
Business Meeting

Wednesday, March 12, 2014

UNITED STATES SENATE COMMITTEE ON
FOREIGN RELATIONS
113TH Congress, First Session

UNEDITED TRANSCRIPT

BUSINESS MEETING

Wednesday, March 12, 2014

U.S. SENATE
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, D.C.

1 The committee met, pursuant to notice, at 3:09 p.m. in Room SD-419, Dirksen
2 Senate Office Building, Hon. Robert Menendez, chairman of the committee, presiding.

3 **PRESENT.** Senators Menendez [presiding], Boxer, Cardin, Shaheen, Coons,
4 Durbin, Udall, Murphy, Kaine, Markey, Corker, Risch, Johnson, Flake, McCain,
5 Barrasso, and Paul.

6 **THE CHAIRMAN.** This committee markup will come to order.

7 We are here today to mark up legislation that sends a message to Russia and the
8 world that we will support the Ukraine and the sovereignty of the Ukrainian people.

9 The Russian invasion and occupation of parts of Ukraine is the most recent
10 example in a series of events requiring little imagination to connect the dots of
11 disruptive Russian behavior throughout the world. In my view, President Putin has
12 miscalculated by starting a game of Russian roulette with the international community
13 and we will never accept this violation of international law.

14 This committee and the U.S. Congress have a role to play, which is why I am
15 offering, along with the ranking member, the chairman's mark of this legislation which
16 includes the following components.

1 First, it provides for Ukrainian loan guarantees consistent with the billion dollars
2 announced by the administration in recent days and mirrors the House bill.

3 It provides for the Obama administration to assist the Ukrainian Government to
4 identify, secure, and recover assets linked to acts of corruption by Viktor Yanukovich,
5 members of his family, or other former or current Ukrainian Government officials.

6 It authorizes \$50 million for democracy, governance, and civil society and \$100
7 million for enhanced security cooperation for Ukraine and other states in Central and
8 Eastern Europe.

9 It allows for additional sanctions, complementing the President's recent
10 executive order against Ukrainians and Russians responsible for violence and serious
11 human rights abuses against anti-government protesters and those responsible for
12 undermining the peace, security, stability, sovereignty, or the territorial integrity of the
13 Ukraine.

14 It provides for additional sanctions on Russian officials complicit in or
15 responsible for corruption in the Ukraine.

16 And finally, it provides needed reforms to the United States' participation in the
17 International Monetary Fund which would allow the United States to leverage
18 significant support from the IMF for Ukraine today and for similar unforeseen crises in
19 the future.

1 Now, as far as offsets, the IMF reform section of this bill does carry a cost, and we
2 have worked very hard to make sure that we have a real offset. CBO has scored it at
3 \$315 million. We have identified offsets, working with the appropriators, that cover the
4 full amount. In some cases, these funds are drawn from under-executing programs and
5 available from unobligated balances. In other cases, some programs have been
6 terminated. But in all cases, the offsets were carefully considered, given the national
7 security interests of approving the IMF reforms.

8 I want to say in conclusion that any support this committee, this Congress, or our
9 Nation ultimately provides to the Ukraine will be nothing new. It will be another
10 milestone in the long 20-year road of American support. But today Ukraine faces a
11 menacing threat that challenges its very existence, and we need to stand with the
12 Ukrainian people to choose their own destiny without Russian interference.

13 Let me thank the ranking member, Senator Corker, for his leadership and his
14 cooperation and work so that we could get to this point today to address American
15 interests in the spirit of bipartisanship and I am happy to recognize him now.

16 **SENATOR CORKER.** Mr. Chairman, thank you. I want to thank you and your staff
17 and everyone on this committee for getting us to the point that we are today. I think it
18 has been another one of those excellent bipartisan processes. I hope we are going to
19 have a very successful markup today and look forward to this becoming law at some
20 point soon, very soon.

1 You know, this bill, this piece of legislation that we are dealing with today,
2 cements more fully 60 years worth of U.S. national interests and that is ensuring that
3 Europe remains democratic, whole, and free. And that is what this legislation is about.

4 We all know that we signed — with Bucharest Memorandum, we signed a treaty
5 that said that we would ensure the sovereignty of Ukraine when they gave up their
6 nuclear weapons, when they were a former part of the Soviet Union. When they did
7 that in 1994, we agreed that we would support their sovereignty, as did Russia, as did
8 Europe.

