main objectives of the dispute had been achieved and the relevant trade had resumed, it was terminating the dispute settlement procedure.

Russia’s interest here stems from its practice of participating in disputes over SPS measures. Russia had to bring its measures into line with WTO rules and regulations in the EU dispute over SPS measures on live pigs, pork and pork products from the EU (DS475).¹ Russia participated as a respondent in a dispute initiated by Ukraine concerning measures restricting the import and transit of a number of Ukrainian goods (DS532),² and as a complainant in a dispute against Ukraine concerning measures restricting trade in goods and services, as well as transit (DS525).³

DS611: China—Protection of intellectual property rights (EU)

On February 18, 2022, the EU submitted a request to the DSB for consultations with China on measures that negatively affect the protection of intellectual property rights.⁴ If a technical standard requires the use of a patented product or process, the manufacturer will need to obtain a license to use it, otherwise it risks infringing the rights of the patent owners and facing legal consequences. The owner undertakes to grant a license for the patented object to the developers of the standard on non-discriminatory terms. Legal disputes may arise between patent holders and implementers as to whether the royalty rate paid by the implementer to the patent holder is fair.

Several developer companies have filed lawsuits in China demanding that Chinese courts set the licensing rate for certain patents necessary for mobile communications and issue an injunction prohibiting the other party from taking legal action in other jurisdictions. The EU challenged five court decisions granting injunctions, as well as the alleged policy of such claims in relation to standard patent litigation.

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds475_e.htm

2. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds532_e.htm

3. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds525_e.htm

4. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds611_e.htm

These measures are contrary to the TRIPS Agreement, in particular the transparency obligations.

On July 4, 2023, the EU and China informed the DSB that they had agreed on arbitration procedures in accordance with Article 25 (“Arbitration”) of the DSU under the MPIA. In April 2025, the TG report was submitted. On April 28, 2025, China filed an appeal under Article 25 (“Arbitration”) of the DSRP. On May 2, 2025, arbitrators were selected, and on July 21, 2025, the arbitrators issued their final decision, supporting the TG in that:

- The EU had not proven that the intellectual property policy was inconsistent with Article 44.1 (“Injunctions”) and Article 1.1 (“Nature and Scope of Obligations”) of TRIPS.

- The EU had demonstrated the existence of a policy on anti-competitive measures that was a rule of general application under Article 63.1 (“Transparency”) of TRIPS.

In the opinion of the arbitrators, the TG made a number of errors. The EU demonstrated that the requirements for issuing an injunction are not consistent with Article 28.1 (“Rights Granted”) and Article 1.1 (“Nature and Scope of Obligations”) of TRIPS. August 20, 2025 China announced its intention to bring its measures into line with WTO rules and regulations.

Russia’s interest in participating in disputes over the protection of intellectual property rights is due to its practice of participating in such disputes and studying the application of TRIPS. Russia has joined nine WTO trade disputes concerning TRIPS violations.

DS616: EC — Countervailing and anti-dumping duties on cold-rolled flat stainless steel products from Indonesia (Indonesia)

On January 24, 2023, Indonesia submitted a request to the DSB for consultations with the EU regarding the countervailing and anti-dumping measures imposed by the EU on Indonesian cold-rolled stainless steel flat products (DS616).¹ Indonesia challenged certain EU dumping findings regarding the fair comparison of the export price with the normal value and price comparability. A report was submitted on October 2, 2025. The TG agreed with the complainant that the EU had violated:

- Article 1.1 (“Definition of Subsidy”) of the Agreement on Subsidies and Countervailing Measures by attributing to the Indonesian government the financing provided by Chinese grantors to producers in Indonesia; concluding that all nickel ore mining companies in Indonesia are state-owned; - determining that the Indonesian Ministry of Mining had instructed ore mining companies, as private entities, to supply ore to Indonesian stainless steel producers; considering the exemption from import duties on raw materials imported into customs zones to be financial contributions and subsidies;

1. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds616_e.htm

— Articles 1.2 and 2.1 (“Specificity”) of the Agreement on Subsidies and Countervailing Measures, without providing the necessary evidence that the tax incentive system is specific;

— Article 12.7 (“Evidence”) of the Agreement on Subsidies and Countervailing Measures, in deciding on the facts, given that the company did not provide information on equipment imported from its parent companies in China.

The TG rejected a number of Indonesia’s claims. Indonesia failed to prove that the EU’s decision on the specificity of the income tax exemption was contrary to Articles 1.2 and 2. Indonesia failed to prove that, by not designating nickel ore mining companies as interested parties, the EU had violated Article 12.9. With regard to the EU’s anti-dumping measures, the TRb did not support the complainant, since, in particular, Indonesia had not established that the EU had violated its obligation to make a comparison at the same level of trade in accordance with Article 2.4 (“Establishment of the fact of dumping”) the Anti-Dumping Agreement and Article VI:1 (“Anti-Dumping and Countervailing Duties”) of GATT 1994, by rejecting adjustments to the normal value to take account of transport costs between the parties’ warehouses. The EU did not specify what information was necessary for a fair comparison, contrary to Articles 2.4 and 6.1 (“Evidence”) of the Anti-Dumping Agreement.

