

Putin Drops Demand for Gas Payments Via Gazprombank

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Vladimir Putin signs an autograph on a gas pipe during the launch ceremony of the Power of Siberia gas pipeline. kremlin.ru

Russian President Vladimir Putin has [scrapped](#) an order for foreign buyers of Russian gas to pay through Gazprombank, which was hit with U.S. sanctions last month.

Putin made it compulsory for “unfriendly” countries to pay for Russian gas with rubles in spring 2022, [forcing](#) buyers to open special accounts with the financial arm of Russian energy giant Gazprom.

Under a decree [signed](#) by Putin on Thursday, foreign buyers will now be able to use other banks to pay for Russian gas.

The decree notes that gas payments will no longer be required via Gazprombank’s special, so-called “K,” accounts until the Western sanctions are lifted.

Hours later, Gazprombank [said](#) in a statement it remains the “sole authorized bank” for gas

payments, but clarified that it no longer assists foreign buyers in converting foreign currency into rubles for the payments.

Gazprombank, a major financial institution that handles payments for Russia's energy exports, was the largest remaining Russian bank not previously blocked by the U.S. Treasury.

Related article: [U.S. Targets Gazprombank in New Sanctions Package](#)

The decision to [sanction](#) it sparked concern among countries still buying gas through the state-controlled lender, including Hungary, which reportedly asked for an exemption.

The U.S. Treasury alleged Gazprombank was being used as "a conduit for Russia to purchase military materiel for its war effort against Ukraine," as well as to pay soldiers.

Russia has faced a barrage of sanctions from Western countries in response to its military offensive on Ukraine in February 2022, including an oil price cap designed to curb the Kremlin's revenues.

Gazprombank had already been sanctioned by other countries including Australia, Canada, New Zealand, and the United Kingdom.

AFP contributed reporting

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