9 I believe we are at a defining moment right now, and I think the friends and
10 allies that we have in the area are watching to see if we are going to do those things that
11 are appropriate to ensure that that sovereignty stays in place. And I think this bill
12 absolutely meets that test and generates that balance.

13 As the chairman mentioned, first of all, this is paid for legitimately. These pay-
14 fors are real. That was a part of our discussion. This is not some pay-for down in 2024.
15 This bill really is paid for. And I want to thank the chairman. I know that is one of the
16 more difficult things that we deal with in these processes. I want to thank you so much
17 for working with us in that regard.

18 As was mentioned, this bill has serious sanctions on individuals at multiple
19 levels, as a matter of fact, sanctions that we have never put in place before, sanctions for
20 economic extortion, sanctions for corruption. This is a very, very strong bill, and people

1 on the committee, members of the committee, have made it much stronger. As loan
2 guarantees, as was discussed, U.S. security assistance, civil society, democracy, technical
3 assistance.

4 IMF quota reforms. Let us face it. This is an issue that is going to be a little bit
5 more difficult on our side of the aisle. I will put it that way. This is something to me
6 that is incredibly important. Our Nation agreed to these reforms back in 2010. Ukraine
7 is a poster child for why we need the IMF doing the things that it is doing in order to
8 help transition Ukraine, transition its government, transition the way it deals with fuel,
9 transition the way it does its budget, transition the way it deals with corruption. And I
10 strongly support the IMF reforms, and I know there will be members of the committee
11 on our side of the aisle that likewise do that.

12 So with that, this bill I think helps ensure that we have significant geopolitical
13 affect to what is happening. This is a great counter. I want to thank you. I look
14 forward to the amendment process that we are getting ready to go through and
15 hopefully passing a bill out of this committee in the next 30 minutes or hour. Thank
16 you.

17 **THE CHAIRMAN.** Thank you, Senator Corker, for a very strong statement in support
18 of the bill.

1 Let us get started. I have a technical amendment to offer that makes several
2 technical fixes that do not affect the substance of the bill, and I will go through or whiz
3 through them quickly.

4 In section 6(b), it fixes an error made in the draft sent to members to clarify that
5 we are authorizing \$50 million for democracy, civil society, and governance. The earlier
6 draft was missing a zero.

7 Two additional edits adjust the amounts coming from two sources for the offset
8 for the IMF reform, without changing the total amount.

9 And the word "Act" in section 11 is amended to say the plural, "Acts."

10 So let us start off there with that technical amendment to the bill. Is there anyone
11 who wants to speak to those?

12 [No response.]

13 **SENATOR CORKER.** So moved.

14 **THE CHAIRMAN.** It is moved by Senator Corker.

15 **SENATOR BOXER.** Second.

16 **THE CHAIRMAN.** Seconded by Senator Boxer.

17 All those in favor will say aye.

18 [Chorus of ayes.]

19 **THE CHAIRMAN.** No?

20 [No response.]

1 **THE CHAIRMAN.** The ayes have it. And the technical amendment is adopted, and
2 therefore, the underlying text now starts with that technical amendment.

3 Are those who wish to offer any amendments?

4 Senator McCain?

5 **SENATOR MCCAIN.** I am sorry. I did not hear you.

6 **THE CHAIRMAN.** I said are there members who now — the legislation is open to
7 amendment. Any member who wishes to offer an amendment? Senator McCain?

8 **SENATOR MCCAIN.** I have an amendment, number 1.

9 First of all, if I could, Mr. Chairman, I would like to thank you and Senator
10 Corker for the hard work — and other members for the hard work you have done on
11 this legislation. Obviously, there are issues still that may be controversial associated
12 with the legislation, but the legislation itself I am confident has the support of the
13 majority of our colleagues and the American people. And I want to thank you and
14 Senator Corker and our competent staff for the effort that they made on this legislation.
15 I thank you.

16 The amendment that I am proposing would give the President authority on
17 posed targeted sanctions, that it would be asset freezes and visa bans on the most
18 corrupt officials in Russia. It would be permissive and not mandatory. It gives the
19 President the discretion. It includes a waiver. What the Magnitsky Act did for human
20 rights in Russia, this would do for corruption.

1 The amendment would not target the Russian people or the Russian economy or
2 Russia's financial institutions. It would focus squarely on the most corrupt officials in
3 the Russian Government and their close associates.

