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Russian Importers Hit by VTB Account Freezes, Disrupting China Trade

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Zuma / TASS

Russian companies are facing a wave of unexplained account blockages at state-owned banking giant VTB and its Shanghai branch, complicating one of the few remaining channels for trade with China, the independent business outlet Vpost reported.

Employees at five importing firms reported that VTB blocked their accounts between mid-May and July, noting that these incidents have become significantly more frequent since early summer.

"There's been a recent influx of clients seeking help, partly because of frequent and unexplained account freezes at VTB Shanghai," the head of a payment agency that supports Russian importers with international transactions told Vpost.

The situation has strained foreign trade operations already hampered by Western sanctions and restricted access to international payment systems.

VTB's Shanghai office represents Russia's only direct banking presence in China, offering one of the cheapest and most straightforward ways to transfer funds between the two countries.

Now, with accounts frozen, many importers have been forced to reroute payments through other Russian banks.

"Firms must now process payments through other Russian banks, which charge a commission of 4.5 to 4.9% of the transfer amount," one business owner told Vpost.

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Affected importers said that neither VTB's Moscow headquarters nor its Shanghai branch could explain the blockages or assist in unfreezing accounts.

Several reported that even bank employees were unable to contact their own financial monitoring departments, making it impossible to resolve the issue.

"VTB had made no formal requests or allegations, I'm not on any blacklist and I submitted every document requested after the block, and I still haven't received an answer," one businessman told Vpost.

Some firms have tried switching to payment agents, third-party intermediaries who handle cross-border transfers, but this brings its own complications, one importer explained to Vpost.

Using payment agents can complicate participation in public tenders or the fulfillment of state contracts, as companies often struggle to assemble the necessary financial documentation under this model, the importer said.

An employee of an electrical equipment supplier that lost access to its VTB account noted that for certain products, especially in the industrial sector, using payment agents simply isn't practical. Administrative headaches can outweigh any savings on transfer fees.

"There's a lot of talk about the risks of payment agents, but once companies start working with VTB, they find the bank's procedures even less predictable," the head of a payment agency told Vpost. "There's frequent changes in financial monitoring practices and varying conditions for clients, including differing yuan exchange rates."

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