

Russia To Cut Dependence On U.S. Dollar, Payment Systems

Russia will speed up work on reducing its dependence on U.S. payment systems and the dollar as a settling currency in response to U.S. sanctions, Deputy Foreign Minister Sergei Ryabkov said on Monday.

Quoted by Reuters, Ryabkov said that “we will of course intensify work related to import substitution, reduction of dependence on U.S. payment systems, on the dollar as a settling currency and so on. It is becoming a vital need.” The reason for that is that “the US is using its dominating role in the monetary and financial system to impose pressure on foreign business, including Russian companies.”

As a reminder, three years ago the MasterCard payment system stopped serving clients of seven Russian banks without warning after Washington imposed its first set of sanctions on Moscow in 2014. In response, the Russian government ordered the creation of a national payment system. With the support of the country’s banking system, the Mir charge card was introduced in 2015, although there is no information on what its adoption rate has been in the following years.

As we discussed previously, as part of the latest set of Russian sanctions the US has imposed new restrictions on the Russian banking and energy sectors: the ban targets already sanctioned Russian firms, limiting the financing period for them to 14 and 60 days. Additionally, the new law will punish individuals for investing more than \$5 million a year or \$1 million at a time in Russian energy export pipeline projects or providing such enterprises with services, technology or information support, a provision that has drawn strong condemnation from Washington’s European allies.

US energy companies criticized the tightening of already existing sanctions as damaging for business. At the same time, the European Union expressed concerns the new penalties may undermine the bloc’s energy security. European Commission head Jean-Claude Juncker pledged to prepare an “adequate” response and “within days” if the measure hurt the interests of European companies. So far Europe has to elaborate on what, if any, retaliation to the sanctions it will unveil.

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