4 The sanctions that we have in this legislation are good, but we should not only
5 focus on Russian corruption in Ukraine, we should target Russian corruption in Russia.
6 We do not want to send a message to the Russian people that we care about Russian
7 officials involved in corruption in Ukraine but not corruption in Russia. This
8 amendment would provide the President with additional authority that he does not
9 possess currently to impose further costs on Putin if events call for it.

10 This is a pro-Russia provision. Corruption is the most salient issue in Russia
11 today. It is what motivated the protests in Ukraine to drive Yanukovich from power.
12 By passing this amendment, we can show the Russian people that Putin may tolerate
13 and reward corruption, but America does not. We could tell Putin's top cronies and
14 partners in crime that he cannot protect them or their money. In short, this is a cost that
15 I believe ordinary Russians will cheer and Putin's revenge will fear.

16 I thank you, Mr. Chairman.

17 **THE CHAIRMAN.** Thank you, Senator McCain.

18 Any other member who wishes to speak to the amendment? Senator Cardin?

19 **SENATOR CARDIN.** Mr. Chairman, let me thank Senator McCain.

1 As I am sure the members of the committee know, this committee passed the
2 Magnitsky bill that would have applied universally. It would not have been limited to
3 just one country. It would have applied to any gross violations of human rights
4 anywhere in the world. And if we had that bill passed in the form that passed this
5 committee, then the President could act with the authority of Congress if this type of
6 episode occurs again. We hope it will not, but we know that, unfortunately, we are
7 seeing too often world leaders and individuals commit types of actions that require the
8 United States to show leadership.

9 So, Senator McCain, I support your amendment. Corruption is one of the issues
10 that we want covered under the Magnitsky Act. I think your language makes that very
11 clear and clarifies the provisions as it should be. And I would just urge this committee.

12 I was contemplating offering an amendment to make these provisions global.
13 After talking to the chairman, I have determined that that could slow down the
14 progress of this particular bill, and it is critically important that we speak as one voice
15 on Ukraine and what has happened in Ukraine.

16 But I do hope that we will look at a global Magnitsky bill. Senator McCain and I
17 have filed that legislation — and that it will incorporate the type of amendment that
18 Senator McCain has offered today and that we can therefore give not only the authority
19 of the administration to react to world circumstances, but also involve Congress so that
20 we can have some degree of impact on U.S. action if this occurs in the future.

1 **THE CHAIRMAN.** Thank you.

2 **SENATOR MCCAIN.** Mr. Chairman, could I just say I want to thank Senator Cardin?
3 He was the leader on the Magnitsky Act. Already it has had significant impact for the
4 good. I look forward to pursuing, under his leadership, a global Magnitsky Act, and I
5 hope over time the committee and its member will push for its passage.

6 I thank you, Mr. Chairman.

7 **THE CHAIRMAN.** I want to thank Senator Cardin for his leadership in this regard. I
8 thank him for his willingness to withhold at this time. And I share, as I did in his
9 underlying legislation, his goal and purpose, and would look forward to working with
10 you to make that happen.

11 Any other member who wishes to speak to this amendment?

12 [No response.]

13 **THE CHAIRMAN.** If not, all those in favor will say aye.

14 [Chorus of ayes.]

15 **THE CHAIRMAN.** Opposed will say no.

16 [No response.]

17 **THE CHAIRMAN.** The ayes have it and the amendment is agreed to.

18 Is there any other member wishing to offer an amendment? Senator Paul?

19 **SENATOR PAUL.** I believe that we should send an unambiguous signal and message
20 to the Russians that their incursion in Ukraine is unacceptable. I support the sanctions

1 on the Russians. I support the military and technical assistance. But I have trouble with
2 the loan assistance in the sense that the loan assistance I believe will be a gift and a
3 benefit to Russia.

4 The Ukrainians owe about \$20 billion to \$30 billion to the Russians, both private
5 Russian banks, as well as a couple billion dollars to the gas entity in Russia. Bailing out
6 Russian indemnity to Ukraine I do not think is a way to punish the Ukraine — I mean, a
7 way to punish Russia or send a signal. In fact, I think it sends the wrong signal.

8 There are other questions you might ask if you are going to loan money to
9 Ukraine. I would ask for a show of hands of those who would personally buy
10 Ukrainian debt. Ukrainian debt is rated triple C minus. Not one person in this room
11 would buy it. There is no expectation they can pay it back. Ukraine is rated as one of
12 the least transparent nations in the world and one of the most corrupt nations. What
13 Senator McCain has pointed out with corruption is precisely why the IMF quit sending
14 money to Ukraine.

