

Putin's decree: a state unable to protect the economy

Iwona Wiśniewska

On August 24, Vladimir Putin signed a decree allowing Russian authorities to impose temporary administration over critical infrastructure facilities, including those belonging to the industrial, telecommunications, housing and utilities, and transport-logistics sectors, as well as other facilities of "special importance" to security, economic stability, and the functioning of society. Grounds for stripping legal owners of control over selected infrastructure may include: failure to take, or "untimely" taking of, measures to ensure the security of facilities (this concerns defense against drone attacks); creating security threats; and failure to restore, or "untimely" restoration of, the functioning of critical infrastructure facilities. The temporary administrator of assets may be the Federal Agency for State Property Management of Russia (Rosimushchestvo) or another entity designated by the government on the authority of Russia's leader.

Putin's decree effectively shifts onto Russian business the obligation to protect critical infrastructure from Ukrainian attacks. In doing so, Putin has admitted that the state bodies responsible for this are unable to provide it. Moreover, the document's vaguely worded provisions de facto allow Putin's elite to seize control of virtually any assets in Russia under the pretext of ensuring their security.

Commentary

- **Putin's decree is essentially a demonstration of the Kremlin's powerlessness in the face of intensifying Ukrainian drone strikes on facilities deep inside Russia.** The Russian army is unable to effectively counter strikes on refineries, export terminals, or logistics centers. These attacks are significantly weakening the Russian economy and fueling growing discontent among both the elite and the public. This is why Putin, under threat of seizing control of facilities, is trying to force businesses to secure its assets and restore production as quickly as possible, in order to prevent the destabilization of the economy.
- **It is unlikely that the business, on its own, will be able to effectively counter Ukrainian drones.** Since last year, when the Ukrainian military began destroying facilities on Russian territory, owners of large plants have been investing in defense measures – primarily defensive ones (e.g., nets, electronic warfare systems) – and hiring additional security personnel, including reservists. Some companies have also signed protection agreements with structures subordinate to the ministries of emergency situations, internal affairs, and defense, as well as Rosgvardia. According to estimates by Russian media, the value of orders for anti-drone protection measures in the commercial sector in the first half of 2026 rose more than 6.5-fold year-on-year, reaching 441.3 million rubles

(about \$5.5 million).

- **Russian business has also begun demanding the right to purchase offensive systems, including electronic warfare equipment, laser installations, and large-caliber weapons.** Under a law passed in early June this year, the central bank and the state-owned Sberbank — Russia's largest commercial bank — have already obtained the right to independently shoot down any type of drone in the event of an attack on their facilities. The Russian press reports that other large corporations, primarily in the energy sector, also have such capabilities. Businesses must compete with state entities for this type of equipment, which has privileged access to it. Financing may also prove a serious barrier to protecting and rebuilding facilities destroyed by drones. Since the start of the invasion of Ukraine, the Kremlin has been shifting the costs of the war onto entrepreneurs. Over the past year, worsening economic conditions have increasingly strained the financial position of Russian companies.
- **The creation of private units equipped with heavy military hardware could pose a threat to internal security and the current regime.** The need to strengthen the protection of economic infrastructure is forcing the Kremlin to share its long-standing monopoly on the possession and use of heavy military equipment with private business. Until recently, the right to neutralize drones belonged solely to state officials, including units of Rosgvardia, the Ministry of Emergency Situations, the Ministry of Internal Affairs, and the special services. In the current situation, heavy weaponry may also end up in the hands of people who lack adequate systems for identifying hostile targets, who are insufficiently trained, or who are even disloyal to those in power.
- **The new decree could be used by Putin's elite to intensify the ongoing process of asset seizure in Russia.** Although the document officially permits only the introduction of temporary administration, the experience of Western companies withdrawing from Russia after 2022 (including Danone and Carlsberg) shows that this can be merely a prelude to the actual seizure of ownership. The authorities have sufficient instruments to force owners to "sell off" their assets or to find a pretext for nationalization.