

Lobbying during the war: major international companies retained influence over Russian elites

The full-scale military invasion of Ukraine in February 2022 was the most serious challenge for companies from the United States and Europe that did business in Russia. Some of them left the country voluntarily, writing off losses. Some were transferred to the so-called temporary management of the Federal Property Management Agency, that is, they were actually nationalized. But most companies from the countries sanctioned by Moscow continue to operate in Russia on general terms and receive substantial profits.

Until February 2022, one of the important success factors in the Russian market was the effective efforts of lobbyists. Although Russia has no legal norms for such practices, they have been widely used by both local and foreign companies to gain a privileged position in terms of regulation, access to resources, government incentives, and unfair competition.

This study provides a general performance overview of the largest companies from the United States and Europe in the Russian market over the past three years, as well as case studies that suggest continued use of lobbying practices by companies such as **Philip Morris International**, **Carlsberg** or **Raiffeisen International**.

Voluntary losses and legal restrictions

Western companies that decided to leave the Russian market voluntarily after the Russian invasion of Ukraine lost more than 100 billion euros, according to the estimates of the Financial Times¹.

The largest losses were incurred by oil giants British Petroleum (BP), Shell and Total Energies — their losses are estimated at €40.6 billion.

The European banking sector was also affected, with losses amounting to €17.5 billion. Utilities lost €14.7 billion, while industrial enterprises lost €13.6 billion. Here is a list of the biggest losses

- BP — \$25.5 bln;
- Total Energies — \$14.8 bln;
- Uniper — €5.7 bln;
- Fortum — €5.3 bln;
- Shell — \$4.1 bln;
- OMV — €2.5 млрд;
- Equinor — €1 млрд;
- Renault — €2,3 bln;

¹ <https://www.ft.com/content/c4ea72b4-4b02-4ee9-b34c-0fac4a4033f5>

— Volkswagen — €2 bln;

— Société Générale — €3.1 bln.

Not all companies from the U.S. and Europe lost assets in Russia voluntarily. In accordance with a presidential decree, the assets of some of the largest companies were transferred to temporary management of the Federal Property Management Agency. In particular, we are talking about Finnish energy company Fortum, Turkish-Belgian AB InBev Efes, German Juniper, Danish Carlsberg (the cases will be discussed in detail below).

In December 2022, the government defined the conditions that must be met in order for non-residents from countries declared "unfriendly" by Moscow to obtain permission to sell Russian assets. One of the conditions was the sale of assets at a discount of at least 50% of their market value. In October 2024, the minimum discount was increased to 60%.

We stayed and profited well

While some players from the U.S. and Europe recorded losses, others, who turned out to be more flexible, continued their activities to their advantage. About 80% of foreign companies from the jurisdictions that Moscow has declared "unfriendly" have retained business in Russia as of February 2024². In particular, about 100 out of 500 European companies and 66 out of 350 American companies have officially left Russia.

Representatives of the countries sanctioned by Moscow occupied 29 positions in the ranking of the 50 largest companies in **Forbes Russia** in 2024³ (it is formed on the basis of revenue data for the previous year, i.e. 2023). Their total revenue in 2022 amounted to 3,586,800,000,000 rubles (49.679 billion euros at an average annual exchange rate of 72.2 rubles per 1 euro). In 2023, this figure increased to 4,287,500,000,000 rubles (57.319 billion euros at an average annual exchange rate of 74.8 rubles per 1 euro), that is, by 19.5%.

Company (beneficiary jurisdiction)	Revenue in 2022, billion rubles (billion euros)	Revenue in 2023, billion rubles (billion euros)	Revenue change in 2023 compared to 2022, %
J.T.I. Russia, tobacco, owned by Japan Tobacco Inc (Japan)	432.6 (5.991)	480 (6.417)	114
FMSM, tobacco, owned by Philip Morris International (USA)	399.9 (5.538)	440.2 (5.885)	10.1
Pepsico Holdings, soft drinks, PepsiCo, Inc (USA)	303.7 (4.206)	338 (4.518)	11.3
Auchan, retail, ELO (France)	292.6 (4.052)	275.5 (3.683)	- 4.8
Raiffeisenbank, banking services, owned by Raiffeisen Bank Int (Austria)	270 (3.739)	252.1 (3.370)	- 7.1
Metro Cash & Carry*, retail, owned by Metro AG (Germany)	223.6 (3.096)	225.8 (3.018)	1
Nestle, food products, owned by Nestle (Switzerland)	195 (2.700)	210 (2.807)	7.7

