



Russia Mulls Ordering State Firms To Switch To Euro, “Preparing” For Possible Disconnect From SWIFT

Description

RUSSIA: On Monday a flurry of bombshell statements came out of Russia after at the end of last week Putin blasted the United States for using the dollar as a tool for waging “economic & political war” in an address before the St. Petersburg International Economic Forum. Amid a tightening US and EU sanctions noose, most recently surrounding the Nord Stream 2 pipeline, Putin also suggested a more **“acceptable” scenario of European nations paying for Russian gas in euros**, amid what alarmingly appears a broader de-dollarization effort which includes Russia’s sovereign wealth fund deciding to dump all of its dollars and dollar-denominated assets in favor of those denominated in euros, yuan – or further buying precious metals like gold. “The euro is completely acceptable for us in terms of gas payments. This can be done, of course, and probably should be done,” Putin calmly said Thursday.

And now Russia’s Finance Minister has announced preparations for **stimulus to move FX liquidity into euros** while specifying it’s **mulling ordering state companies to switch to euros**, according to RIA news. Additionally, Moscow said it’s responding to calls for more sanctions by “preparing” for possible disconnect from international payment systems, namely SWIFT.

However, a mere couple hours later the Finance Ministry walked back some of the most provocative earlier official statements: *“Russia will rely on economic means to encourage companies to shift from dollar to euro and doesn’t plan any restrictions on use of U.S. currency,”* a follow-up report noted.

Bloomberg noted, “RIA Novosti and Tass withdrew earlier articles citing Finance Ministry official as saying the government plans directives to order state companies to make the shift. RIA and Tass said the official retracted his quotation.” Perhaps this was yet another early “warning” signaling the West and no “mistaken” citation at all?...

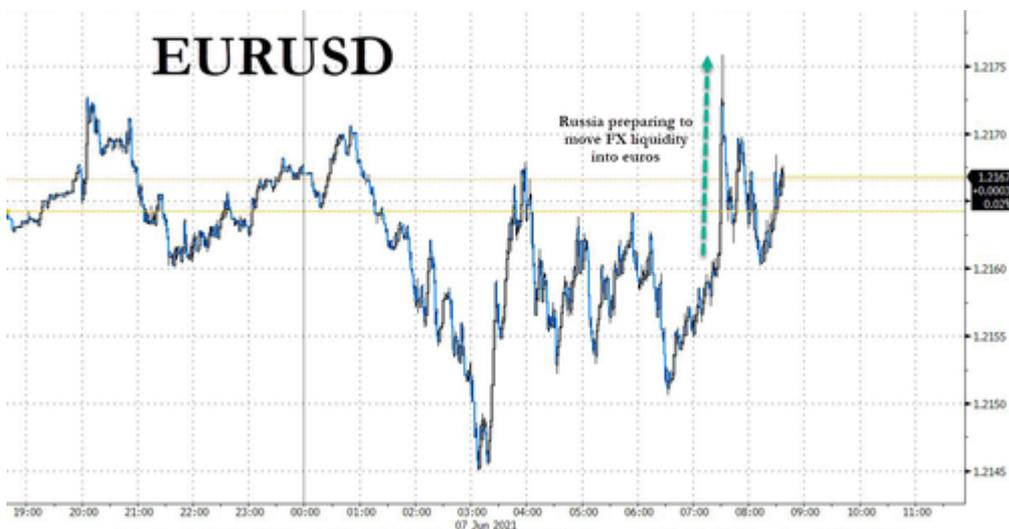
Here’s what the Monday [TASS](#) statements in questions said... “Russia is preparing for additional sanctions, and **serious work** has been initiated into **dealing with the country’s potential disconnection from international payment systems**, Russian Deputy Foreign Minister Alexander

Pankin said at parliamentary hearings in the State Duma.”

“Of course, we need to prepare for additional restrictive measures, we usually call sanctions. It is clear that it is impossible to prepare for everything, but already in the economic and financial departments, serious work has been launched related to the **transfer of settlements into national currencies**, the introduction of payment systems,” Pankin said.

However, he also noted the Kremlin is planning for a lot of “what if” scenarios.. “you cannot get ready for all of them,” he stated. “It is clear that we cannot be completely shut down, in the current world, this is impossible... Today, nobody can fully support and develop themselves by their own efforts and means,” Pankin added.

On the news the dollar briefly slipped to a session low while the euro jumped: *EUR/USD jumps as much as 0.1% to 1.2176 before paring gains; trading modest ahead of U.S. CPI and ECB meeting; session range is a narrow 1.2145-1.2176*, Bloomberg observed.



A few years ago, Russian President Vladimir Putin warned that Washington was inadvertently accelerating de-dollarization with its aggressive financial sanctions, which were forcing its geopolitical adversaries to reduce their dependence on the greenback. Just last month, Russia reached a new milestone whereby fewer than 50% of its exports were paid for in dollars.

It appears that after years of steadily reducing its dependence on the dollar, Russia is about to intensify those efforts in a way that Washington will be forced to take notice.

by Tyler Durden

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