15 So I think while we are in a big rush to send a Russia a signal, I think sending
16 Russia loan money or sending Ukraine loan money that will go to Ukraine is not a great
17 signal. And I think sending money without the precondition that we know that — this
18 is a brand new government. This is a government that just came into existence with
19 many questions as to how they came into existence. We do not currently have a

1 president in Ukraine. So I think there are a great deal of questions about loaning them
2 money.

3 We have two billionaires from the Ukraine who have been recently appointed as
4 mayors. I would be more inclined to loan them money if they will put their name first
5 on the list of creditors that would be first up for a call if the loan is not paid.

6 So there are a lot of questions I have here, but primarily the question is, is when
7 you loan money to Ukraine, are you sending a signal to punish Russia or are you
8 sending a gift to pay off Russian creditors. So I am quite concerned about the loans and
9 oppose that.

10 My amendment would strike the loan guarantees and the IMF. One of the
11 reasons for striking the IMF reform is in the IMF reform, you will be giving Russia an
12 enhanced vote on the IMF. Their vote percentage will increase by 8 percent. You will
13 be giving Russia more power within the IMF with these IMF reforms. So I do not think
14 that you are sending the signal you want to send by allowing Russia to have a greater
15 deal and greater power within the body of the IMF. It really should be going in the
16 opposite direction.

17 Moody's says there are \$20 billion to \$30 billion owed by the Ukraine to Russia. I
18 think we just need to think this through. And I know the impetus is to hurry up and act
19 and send a signal, but I do not think we are sending the correct signal here by sending

1 loan money that will find its way very quickly into Russia's hands. And I would urge
2 support for this amendment, which is Paul amendment 1.

3 **THE CHAIRMAN.** Senator Paul, just for purposes of understanding. You have
4 several. Is this your amendment number 1?

5 SENATOR PAUL. Yes.

6 **THE CHAIRMAN.** Senator Corker?

7 **SENATOR CORKER.** First of all, I always enjoy hearing from my friend from
8 Kentucky, and he always makes interesting points. I want to thank him for his activity
9 on this bill.

10 The Russia quota expands further reforms from 2.5 percent to 2.71 percent. This
11 was done to bring growing economies into the IMF in a more appropriate way. So
12 while that may be 8 percent of an increase for them, I just want to say to everyone that
13 is 2.5 to 2.71 percent.

14 And while Russia may be a creditor, Ukraine has lots of creditors, and somehow
15 or other, they have got to make a transition from where they are. In doing so, in
16 offering this loan guarantee, it is a stated policy of the State Department that this does
17 not happen unless they have entered into an IMF agreement which would move the
18 country, hopefully, towards these processes that we would all like to see happen.

19 So I thank you so much. Obviously, I do not plan to support the amendment.

20 **SENATOR SHAHEEN.** Mr. Chairman, do we have copies of the amendment?

1 **SENATOR PAUL.** And, Mr. Chairman, could I make one quick response?

2 **THE CHAIRMAN.** You have offered your amendment number 1. Is that correct?

3 **SENATOR PAUL.** Yes.

4 **THE CHAIRMAN.** I would be happy to return to you and then go to Senator Cardin.

5 **SENATOR PAUL.** Just a quick response would be that I think we have more
6 leverage to try to get reform from Ukraine — see, the corruption has been on both sides
7 Yushchenko, Yanukovich. You know, it has been on both sides. There has been a lot of
8 corruption over the last 10 years. Transparency International ranks them as one of the
9 most corrupt nations on the planet. We have more chance of actually getting reforms if
10 the money is dependent on the reforms, rather than you get the money and then say
11 hopefully this new government will institute reforms.

12 **THE CHAIRMAN.** Senator Cardin?

13 **SENATOR CARDIN.** Well, let me point out first it is in our national security interest to
14 have strategic partners that have a stable economy, that take care of their people and
15 respect the human rights of their citizens. Ukraine has gone through a difficult past.
16 Ukraine is critically important to the United States. It is in a strategic location. It is very
17 important to regional stability. We have a lot of our NATO partners in that region.
18 This is a very important country.

19 The corruption that you are referring to was under the previous administration.
20 That prime minister, as you know, is now hiding in Russia, and Ukraine is starting a

1 new government, an inclusive government, a government that will represent all the
2 people of the Ukraine, and it is critically important that they have the economic
3 underpinning so that they can gain the confidence of the people.