² <https://www.gazeta.ru/business/news/2024/02/14/22335673.shtml>

³ <https://www.forbes.ru/biznes/520357-50-krupnejsih-inostrannyh-kompanij-v-rossii-2024-rejting-forbes>

Mars, Ruskan Distribution, chocolate, owned by Mars (USA)	175.3 (2.427)	190.6 (2.548)	8
Hyperglobus, a chain of grocery stores owned by Globus (Germany)	135.9 (1.882)	143.4 (1.917)	5.6
Cargill, grain trading, owned by Cargill (U.S.)	145.9 (2.020)	130 (1.737)	- 10.9
Unipro*, electric power industry, owned by E.ON (Germany)	105.8 (1.465)	118.6 (1.585)	12.1
Moulton Patrnrs, soft drinks, owned by Coca-Cola HBC (U.S.)	74.2 (1.027)	111.9 (1.495)	5.9
Baltika*, beer, owned by Carlsberg (Denmark)	100.7 (1.394)	109.3 (1.461)	8.5
AB InBev Efes*, a beer owned by AB InBev Efes (Belgium and Turkey)	97.5 (1.350)	108.6 (1.451)	11.4
Procter & Gamble, consumer goods, owned by P&G (U.S.)	107.9 (1.494)	105.9 (1.415)	- 1.8
Samsung Electronics Rus Company, electronics, owned by Samsung Electronics (South Korea)	86.9 (1,203)	102.2 (1.366)	14.9
Knauf*, building materials, owned by Knauf Gips KG (Germany)	91 (1.260)	100.2 (1.339)	7.6
UniCredit Bank, banking services, owned by UniCredit (Italy)	103.9 (1.439)	96.6 (1.291)	- 7.6
Bayer, pharmaceuticals, owned by Bayer AG (Germany)	86.5 (1.198)	89.8 (1.200)	3.9
Forward Energy*, electric power industry, owned by Fortum (Finland)	83.6 (1.157)	77.6 (1.037)	- 2.6
Sanofi Russia, pharmaceuticals, owned by Sanofi (France)	63.8 (0.883)	77.6 (1.037)	21.7
Novartis Pharma, pharmaceuticals, owned by Novartis International AG (Switzerland)	68.6 (0.950)	76.8 (1.026)	12.1
Johnson & Johnson, consumer goods, owned by J&J (U.S.)	77.2 (1.069)	68.9 (0.921)	- 10.8
AstraZeneca Pharmaceuticals, pharmaceuticals, owned by AstraZeneca (UK and Sweden)	53.7 (0.743)	67.5 (0.902)	25.7
L'Oreal cosmetics, owned by L'orea (France)	60.2 (0.833)	63.8 (0.852)	6
Unilever Rus, consumer goods, owned by Unilever (UK)	84.9 (1.175)	62 (0.828)	- 26.9
Ferrero Russia, chocolate, owned by Ferrero (Italy)	50.9 (0.704)	59.5 (0.795)	16.9
Abbott Laboratories, pharmaceuticals, owned by Abbott Laboratories (U.S.)	49,7 (0,688)	55.3 (0.739)	11.3
TD Ascona, furniture and household goods, owned by Hilding Anders (Sweden)	39	49.8 (0.665)	21.5

