

Russia's Sberbank Issues First Letters of Credit in Chinese Yuan

By [The Moscow Times](#)

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Russia's largest lender, state-owned Sberbank, said Monday that it was the first Russian bank to issue letters of credit denominated in China's yuan currency as economic ties between Beijing and Moscow tighten.

The letters of credit were "issued on the instruction of a major corporate client," Sberbank said in a press release.

Sberbank may however not have broken new ground: VTB, another Russian state-owned bank, announced its first Yuan-denominated letter of credit in 2010.

With the Ukraine crisis wrecking Russia's relations with the United States and the European Union, Moscow has been looking to boost commercial and financial links with Asian

countries, particularly China.

"We are seeing growth in Russian companies' interest in settlements using national currencies, in particular Chinese yuan and, of course, Russian rubles," said Andrei Ivanov, head of Sberbank CIB's trade finance and correspondence relations department.

A letter of credit is a document issued by a bank to guarantee payment on an exchange of goods.

Sberbank's announcement is the latest sign of the growing popularity of transactions in yuan.

The turnover of ruble-yuan currency trades on the Moscow Exchange increased rapidly this year, rising 80 percent month-on-month in October to a historical high of 83.5 billion rubles (\$1.8 billion).

China and Russia signed a currency swap deal worth \$24.5 billion during the visit of Chinese Premier Li Keqiang to Moscow last month.

Russia is also reportedly considering accepting yuan payments for natural gas pumped to China under a 30-year supply deal worth \$400 billion that Moscow and Beijing signed earlier this year.

This article has been updated to include information about VTB's Yuan-denominated letter of credit issue in 2010.

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