4 That is why the IMF provisions are particularly important because it allows for
5 the International Monetary Fund to be able to go in, do the necessary audits, put the
6 country on the right path, and allow it to become a viable economic country.

7 The loan guarantees is part of a package. As Senator Corker pointed out, it only
8 becomes real under the IMF plan. Otherwise, it does not become real.

9 It is also not just the United States. It is Europe. It a coalition partnership that
10 understands the importance of the Ukraine.

11 And, Mr. Chairman, this path, getting a country stable, is so much more cost-
12 effective for the United States and the world community than the alternatives. And this
13 is a relatively small investment to get the type of strategic partner, stable partner in that
14 region, which is important for U.S. interests.

15 So I respect deeply Senator Paul's views on this, but I would urge my colleagues
16 to reject the amendment.

17 **THE CHAIRMAN.** Senator Murphy?

18 **SENATOR MURPHY.** Thank you very much, Mr. Chairman.

19 Just briefly building on Senator Cardin's comments, with all of the attention on
20 Crimea, what has been lost in this fog is the fact that only about 2 million of Ukraine's

1 residents live there, and the actions of Russia have effectively predestined that the 43
2 million who live outside Ukraine now have the opportunity to make good on the
3 wishes of their people and join with the EU. But the only way they do that is if we
4 stabilize their economy in the short run.

5 This is a matter of weeks before Ukraine faces default. And there is only one
6 alternative to support from the United States and Europe, and that is Russia. If you
7 want to guarantee that Ukraine falls back into the Russian orbit, then withhold aid from
8 the United States and from Europe. I know it is never an easy decision to commit this
9 amount of money, but ultimately this is a sign of Russian weakness as they lose their
10 foothold in Ukraine. The way that we guarantee that continued path into the EU is to
11 make sure that we are an option and that they are not forced back to Russian funding
12 and ultimately Russian control.

13 **THE CHAIRMAN.** Any other member?

14 **SENATOR McCAIN.** Mr. Chairman?

15 **THE CHAIRMAN.** Senator McCain?

16 **SENATOR McCAIN.** At risk of being redundant, if we allow the Ukrainian economy
17 to collapse, all kinds of bad things happen. I have great confidence that the new leaders
18 of Ukraine are absolutely committed to erasing the corruption which has plagued that
19 country and brought an otherwise rich country on the brink of economic collapse.

1 I would say to my friend from Kentucky, the prime minister of Ukraine is here,
2 and I hope that he would have a chance to hear from him how dire this situation is.

3 And it is not just the \$1 billion in loan guarantees. They need a lot more help
4 than that. They are going to get \$15 billion from the Europeans. But it is a sign. It is a
5 signal. It is a clear signal that this Congress and this President, working together, are
6 willing to help them and assist them at a time of the most critical need that they have.
7 And frankly, if we adopted the pending amendment, it would send exactly the opposite
8 signal. This whole situation in Ukraine is extremely fragile. And I would think the
9 worst thing that we could do right now is say that we are not going to assist you.

10 And I also would point out again. IMF loans, which is really the long-term
11 solution to their economic difficulties, as Senator Murphy pointed out — they require
12 reforms to be implemented as they give the money in tranches to this government. I
13 have seen the IMF in action before in these kinds of situations, and I am confident they
14 would insist on the kind of reforms that are being promised now.

15 Thank you, Mr. Chairman.

16 **THE CHAIRMAN.** Seeing no other member other than Senator Paul, I am going to
17 recognize you for a final comment. Then I will have a comment, and then we will call
18 for a vote.

19 **SENATOR PAUL.** You know, I think if you were a bank and you were going to give a
20 loan, you would have some analysis whether or not you can pay back the loan, what

1 your assets are. I do not know that we have had any testimony on whether or not
2 Ukraine has the assets to be able to pay back any of this loan. So the real question
3 would be if we are going to be more honest, we could just say if we really want to do
4 this, we are just going to give them a gift maybe and not call it a loan. That would
5 probably be much more honest because — I do not know.

6 I mean, if a person owes \$150,000 on their house and their house is only worth
7 \$100,000 and they can only make payments really on \$90,000, is it a good idea to give
8 them more money? I do not know. I think maybe sometimes restructuring your debt
9 and starting over might be a good idea, particularly if a lot of that debt is owed to the
10 Russians.

11 Really, the money goes to somebody. Some very wealthy people will profit off
12 of this. Maybe not the people of Ukraine, but some banks will get their payments from
13 this. Very wealthy countries, countries that we are not particularly happy with will
14 make money off of this and make profit off of this money.