* companies, whose foreign shareholders have now lost control of their assets

- J.T.I. Russia, one of the largest players in the Russian tobacco market, is owned by Japan Tobacco Inc. Its main owner is the Japanese government. From year to year, the company demonstrates steady growth, proving that selling death is the most profitable business in the modern world.
- Another tobacco giant, FMSM, is part of the Philip Morris International group, controlled by major American investors (including Capital Group, Vanguard Group, as well as the Blackrock fund with a lot of interests in Ukraine), and remains among the leaders of the Russian market.
- Pepsico Holdings, a manufacturer of soft drinks, chips and other food products, formally reduced part of the business, but increased sales. The company is owned by American PepsiCo, Inc., which is controlled by the same American institutional investors (in addition to Capital Group, Vanguard and Blackrock, shares are owned by Bank of America, JPMorgan Chase, etc.)
- The **Auchan** hypermarket chain shows a decrease of 4.8% compared to the previous year. In the fall of 2024, France's Le Figaro wrote about an upcoming deal to sell the Russian division of Auchan. Le Monde named Gazprombank as a potential buyer. However, at the end of January, representatives of the international ELO group, owned by the family of French businessman Gerard Mulier, denied these data, announcing their intention to continue working in the Russian Federation.
- Austrian **Raiffeisenbank** against the background of international sanctions is losing the ability to conduct international settlements in euros for the Russian clients and is gradually winding down its business, but the Russian division is still the largest and most profitable in the international banking group.
- The **Metro Cash and Carry** store chain*, part of the German Metro AG group, meets the demand of Russian customers, although the growth stood at a mere 1%. The international group is owned by Czech billionaire Daniel Křetínský and the family of founder Schmidt-Rutenbeck, but the Russian part of the assets has been restructured.
- **Nestle**, a well-known international food manufacturer, demonstrates decent financial performance in the third year of sanctions - revenue amounted to 210 billion rubles (an increase of 7.7%). This group is controlled by institutional investors from the United States through Switzerland (small stakes are owned by the already mentioned Vanguard Group and Blackrock), as well as some sovereign wealth funds and the Norwegian Pension Fund.
- Mars, Ruskan Distribution, the manufacturer of the most famous chocolate bars, grows by 8% in Russia. The company is part of the American **Mars, Inc.** and belongs to the families of the descendants of the company's founders.
- **Hyperglobus**, the owner of the Globus hypermarket chain, belongs to the direct descendants of the company's founder and is controlled from Germany. The company's profits have increased slightly compared to the previous year.
- **Cargill**, one of the world leaders in the global agro-industrial complex, continues to maneuver in the "Slav dispute", selling Russian and Ukrainian grain in the West. Despite a 10% drop in revenue, the company remains a major player in the grain market. Cargill even offered Vladimir Putin an explanation of who is actually the beneficiary of the so-called "grain deal" in the Ukrainian conflict. Formally, the company is owned by the American Cargill and McMillan families, but in fact it is controlled by the same investors from the United States.
- **Unipro**, owned by the German energy concern E.ON, consolidated several large regional power stations in the Russian Federation back in the noughties. Electric generation also helps generate good

revenue – an increase of 12.1%. Since the spring of 2023, the company has been under the management of the Federal Property Management Agency.

