

Kremlin Waves Off Aide's Comments on Downfall of U.S. Financial System

By [The Moscow Times](#)

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The Kremlin distanced itself from the comments of a presidential aide who said Monday that Russia's retaliation against possible Western economic sanctions would destroy the U.S. financial system.

Sergei Glazyev, economic advisor to President Vladimir Putin, said U.S. and European sanctions and asset freezes on Russia over its use of troops in the Ukraine would be a double-edged sword. If such sanctions were imposed, Glazyev said Russian companies would find it impossible to repay huge debts owed to banks, Russia would shed U.S. treasury bonds and the country would abandon the dollar and switch to an alternative reserve currency, RIA Novosti reported.

"We will find a way not only to nullify our financial dependence on the U.S., but to reap great benefits from the sanctions. Any attempt to impose sanctions on Russia will result in the downfall of the U.S. financial system, which will lead to the end of U.S. global financial

dominance," Glazyev said.

Hours after the comments came out, a source in the Kremlin told RIA Novosti that Glazyev was voicing a purely academic opinion.

On Monday, following the seizure of the Crimean peninsula by Russian troops last week, U.S. trade representatives announced that they had suspended upcoming bilateral trade and investment negotiations. The Pentagon also announced the suspension of all military cooperation with Russia.

U.S. Senate Committee on Foreign Relations chairman Robert Menendez said that the U.S. government was considering sanctions against Russia, which according to Menendez might "range from visa bans and asset freezes, to the suspension of military cooperation and sales, as well as economic sanctions."

Russia's total external debt — including government debt and loans taken on by companies and banks — amounted to \$706 billion as of Oct. 1 2013, according to Central Bank data. Sixty percent of this is denominated in dollars, Vedomosti reported. At the end of 2012, almost 46 percent of Russia's gold and foreign currency reserves were held in dollars.

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