15 They owe \$2 billion to Russia directly through Gazprom. They owe another \$20-
16 some odd billion to banks. It is unclear how much of this is sovereign debt and how
17 much will find its way into government hands in Russia. But realize, when you give
18 money to Ukraine, you are giving it to Russia, and you may think you are sending one
19 signal, but I think you are, in an unintended fashion, sending the wrong signal.

20 Thank you.

1 **THE CHAIRMAN.** I appreciate the Senator's views.

2 Let me say the chair opposes the amendment. First of all, let us understand what
3 the amendment does. It strikes all loan guarantees. It strikes the IMF reform, and while
4 it strikes that, it keeps rescissions that were originally included in the bill to offset the
5 IMF reform. So it does not seem to me we should be having to keep rescissions if we
6 were to adopt this amendment.

7 There is no question, for those who want to stand with the Ukraine, for those
8 who believe that in doing so is in the national interest and security of the United States,
9 for those who are concerned about security issues, that it is the IMF that is going to play
10 a critical role not only in the economic recovery and stability of the Ukraine, but in
11 doing so, playing a national security issue. And it is also very clear that the IMF is not
12 going to give the Ukraine a single dime if, in fact, it does not meet a series of standards
13 and obligations in order to do so.

14 So our best guarantee of ensuring both what has been stated on both sides of the
15 aisle, which is to promote the stability of the Ukraine, because it is in our national
16 interests and national security, as well as obviously the people of the Ukraine, and to
17 have the IMF be the vehicle to be able to ensure that that happens in terms of the key
18 role in developing an international assistance package to stabilize Ukraine's economy,
19 help implement critical economic reforms, and reassure global financial markets.

1 With regard to the loan guarantees in section 4, this part of the bill closely reflects
2 legislation that was passed by the House of Representatives 385 to 23. The one thing
3 that we do here that the House did not do is that we actually have offsets to deal with
4 the loan guarantee.

5 So I think that for all of these reasons, I would urge my colleagues to vote against
6 the Paul amendment. I do not know if the Senator is seeking a voice vote. Does the
7 Senator accept a voice vote?

8 **SENATOR PAUL.** Sure.

9 **THE CHAIRMAN.** All those in favor will say aye.

10 [Chorus of ayes.]

11 **THE CHAIRMAN.** All those opposed will say no.

12 [Chorus of nays.]

13 **THE CHAIRMAN.** The noes have it and the amendment is not agreed to.

14 **THE CHAIRMAN.** Is there any other member wishing to offer amendments? Senator
15 Barrasso?

16 **SENATOR BARRASSO.** Thank you, Mr. Chairman. I would like to call up Barrasso
17 amendment number 1.

18 Mr. Chairman, I see that the "New York Times" Thursday, March 6 headline
19 above the fold, page 1, "U.S. Hopes Boom in Natural Gas Can Curb Putin Easing the

1 Yoke on Ukraine.” This weekend edition of the “Wall Street Journal,” front page above
2 the fold, “Moscow Tightens Squeeze on Ukraine over Energy.”

3 My amendment requires the United States Department of Energy to approve
4 U.S. liquefied natural gas exports to Ukraine and to our NATO allies. If we are serious
5 about helping the people of Ukraine, we need to immediately expedite the approval
6 process for American liquefied natural gas.

7 Russia has no problem with using its energy sector to intimidate and to coerce
8 other countries. The United States has the opportunity to be a strategic energy supplier
9 of LNG to our NATO allies and to the Ukraine.

10 By making it easier to export LNG, this amendment would allow an increased
11 energy security among U.S. allies, help reduce their need to purchase oil and gas from
12 countries such as Russia and Iran. As the international relations emergency in Ukraine
13 unfolds, it is clear that exports to Ukraine and other NATO allies further both the public
14 interest and national security for the United States. It would allow us to — our
15 newfound abundance of natural gas to help nations diversify their energy imports in
16 order to break Russian dominance over them through their control over natural gas
17 supplies.

18 **SENATOR CORKER.** Mr. Chairman?

19 **THE CHAIRMAN.** Yes, Senator Corker.

1 **SENATOR CORKER.** I want to thank Senator Barrasso for his efforts. In that regard,
2 he has been, way before this crisis, out there on this issue.

3 I have a second degree amendment that I believe would bring this amendment
4 more fully in line with WTO issues, which I am afraid the base amendment bumps up
5 against.