- **Multon Patrnrs**, owned by **Coca-Cola HBC**, although it was forced to repurpose part of its production facilities in Russia, still makes money from the sale of the most popular drink. Coca-Cola is controlled by an international group of investors from the UK and the U.S. (Vanguard, Blackrock, JPMorgan, Morgan Stanley).
- The Baltika Brewing Company* remained in the ownership of Danish **Carlsberg** for a long time, but since mid-2023 it has been under Russian management, and in 2024 it was sold to Russian investors.
- **AB InBev Efes***, one of the largest foreign brewers in Russia, was part of the companies from Belgium and Turkey until recently. But at the end of last year the company producing popular beer BUD, Efes, Klinskoye, etc. was transferred to temporary management of Russian GK "Vmeste". российской ГК «Вместе».)
- Procter & Gamble, a manufacturer of care products and home care products, continues to sell actively to Russians, although its revenue decreased slightly during the reporting period. The company is part of the American **P&G** and is indirectly owned by the same multinational investors.
- Samsung Electronics Rus Company remains a part of South Korea's **Samsung Electronics** and continues to generate profits in the Russian market for its owners, American and British investors. The increase is quite significant – 14.9%.
- The German building materials manufacturer **Knauf*** owns several large industrial enterprises in Russia. Amid reports that the group's products were used in the reconstruction of Mariupol, the Bavarian shareholders of Knauf Gips KG decided last spring to transfer the Russian segment to the local management.
- UniCredit Bank is part of the Italian **UniCredit** group and still remains in Russia, although its indicators are steadily falling – by 7.6% during the reporting period. In order to avoid the risks of a further reduction in cross-border transfers, the financial giant's shareholders, including our familiar Blackrock fund, do not rule out asset realignment.
- **Bayer AG**, a German pharmaceutical giant, continues to develop its business in Russia and is even suing local pharmaceutical manufacturers over the illegal use of its patent rights. The company's revenue increased slightly – by 3.9%.
- Forward Energy*, the owner of seven Russian thermal power plants, was managed by the Federal Property Management Agency in the spring of 2023, but remains owned by the Finnish energy company **Fortum**.
- Sanofi Russia, a major producer of insulin in Russia, failed to fulfill export contracts in the autumn of 2023 due to logistical problems caused by international sanctions. However, this does not prevent the owner of the company, France's Sanofi, from continuing to benefit from business in the Russian Federation. A 21.7% increase is the best confirmation of the correctness of the choice made. Blackrock is among the shareholders of the French group.
- **Novartis International AG**, a Swiss pharmaceutical company, has been operating in Russia since 1876. Sanctions are unlikely to be a decisive factor for firms with such deep roots in the country. That is why Russia's Novartis Pharm continues to work and generate profits - an increase of 12.1%.
- **Johnson & Johnson**, one of the largest manufacturers of hygiene products, continues to operate in Russia. Obviously, this is the will of the shareholders - Blackrock, Vanguard, etc., But revenue fell strongly in the reporting period – by 10.8%.

- AstraZeneca Pharmaceuticals, owned by Swedish-British conglomerate **AstraZeneca**, although it was unable to cover Russia with its coronavirus vaccine, still continues to sell medicines profitably on the local market. The company has the highest growth rate among the rating participants, of 25.7%. Like Germany's Bayer, the Swedish-British subsidiary is actively suing Russian companies for the use of a patent for analogues of its drugs.
- **L'Oreal**, a French manufacturer of perfumes and cosmetics, is also not ready to give up its business in Russia. The management of the international group, owned mainly by Nestle and the founder's granddaughter, treats the Russian client with care.
- **Unilever**, one of the world's largest manufacturers of consumer goods, has been trying to keep its business in Russia to the very end. Even after when Ukraine put the company on the list of sponsors of the war, Unilever continued cooperation with Russian clients. In 2024, the company agreed to sell its Russian business, possibly because of the negative revenue trend a fall of 26.9%.
- **Ferrero**, an Italian manufacturer of chocolate and confectionery products, continues to produce treats popular among Russians at its factory in the Vladimir region — Raffaello candies, Kinder and Nutella nut paste. The company is run by the grandson of founder Giovanni Ferrero. Revenue growth in the reporting period was 16.9%.
- American pharmaceutical group **Abbott Laboratories** in Russia produces a number of drugs for diseases of the gastrointestinal tract, but not solely. It also manufactures vascular equipment. And these products are in demand, as evidenced by an 11.3% increase in revenue. The group is owned by institutional investors, all the same Blackrock, Vaungard and Capital Group.
- Ascona Trading House manufactures and sells a wide range of sleep products in Russia. The owner of the house, Sweden's **Hilding Anders**, keeps the capacities of its plant in Kovrov fully loaded. Trading house Ascona's revenue increased by 21.5%.

The companies from Europe and the United States that have retained their Russian business and have not been subject to asset confiscation are not discriminated against in their operational activities. Moreover, as our analysis shows, despite the public rhetoric of the Russian leaders about the inadmissibility of any foreign influence on government decisions, some foreign companies continue to use lobbying mechanisms that are officially banned in the Russian Federation and receive significant benefits from this.

The PMI case: lobbying for a law banning competitors

The topic of effective lobbying by Philip Morris international, which has already practically led to dramatic changes in government regulation of the production and sale of nicotine-containing products on the Russian market, was first raised by **Tsargrad**. This media outlet has an extremely conservative reputation and belongs to **Konstantin Malofeyev**, a major businessman close to the Kremlin who has actively supported and financed the Russian invasion of Ukraine since 2014, when the participation of the Russian Armed Forces in the conflict was still considered unconfirmed.