On November 21, 2025, the EU appealed certain legal issues and legal interpretations contained in the TG report. On November 27, 2025, Indonesia filed a counter-appeal.

Russia’s interest in participating in this dispute is due to the fact that a significant number of anti-dumping, countervailing, and special safeguard measures (by the US, EU, and Ukraine) are in place against Russian exporters, primarily in the metallurgical and chemical industries. The measures are reaching prohibitive levels. In the EU, anti-dumping duties will apply to Russian corrosion-resistant steel until 2027:¹ 31.3% for Severstal, 36.6% for MMK, 14.85% for NLMK, and 37.4% for others.

Five of the eight WTO disputes initiated by Russia, and one in which Russia is the defendant, are related to anti-dumping measures.

DS618: EU—Countervailing duties on imports of biodiesel fuel from Indonesia (Indonesia)

On August 11, 2023, Indonesia submitted a request to the DSB for consultations with the EU regarding countervailing duties on imports of biodiesel from Indonesia and an investigation (DS618).² The complainant’s main claim concerned the EU’s

1. URL: https://www.economy.gov.ru/material/directions/vneshneekonomicheskaya_deyatelnost/dostup_na_vneshnie_rynki_i_zashchitnye_mery/reestr_ogranich_mer/

2. URL: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds618_e.htm

determination that Indonesia maintains certain subsidy programs for such imports and that these cause material injury to biodiesel producers in the EU. Indonesia also challenged procedural issues in the countervailing investigation. On August 22, 2025, the report was submitted. The TG upheld the complainant's claim that the EU had violated:

- Article 1.1 (“Definition of subsidy”) the Subsidies and Countervailing Measures Agreement by establishing that, through measures such as export taxes and duties, the Indonesian government, acting as a price regulator, encouraged local producers to sell crude palm oil on the domestic market to biodiesel producers in Indonesia for remuneration that did not correspond to its quality;

- Article 12.7 (“Evidence”) of the Agreement on Subsidies and Countervailing Measures, by resorting to available facts concerning independent suppliers of palm oil on the grounds that Indonesia failed to provide the suppliers' responses;

- Article 15 (“Determination of Injury”) of the Agreement on Subsidies and Countervailing Measures, by failing to conduct an objective investigation based on positive evidence of the impact of Indonesian imports on the prices of similar domestically produced goods and establishing a significant price decline; by failing to conduct an objective study of the factors affecting the state of the domestic industry, etc.

The TG did not support Indonesia, in particular, that the EU violated:

- Article 12.7 (“Evidence”) by referring to information provided by independent suppliers when concluding whether the state-owned enterprise had lowered its prices in Indonesia;

- Article 15 (“Determination of Injury”) by failing to ensure price comparability when examining the impact of Indonesian imports on the prices of similar domestic products and by failing to take into account the existence of a significant overall price decline;

- Article 12 by failing to require EU producers to provide a non-confidential summary of the information; by failing to provide interested parties with information, including for the purpose of proposing alternative methodologies for calculating price declines; by providing untimely disclosure of information, inter alia, on elasticity in the EU market.

The TG recommended that the EU bring its measures into conformity with its obligations under the Agreement on Subsidies and Countervailing Measures. On September 26, 2025, the EU notified the DSB of its decision to appeal certain points of law and legal interpretations in the TG report.

Russia's interest in participating in the dispute is due not only to the practice of disputes over safeguard measures, but also to the fact that Russia is significantly affected by anti-dumping measures and investigations.

At the end of 2025, there were 11 anti-dumping measures in force against Russian exporters by the EU, mainly concerning goods in the metallurgical and chemical

industries, and one anti-dumping investigation was underway.¹ In addition, Russia is interested in the topic of renewable energy sources.

* * *

Russia adheres to WTO rules and regulations and considers it to be the main and only regulator of international trade, highlighting the following key issues:^{2, 3, 4}

- 1) The stability and predictability of international trade, which play a greater role than tariffs. The WTO must remain manageable and relevant.
- 2) Countering unilateral protectionist measures.
- 3) Restoring the dispute settlement system.
- 4) Improving the effectiveness of the WTO in achieving national development goals.
- 5) Developing WTO rules in the field of AI and digital technologies.
- 6) Actively participating in discussions on WTO reforms that are possible without the US.
- 7) Russia's withdrawal from the WTO would mean giving up more favorable market access conditions for many of Russia's trading partners.

Russia is interested in preserving the multilateral format of negotiations, complying with WTO obligations, restoring the full functioning of the DSB, and implementing Russia's tasks in ongoing disputes involving it, as well as in other controversial trade practices. It is extremely important for Russia to participate in negotiations on new international trade rules that respond to contemporary challenges, particularly in the areas of digital technologies and AI, sanctions, the definition of emergency situations, general exceptions and national security exceptions,⁵ etc.

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2. URL: <https://wto.ru/news/mozhno-li-reanimirovat-vto/>

3. URL: <https://wto.ru/our-blog/budushchaya-mnogostoronnyaya-torgovaya-sistema-nam-po-puti-da-net/>

4. URL: <https://wto.ru/our-blog/obshchestvennyy-forum-vto-2025/>

5. URL: http://www.vavt-imef.ru/wp-content/uploads/2022/07/Monitoring_82.pdf

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