6 And I also know there are some complexities. I know we had a discussion the
7 other day about LNG and how you actually cause it to get to the place you want it to
8 get to.

9 But I am going to not offer the second degree amendment because my sense is
10 this amendment is not going to pass. And I want to say to my friend from Wyoming
11 that I am going to vote for this, and I hope, though, as we move along, if it is offered
12 again on the floor, we might work together to try to overcome some of the issues that
13 we feel may exist relative to WTO issues and other things to make this work better. But
14 I really appreciate the thrust, and for that reason, I am going to support your
15 amendment.

16 **THE CHAIRMAN.** Before I recognize other members, which I will — and I appreciate
17 — Senator Barrasso has been a continuous voice in this regard, and there are others on
18 the committee who join him on the issue.

19 However, just to let members know, it is the chair's intention to rule Senator
20 Barrasso's amendment out of order because it is not in our jurisdiction. The bill that

1 Senator Barrasso's amendment was based upon has been referred to the Banking
2 Committee. I know that the Energy Committee also has strong jurisdictional interests
3 on the matter. Our committee has not examined the issue.

4 And I certainly want to work with my colleagues who have strong feelings about
5 this issue, Senator Barrasso, Senator Kaine, Senator Udall, Senator Markey in a different
6 context, and others, to build a record and to try to forge where we might be headed.

7 But for right now, this amendment, which is I believe not in the jurisdiction of the
8 committee — also I would urge that it be set aside because if it were, in fact, to pass, we
9 would ultimately have this referred to other committees. And we have the urgency, I
10 think, of the moment.

11 There is also a view that because we have that urgency of the moment that what
12 is proposed on LNG would not have an immediate impact for the Ukraine because
13 Ukraine does not have the import infrastructure to accept U.S. natural gas. It does not
14 currently have the wherewithal to build that import infrastructure, and Turkey, which
15 controls the Bosphorus Strait, has told the Ukraine that if it ever did build LNG
16 infrastructure, it will likely block any LNG shipments from entering the Black Sea out of
17 safety concerns.

18 So we can have a debate about all of that, but above all, I do not believe the
19 amendment is within the committee's jurisdiction, and I also believe that we would
20 ultimately delay consideration of the bill.

1 Senator Boxer, then Senator Durbin.

2 **SENATOR BOXER.** Mr. Chairman, I strongly support the underlying bill, and I am so
3 happy and pleased that you have worked across the aisle with Senator Corker and all
4 my colleagues to stand with Ukraine.

5 But I have to say this type of an amendment, which will lead to increases in
6 electricity prices of up to 36 percent to our people, deserves more than just a cursory
7 vote attached to the Ukrainian bill. And what is interesting is for those of us who
8 support putting a price on carbon, we are yelled at every day because it might lead to a
9 20 percent increase in electricity, this is a huge increase.

10 And for all the reasons you cited, we cannot today resolve all these issues —
11 now, some day it might be a terrific idea and it might work real well, but right now I
12 want to help Ukraine. I do not want to hurt the American people.

13 So I hope that we will table this or perhaps it could be withdrawn. It needs a
14 much longer discussion than we have time for today.

15 And again, congratulations on the underlying bill.

16 **THE CHAIRMAN.** Senator Durbin?

17 **SENATOR DURBIN:** Thank you, Mr. Chairman.

18 Senator Barrasso raises a legitimate and important issue. We know that the
19 Ukraine, as well as Georgia, the Baltics, the former Warsaw Pact countries, and former
20 Soviet republics are all subject to extortion by Vladimir Putin and the Russians, as well

1 as the European Union I might add, over the availability and cost of natural gas. He has
2 played that card every chance he gets to put pressure on them. I think we need to
3 address this, and I will not rule out the possibility.

4 But some of the questions that have been raised here, not just the environmental
5 question and the cost of utilities in our country, but we are seeing a mini resurgence of
6 manufacturing jobs in America because of the low cost of natural gas. I think it is
7 incumbent upon us to ask the important question, what costs to the American economy
8 will there be? How many jobs will we lose? It would create some jobs in liquefied
9 natural gas, transport facilities, and the like, but how many will we lose in the
10 manufacturing sector if the price of natural gas in our country goes up because of this
11 decision? These are all relevant, important questions. I do not know how they would
12 be resolved.

13 But I think the chairman is right. This really needs to be brought to several
14 committees of jurisdiction to make sure we have a thoughtful approach.