The publication gives a sharply negative assessment of PMI's activities from the standpoint of protecting national sovereignty, as understood by Vladimir Putin's supporters. From their point of view, foreigners have no right in any way to influence government policy, especially decision-making, and the American company violates this prohibition:

"The PMI (meaning Americans), in pursuit of its own income, actively intervenes in Russia's internal affairs, exerting a significant influence on the government's healthcare policy and on federal budget revenues. Russia's share in global PMI sales is 9%, and for IQOS it is even 15%. This means that Russia is a key market for the company. Therefore, PMI, which announced its withdrawal from the Russian market back in 2022, is not really

going anywhere. Moreover, its strategic plan is to ban vaping and occupy the vacant niche with its IQOS. Every million new IQOS consumers in Russia gives PMI \$40 million in additional revenue per year, that is, for them, \$400 million or a tripling of their own business in this segment is at stake, and if we look at the general trend of smokers switching to alternative means of nicotine delivery, even more»⁴.

The above quote requires clarification. Vapes, or electronic nicotine delivery systems (EDS), entered the Russian market at a time when PMI already held a dominant position in it both in the segment of traditional cigarettes, and especially in the segment of tobacco heating systems (SNT, IQOS brand). However, according to a survey by the state sociological service VTsIOM, more than 10 million adult Russians consume vapes, while the popularity of IQOS is more than two times lower. The popularity of vapes has not changed even with the increase in excise taxes. In Russia, the indirect tax has increased by more than 320% since 2017, while excise taxes on other types of tobacco and other nicotine-containing products have increased by only 60-77%. Tsargrad journalists note that this was done in the interests of PMI, as well as the ban on the use of various aromatic and flavoring additives in liquids for medicinal products, which would have destroyed their consumer properties planned at the time of publication of the investigation.

At that, Tsargrad's calculations look more than conservative. The tobacco market studies we have seen say that the average consumption is 250 packs of IQOS sticks per year, which, with an average pack price of 180 rubles, means 45,000 rubles per year (plus the device price of about 4,000 rubles). Thus, PMI's revenue per consumer will amount to about \$500 per year, or \$500,000,000 per every million consumers who will be forced to abandon e-cigarettes and switch to IQOS.

Russian media have noted that **President Putin** has also spoken out against a complete ban on vaping:

"Should Russia deal with the negative effects of nicotine use? Of course, but only following the message of Russian President Vladimir Putin that it is important to remember the country's negative experience of regulatory excesses and watch the threshold, which leads to the opposite result. And certainly not for the benefit of an American company, which earns billions from the deaths and illnesses of millions of people around the world."

The Moskovsky Komsomolets newspaper, not affiliated with the Kremlin, also draws attention to the role of PMI in the systematic tightening of state regulation of the e-cigarettes market.

It should be noted that these and a number of other publications have not stopped PMI's lobbying activities in Russia. Moreover, it has reached a new level. A draft law was submitted to the State Duma to ban the sale of injection systems and liquids for them completely in Russia. In addition, the bill provides for a full ban on nicotine raw materials, which means destruction of the Russian market for all products that use raw nicotine materials. Only classic cigarettes, IQOS sticks, as well as niche products such as hookah tobacco and chewing tobacco will remain legal.

The level of contacts of the American company can be assessed by the fact that the initiator of the bill, **Vyacheslav Volodin, speaker of the lower house of parliament**, even conducted a survey on his account of the Telegram messaging service, which is extremely popular in Russia. Of the 265,000 participants, 74% supported the ban on vaping, the official publication of the government of the Russian Federation Rossiyskaya Gazeta reported»⁵.

⁴ https://tsargrad.tv/articles/peredel-tabachnogo-rynka-korporacii-nachinajut-ljudi-proigryvajut_1110759

⁵ <https://rg.ru/2025/01/18/zapret-vejпов-podderzhali-74-procenta-uchastnikov-oprosa-volodina.html>

It is obvious that censorship and pressure on the Russian media mean that further publications about the role of PMI in banning e-cigarettes are impossible, therefore, the likelihood of direct contacts between the company's lobbyists and speaker Volodin can only be judged by indirect signs.

