

Kremlin rejects Russian default, says payments executed

The Kremlin has rejected claims that it has defaulted on its external debt for the first time in more than a century, after a grace period on \$100m interest payments ran out.



Source: [Rixabay](#)

Some bondholders said Monday (June 27) that they had not received overdue interest payments.

The deadline for making those payments passed a day earlier.

Russia has struggled to keep up payments on \$40bn in outstanding bonds since sanctions were imposed on it over the war in Ukraine.

The Kremlin says it's not for lack of money. It blames restrictions that make it impossible to send payments to bondholders. Moscow accuses the West of trying to drive it into an artificial default.

Since late May the US Treasury Department has effectively blocked Russia from making international payments. For now any default will be largely symbolic though.

Russia can't borrow internationally at the moment, and doesn't need to thanks to plentiful oil and gas revenues. However, the stigma of default is likely to raise its borrowing costs in the future.

The payments in question now concern \$100m in interest on two bonds. A US official said Monday that the default showed how severely sanctions were affecting Russia.

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