

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

RUSSIA

Eurasia

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Moscow	Administrative and financial capital; still the dominant commercial hub despite sanctions-driven exits	Services, finance, state-linked procurement
St. Petersburg	Northwestern industrial and port hub; Baltic trade links curtailed by EU sanctions since 2022	Manufacturing, logistics
Tatarstan / Alabuga SEZ (Kazan)	"Friendly nations" investment hub; Alabuga special economic zone is also a sanctioned site tied to Shahed-type drone production	Manufacturing, defense-linked industry
Russian Far East (Vladivostok / Primorye)	Pivot-to-Asia gateway; Free Port of Vladivostok regime courting Chinese, Indian and other non-Western capital	Logistics, trade, port infrastructure
Sakhalin	Sakhalin-2 LNG hub; EU exemption permits continued LNG shipments to Japan and South Korea through March 2028	Energy (LNG export)
Yamal-Nenets / Arctic LNG 2	Novatek's flagship Arctic LNG project, heavily sanctioned by the US, EU and UK since 2023	Energy (LNG, Arctic development)
Novorossiysk / Black Sea ports	Primary Black Sea oil export terminal (CPC-linked); repeatedly struck by Ukrainian drone and missile attacks through 2026	Energy export, shipping

INVESTOR ENTRY ROUTES

- Investors headquartered in the EU, US, UK or other G7-aligned jurisdictions are generally prohibited or strongly discouraged from new investment under comprehensive sanctions regimes; the routes below apply chiefly to investors from non-sanctioning jurisdictions
- "Friendly nations" framework offering simplified registration and incentives for investors from China, India, the UAE, Central Asia and other non-sanctioning states
- Special Economic Zones (Alabuga, Kaliningrad and others) offering tax incentives, though several carry direct sanctions exposure
- Parallel-import mechanism (in force since March 2022), which legalizes grey-market imports of Western-branded goods via third countries - a trade channel, not a direct-investment route
- Rouble- and yuan-denominated settlement systems built around Russia's domestic SPFS network and links to China's CIPS, bypassing SWIFT
- Kremlin-mandated exit framework governing departing Western firms' asset sales (typically at a discount of 50% or more to market value, plus a mandatory budget contribution), now being further tightened to limit capital outflow

MARKET-ENTRY OBSERVATION

Russia's economy has split in two since 2022: a state-funded military-industrial sector and a civilian economy that is stagnating or contracting. GDP growth slowed to roughly 1% in 2025 after above-4% growth in 2023-2024 that was itself driven by military spending and inflation, and GDP fell 0.3% year-on-year in the first quarter of 2026. Forecasts for 2026 range from 0.5% to 1.5% (IMF 1.1%, CMASF 0.5-0.7%), with BOFIT assuming sanctions hold near their early-2026 level. The federal budget deficit has widened sharply - the government's planned 2026 deficit is 3.8 trillion roubles (1.3% of GDP), but the first-quarter 2026 deficit alone reached 4.6 trillion roubles, 2.3 times the year-earlier figure - while the National Wealth Fund's liquid buffer has fallen by more than half since 2022. The central bank has cut its key rate gradually from a 21% wartime peak toward roughly 14% through 2026 as official inflation eased to around 5.5%, though inflation expectations remain near 13% and the central bank governor warned in August 2026 of an unprecedented labor shortage.

Externally, the EU's 21st sanctions package (July 2026) froze the Russian oil price cap at \$44.10 per barrel until mid-2027, added 41 vessels to the shadow-fleet blacklist and 33 banks to the transaction ban, and extended LNG-related transition exemptions into 2027-2028. Roughly €200-300 billion in frozen Russian central bank assets held at Euroclear remain indefinitely frozen, and the European Commission's proposed €140 billion "reparations loan" to Ukraine funded from those assets remained stalled by Belgian objections as of October 2026. No ceasefire had been reached in the Ukraine war as of this writing despite periodic diplomatic contacts. China now supplies roughly 90% of Russia's sanctioned-technology imports, underscoring how far Russia's trade and investment relationships have reoriented away from Western markets.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Comprehensive Western sanctions	EU, US, UK and allied sanctions block most Western capital, technology and financial-system access; SWIFT-linked settlement is curtailed for major Russian banks	Limited: route through non-sanctioning jurisdictions only, with significant compliance and secondary-sanctions risk
Active war and infrastructure-strike risk	Ukrainian drone and missile strikes have repeatedly hit Black Sea export terminals (Novorossiysk) and energy infrastructure through 2026	Geography-dependent; southern and border-adjacent assets carry materially higher risk than Moscow/St. Petersburg
Tightening capital and exit controls	Moscow has moved (August 2026) to further limit foreign investors' ability to withdraw capital from the country	None for Western-linked capital already in-country; forward planning required for non-sanctioned investors
Unprecedented labor shortage	Central bank governor warned (August 2026) of acute labor scarcity driven by mobilization, emigration and military-industrial hiring	Automation and migrant labor from Central Asian EAEU states partially offset the gap
Elevated and volatile rate/inflation environment	Key rate near 14% with inflation expectations near 13%; overdue corporate debt has risen to about 3.8% of GDP	Hedge financing costs; expect continued rate volatility as the central bank balances inflation against growth
Depleting fiscal buffers	National Wealth Fund liquid assets have fallen by more than half since 2022 as war costs and oil-revenue volatility widen the budget deficit	Monitor oil-price and sanctions developments closely; fiscal space for further stimulus is narrowing
Frozen sovereign assets and reparations-loan dispute	Roughly €200-300B in Russian central bank reserves remain frozen in the EU, with an unresolved EU debate over using them to fund Ukraine, raising retaliation and counter-measure risk	None directly available; monitor for Russian counter-sanctions targeting foreign-held assets

INVESTOR RISK NOTE

Russia sits under overlapping and comprehensive sanctions regimes from the EU, US (OFAC), UK and allied jurisdictions, alongside an active war in Ukraine that continues to produce cross-border strikes reaching energy and port infrastructure deep inside Russian territory. Investors headquartered in sanctioning jurisdictions are, in most cases, legally barred from new investment. For investors from non-sanctioning jurisdictions, the principal risks are abrupt regulatory change, payment-channel instability as major Russian banks remain cut off from SWIFT, and reputational or secondary-sanctions exposure from engaging with a sanctioned economy.