At that, the representativeness of the survey should be questioned. For example, according to the KROS National Anxiety Index, in 2024, a possible ban on vaping became a new concern for Russians, topping tax increases, natural disasters, and even nuclear escalation and a possible military conflict with NATO.

Independent research data shows that the ban on e-cigarettes is not really popular among Russians, but authoritarian management mechanisms allow lobbyists to ignore this fact.

The Raiffeisen Bank case: how to make money in Russia during the war with Ukraine

The Russian business of Raiffeisen Bank International (RBI) can be considered the best example of a commercial success achieved by a Western company in Russia since the outbreak of the full-scale war in Ukraine. RBI's annual net profit in Russia in 2023 amounted to €1.3 billion, or more than 56% of the consolidated net profit of the entire group (€2.4 billion). And although the financial result eased compared to 2022, Russian Raiffeisenbank continues to stand firmly on the ground.

The bank has been under constant pressure from the United States and the E.U. since the beginning of the Russian invasion of Ukraine, although it has used this conflict, or rather the ensuing consequences, as a window of opportunity.

After the outbreak of war and the imposition of harsh sanctions against Russia, Raiffeisenbank turned out to be one of the few financial institutions capable of seamlessly conducting settlements in dollars and euros between Russian individuals and their Western counterparts. This made it possible to double the commission income of the bank by the end of the year and revise expansion plans, which, in particular, was indicated by an increase in the number of announcements about hiring new staff.

This is why at the beginning of 2023, the Office of Foreign Assets Control (OFAC) of the U.S. Treasury Department opened an investigation into the Russian division of Raiffeisen, which in turn became a serious cause for concern for the E.U. and the European Central Bank (ECB).

In the spring of 2023, during a meeting of the Single Resolution Board of the E.U. Banking Sector, the ECB called the inclusion of RBI in the list of sanctions an "existential crisis," announcing the need to begin developing emergency measures to withdraw the bank's funds from Russia softly.

For some time, E.U. representatives discussed the possibility of a "restrained liquidation," but Raiffeisen's management, with the support of Austrian officials, rejected this idea. These discussions were later halted amid bankruptcy of Credit Suisse, which distracted attention of the regulators.

At the same time, the E.U. offered RBI an alternative — the exchange of assets in Russia for assets in Europe. However, the group rejected this deal under the pressure from the United States, which promised to impose secondary sanctions, thereby indicating its own influence on the future possible deal.

In response, in August 2023, Russian President Vladimir Putin signed a decree, according to which 45 credit institutions with foreign participation lost the opportunity to alienate their shares to third parties without permission of the president. Raiffeisenbank is included in this list.

According to Bloomberg, RBI negotiated the sale of the Russian business to Emirate's Mubadala Investment at the end of 2023, and the Kremlin allegedly supported this deal. However, the U.S. Treasury threatened Mubadala with the imposition of secondary sanctions, thwarting this option.

However, according to the Russian government sources, as of mid-2023, RBI had no plans to sell its business. Acting primarily with an eye to OFAC, the bank complied with all recommendations and regulations, minimizing the damage to its economic interests. In particular, the Russian division of RBI stopped opening new accounts for companies and raised the fee for payment transactions in foreign currency. However, cross-border operations were not limited, which allowed Russian exporters to receive money from the European customers under contracts, and the bank to increase the commission income.

Moreover, in December 2023, Raiffeisen announced its intention to acquire a 27.78% stake in **Strabag** construction company from Rasperia owned by Russian billionaire **Oleg Deripaska**, who was one of the purses of the Russian government under Yeltsin and continued to be one under Putin.

These and other actions provoked an extremely negative reaction from European officials, who insisted on a gradual reduction of the group's activities in Russia. In April 2024, the ECB demanded that the process of winding down the Russian RBI business be accelerated.

The group's financial statements for 2024 are not yet available, but according to FT forecasts published last spring, the Russian and Belarusian divisions of RBI should earn about € 1.2 billion.

