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China Eyes 'Panda Bond' Fundraising by Russian Energy Firms – FT

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Chinese President Xi Jinping and his wife greet Putin at the welcoming ceremony of the heads of delegations at the SCO summit in Tianjin. **kremlin.ru**

China is preparing to allow Russian energy companies to issue yuan-denominated bonds on its domestic market for the first time since 2017, the Financial Times reported Monday, citing two people familiar with the matter.

Chinese regulators told executives from major Russian firms at an August meeting in Guangzhou that they would support plans to sell "panda bonds," FT's sources said.

Most major Russian energy producers are under U.S. and EU sanctions, and Chinese banks and brokers, the main buyers of panda bonds, would face the risk of secondary sanctions, lawyers told the FT.

The issuance of panda bonds will likely be limited to two or three companies to begin with, the FT reported. Potential borrowers include unsanctioned entities like Rosatom and its affiliates.

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Rosatom and other Russian energy firms including Novatek and Zarubezhneft have already obtained Chinese credit ratings.

Chinese rating agency CSCI Pengyuan on Friday assigned Gazprom its top AAA rating with a stable outlook, citing its strategic importance despite geopolitical risks.

Fitch Ratings downgraded Gazprom to double C in 2022 and later withdrew all ratings on Russian companies to comply with European sanctions.

If approved, the borrowing would be the first Russian corporate bond placement in China since Moscow's invasion of Ukraine — and the first since 2017, when state aluminum giant Rusal raised 1.5 billion yuan ($210 million).

The FT report comes on the heels of President Vladimir Putin's visit to China last week to attend the annual Shanghai Cooperation Organization (SCO) summit and a major Chinese military parade.

Gazprom chief Alexei Miller said last week that a legally binding memorandum had been signed with Beijing on the Power of Siberia 2, a long-delayed pipeline that would supply up to 50 billion cubic meters of Russian gas to China per year. Chinese authorities have not yet confirmed the deal.

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