MARKET ACCESS

Russia's trade and investment relationships are increasingly oriented toward "friendly" partners - China, India, Central Asian and Gulf states - channeled through the Eurasian Economic Union (EAEU) and bilateral frameworks. Parallel imports and rouble/yuan settlement substitute for direct Western market access. The domestic consumer market remains large (roughly 144 million people), but purchasing

power and product availability are constrained by inflation, sanctions-driven supply gaps, and the exit of most major Western consumer brands since 2022.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
President Vladimir Putin	Centralized executive authority sets wartime economic policy, sanctions-response strategy, and the terms on which foreign capital may exit or remain	Not a realistic direct engagement channel for most investors; policy signals are set at this level
Central Bank of Russia (Governor Elvira Nabiullina)	Sets monetary policy and the rate-cut trajectory; has publicly flagged labor-market and inflation risks	Monitor policy statements for signals on rate direction and financial-system stability
Ministry of Finance	Manages fiscal policy, the National Wealth Fund, and financing of a widening budget deficit	Relevant to any engagement involving state procurement or fiscal-linked projects
Russian Direct Investment Fund (RDIF)	Sovereign wealth fund historically positioned to court foreign co-investment, now focused on non-Western partners	Primary state vehicle for structuring co-investment with eligible non-sanctioned investors
Gazprom / Novatek	State-linked energy majors central to gas exports and Arctic LNG development; both carry significant direct sanctions exposure	High compliance risk; engagement realistically limited to non-sanctioning-jurisdiction partners
Ministry of Industry and Trade	Oversees the import-substitution program and the parallel-import legal regime	Relevant to manufacturing and supply-chain-linked engagement
Eurasian Economic Union (EAEU) Secretariat	Coordinates Russia-Belarus-Kazakhstan-Kyrgyzstan-Armenia trade integration and tariff-free access across the bloc	Entry point for investors structuring regional, EAEU-wide market access

CURRENT INTERNATIONAL BUSINESS CHANNELS

Engagement channels run predominantly through EAEU institutions, bilateral chambers of commerce with China, India and Gulf states, and state-linked vehicles such as RDIF. Western chambers of commerce and business associations (AmCham Russia, EU business bodies) have scaled back or suspended most activity since 2022.

INVESTOR PROFILE BEST SUITED

Suited only to investors domiciled in, or able to operate lawfully through, non-sanctioning jurisdictions, with high risk tolerance, strong in-house compliance resources to manage secondary-sanctions exposure, and no material dependence on Western capital markets, correspondent banking or regulators. Not suited to investors headquartered in the EU, US, UK or other G7-aligned jurisdictions, who face direct legal prohibitions on most forms of new investment.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Sanctions and legal-exposure screening

Confirm jurisdiction-specific legal prohibitions and licensing requirements before any engagement with Russian counterparties.

STEP 2: Scenario monitoring

Track the trajectory of the Ukraine war, ceasefire negotiations, and the evolving EU/US/UK sanctions regime.

STEP 3: Non-Western channel mapping

For eligible investors, map entry routes through EAEU, Chinese, Indian or Gulf-linked structures and intermediaries.

STEP 4: Counterparty and payment-rail due diligence

Verify settlement channels operating outside SWIFT and assess counterparty exposure to sanctioned entities.

STEP 5: Periodic reassessment

Waverley revisits this briefing as the war, sanctions regime, and frozen-asset dispute evolve.

WAVERLEY'S ROLE

- Situational monitoring of the war, sanctions trajectory, and frozen-asset dispute rather than active market-entry facilitation
- Sanctions-compliance signposting for investors assessing their jurisdiction-specific legal exposure

- Scenario tracking and structured updates for eligible non-sanctioned investors considering EAEU-linked or Asia-facing entry routes
- Re-engagement readiness assessment should the war end or the sanctions regime materially change

INVESTOR CALL TO ACTION

For investors with no sanctions exposure: request a jurisdiction-specific compliance screening before any engagement with Russian counterparties.

For all other investors: engage Waverley for ongoing situational monitoring of the war and sanctions trajectory rather than market-entry facilitation.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Waverley identifies no conventional investment opportunity pipeline for Russia at this time, given the scope of Western sanctions and the active war in Ukraine. Monitoring continues for eligible non-sanctioned investors and for any material shift in the sanctions or ceasefire trajectory.

POSITIONING

Waverley views Russia as a large, resource-rich economy operating under one of the most comprehensive multilateral sanctions regimes in the world, engaged in an active war whose end date remains unknown, and increasingly structured around non-Western trade and capital partners.

For the narrow set of investors who can lawfully and practically engage - those outside sanctioning jurisdictions, with high compliance capacity - Russia offers access to a large domestic market and deep resource endowments; for all others, this briefing is intended for situational awareness rather than as an invitation to deploy capital.

SELECTED SOURCES

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