Thus, skillful lobbying activities in Russia, Europe, and the United States allow Raiffeisenbank to make money, including on exclusive operations that are a direct result of the war in Ukraine. The bank's privileged position is partly explained by high-level agreements, but it is obvious that its preservation is the result of systematic daily work of lobbyists at the government level, the level of the Bank of Russia, the largest state-owned banks under severe sanctions, as well as Federal Financial Monitoring Service and other law enforcement agencies. This work began long before the invasion of Ukraine and did not stop after it. As is known from the materials of many lawsuits, the practice of "general patronage" is widespread in Russia, that is, creating the most favorable business conditions in exchange for financial remuneration. Before the imposition of harsh sanctions, the commercial banks that enjoyed "general patronage" were a tool for withdrawing tens of billions of dollars of funds outside the Russian jurisdiction.

Now that there is censorship in Russia, almost all media outlets that conducted independent investigations have stopped working, so there is no public information about Raiffeisenbank's possible involvement in operations related to circumvention of sanctions. However, the financial results confirm that the "general patronage" regime is still in effect, and this is clearly thanks to the bank's lobbyists.

The Carlsberg case: a successful way out of direct conflict with the state

In December 2024, the international Carlsberg Group announced an agreement with the Russian authorities on the sale of its Russian assets - eight breweries united within the Baltika brewing company. The name of the buyer and the terms of the deal have not yet been disclosed, but **Reuters** news agency points to the former top manager of the company and his partner, who used to work at Heineken. It also mentions the amount of the transaction - about 34 billion rubles or \$320.75 million, although Carlsberg previously estimated its Russian assets at 7.52 billion Danish crowns, or \$1.06 billion.

It would seem that such a significant discount to the initial amount indicates the enormous damage suffered by Carlsberg. But in reality, the deal is the first and so far unique case of a profitable compromise reached by the Russian government with an investor from a state declared "unfriendly."

The Carlsberg Group decided to leave the Russian market in March 2022, almost immediately after the outbreak of a full-scale war in Ukraine, followed by international sanctions against Russia and its retaliatory measures taken against foreign businesses.

In December 2022, the Russian government imposed restrictions on business management in the Russian Federation or its alienation for the persons registered in the jurisdictions of the "unfriendly" countries or those under their influence. In addition to the introduction of coordination procedures — for registration of transactions for the sale of their property, it was necessary to obtain permission from a special government commission — the Russian authorities introduced a mandatory discount on the transaction in the amount of at least 50% of market value of the assets being sold.

The Carlsberg Group took into account the innovations and started negotiations with potential buyers. In June 2023, the group announced an agreement to sell the assets to a buyer whose name was not disclosed.

Just a month later, in July 2023, by a decree of the President of the Russian Federation Vladimir Putin, the group's shares in the Russian business were withdrawn and transferred into temporary management of the state in the form of the Federal Agency for State Property Management⁶.

Almost immediately, the dismissal of the former management and the appointment of **Teymuraz Bolloyev**, a long-time acquaintance of President Putin, to the post of head of the brewing company, with whom he brought the Baltika brand to the international level in the early 2000s and eventually prepared the company for a profitable sale to foreign investors were announced⁷.

Carlsberg Group reacted radically to this decision, calling the actions of the Russian authorities "theft" and refusing any contact with them.

In October 2023, the Danish company also announced termination of licence agreements with Baltika, according to which drinks were produced in Russia under the brands Seth & Riley's Garage, Holsten, Kronenbourg and Tuborg.

In response, at the request of Baltika's new management, a criminal investigation was launched against former top managers of the company close to the Carlsberg Group. According to the Russian investigation, they transferred the rights to long-term leases of some Russian brands to Carlsberg-affiliated foreign companies, one of which, for the Czech beer Žatecký Gus, was allegedly issued with signs of date falsification. Baltika's management said that significant damage had been done to its capitalization. According to a decision of the Russian courts, one of the accused was placed in custody.

At the same time, the Russian brewing company challenged in Russian courts the legality of termination of the license agreements, as well as of a deal to transfer the exclusive license for the Baltika brand to the Kazakh division of Carlsberg for its use in six CIS countries and Mongolia.

To top it off, in March 2024, Baltika filed an application with a Russian court to recover losses from the Carlsberg Group companies in the amount of 6.2 billion Danish crowns, or almost \$911 million.

For Carlsberg Group, the loss of control over the Russian assets was grievous: in a report for 2023, the group estimated losses from the write-off of business in Russia at 47.75 billion Danish crowns (about \$6.86 billion).

These and other events obviously forced the Carlsberg Group management to change its irreconcilable rhetoric and start negotiations to resolve the situation.

⁶ <http://publication.pravo.gov.ru/document/0001202307160001?index=2>

⁷ <http://www.kremlin.ru/events/president/news/27251>

In May 2024, Carlsberg Group President **Jorgen Rasmussen** arrived at the St. Petersburg International Economic Forum (SPIEF), where he was officially introduced to Vladimir Putin by **Alexander Shokhin**, head of the Russian Union of Industrialists and Entrepreneurs (RSPP)⁸. Sources in the Russian government believe that Shokhin could have received a special mandate from the Russian authorities to negotiate with the head of Carlsberg.

But whoever was involved in the negotiations, a settlement was reached no later than August 2024. It was then that a company was registered in Russia, which, according to Reuters, is the formal buyer of Carlsberg's shares in Baltika. Thus, just a little more than two months passed between Rasmussen's visit to Russia and the start of structuring a future deal.

Already in the fall of 2024, the Russian investigative authorities stopped criminal prosecution of Baltika's former top managers, while the court proceedings on the damage, of which the new Baltika management accused Carlsberg, were suspended. Representatives of the Danish company, in turn, stated that they expect a peaceful settlement of the dispute over the trademarks transferred to the Kazakh division of the company.

The chances of the first peaceful settlement of the business conflict caused by the war in Ukraine in Russian practice are extremely high. In December 2024, Vladimir Putin signed a decree on the withdrawal of Carlsberg's Russian assets from temporary management, thus opening up the possibility of a deal.⁹

As is widely known from numerous publications in independent media outlets that used to exist in Russia and data of court proceedings, even if there is a high-level political will to terminate a criminal case and, in principle, resolve contradictions with the security, defense and law enforcement authorities is impossible without informal contacts. In Russia, there is an institution of intermediaries, the so-called "resolvers", and it is to them that lobbyists of commercial structures turn if necessary. There was such a need in the Carlsberg situation, and an effective resolution of the conflict indicates that the lobbyists of the Danish manufacturer have not lost their skills of interacting with "the resolvers" even in wartime conditions.

Prospects of large foreign business in Russia

As was shown above, the reaction of the largest U.S. and E.U. companies to the military invasion was mixed, but most of them preferred to keep their business in Russia. Moscow, despite a number of harsh measures, generally allows you to work and make money even during a hybrid war with the Western countries. It is obvious that as the conflict moves from the military to the diplomatic track, the services of lobbyists, who continue to communicate effectively with the Russian elites, will be in increasing demand.

Our analysis demonstrates that the largest part of the losses incurred by large U.S. and E.U. companies after Russia's invasion of Ukraine is related to their voluntary withdrawal from the market and the write-off of losses. There are few cases of nationalization of foreign assets, legally registered as a transfer to the management of the Federal Property Management Agency. Moreover, as the Carlsberg case shows, this process is reversible.

Using the example of Raiffeisenbank, one can see how effective "grassroots" lobbying, involvement in the informal structures of the Russian elites, helps you to maneuver and withstand political pressure from both Moscow, Washington, and Brussels, ensuring high business profitability.

⁸ <http://www.kremlin.ru/events/presiden> Sources in the Russian government believe that Shokhin could have received a special mandate from the Russian authorities to negotiate with the head of Carlsberg.t/news/21078

⁹ <http://publication.pravo.gov.ru/document/0001202412020006?index=1>

Finally, the PMI case shows that the company has strategic plans for its presence in the Russian market. After all, a very expensive and complex lobbying and a PR campaign to eliminate a competing product from the market will not have an instant effect. However, in the future, it may increase the revenue of the Russian division by hundreds of millions of dollars per year.

Thus, companies planning to return to the Russian market after the end of the conflict in Ukraine must first invest in restoring their lobbying potential, otherwise they will not win the competition.