15 **THE CHAIRMAN.** Senator Udall?

16 **SENATOR UDALL.** Thank you very much, Chairman Menendez.

17 Let me say to Senator Barrasso I think the thrust of where you are going with this
18 is a very good one, and I have supported it. I believe that the export of LNG is
19 something that we should be doing as a country. We somehow have to shake up the
20 DOE process that is going on right now because it is, in my opinion, going too slowly.

1 There are several bills that have been introduced. Senator Barrasso, as you
2 know, my cousin and now colleague, Mark Udall, has introduced a bill that would
3 expedite approval of exports to all WTO countries from existing or future export
4 facilities. I support this effort.

5 The volume of our exports will be determined by the price of gas and the cost of
6 facilities. And the gas will likely go where there is the most need. And there is a strong
7 interest I think in Eastern Europe, given Russia's aggressive economic behavior.

8 Last summer, I joined a bipartisan letter with both Democrats and Republicans to
9 support further LNG exports, and I understand there is also a bipartisan opposition to
10 this policy. But what the letter said — and these are both Democrats and Republicans
11 saying this, and it is even more true today — the world is hungry for U.S. natural gas.
12 And the geopolitical implications of LNG imports are tremendous.

13 So what you are doing I would really like to work with you on, but I think this
14 could derail this very important bill we are working on. And so I am going to support
15 the chairman in terms of referring the jurisdiction and the ruling that he has made.

16 Thank you, Chairman Menendez.

17 **THE CHAIRMAN.** Senator Kaine?

18 **SENATOR KAINE.** Thank you, Mr. Chair.

1 And to Senator Barrasso, just from listening to the discussions on this topic over
2 the last few months, because it has come up a number of times, I can see at least three
3 positions on this committee, and I would imagine there would be three in the body.

4 One, the position articulated by Senator Boxer and that was articulated by
5 Senator Markey that it would be a bad idea to export LNG because of domestic pricing
6 concerns.

7 Second, that we should be exporting LNG. It is a commodity like other
8 commodities.

9 And there is a third position, which is mine, that we should export it in a limited
10 way to accomplish certain national security objectives.

11 If this bill were just about the Ukraine, I might be willing to support it. But
12 frankly, there are three different positions about a pretty complex issue. I feel strongly
13 about my point of view, but I acknowledge that there are some good faith arguments
14 that make me want to dig into it more. And I think doing it in the context of this bill,
15 when I hope we would send a strong message of support for the Ukraine, I think would
16 complicate it. And so for that reason, I will support the chair.

17 But I hope we will be able to get to that debate because these three positions
18 ought to be thrashed out. We ought to hear the facts, have the kind of debate that
19 Senator Markey was talking about last week, and get to the bottom of it, and I think
20 adjust our policies.

1 **THE CHAIRMAN.** Any other member? Senator Markey?

2 **SENATOR MARKEY:** Mr. Chairman, thank you so much.

3 Yes, we need a time out on this issue. We do not know enough to make an
4 informed judgment in this committee on an issue which is fundamental to American
5 economic security. And I think that the more that people understand about this issue is
6 the more reluctant they are going to become in exporting our most valuable resource,
7 our oil, our natural gas. We are not in surplus in the United States at all. We still
8 import natural gas. We still import oil. So we are not in a situation where we should
9 just be sending this valuable element in our security overseas as we export young men
10 and women over to the Middle East to defend imports of oil into our country. That is a
11 big decision for us to make in a foreign policy context, by the way, in terms of what
12 does, in fact, enhance our security.

13 Last year, natural gas prices went up 27 percent. As a result, there was fuel
14 shifting back over to coal, meaning that our greenhouse gases actually went up 2
15 percent last year. It went up last year because of the shifting back to coal because the
16 price of natural gas went up. So that is a big decision as we talk about climate change in
17 this committee. We will have jurisdiction over any climate treaty. We should talk about
18 it. As we influence that and America's ability to meet its commitments at Copenhagen,
19 a 17 percent reduction in greenhouse gases by 2020, we have a responsibility to talk
20 about that.

1 We also have a responsibility to talk about the impact on the manufacturing
2 industry, the natural gas vehicle industry, and the utility industry and consumers in our
3 country as well. The more that we export is the better it is.

4 And by the way, this natural gas is highly unlikely to ever go to the Ukraine. Let
5 us just say that. They do not have plans to build an LNG import facility. They do not
6 have the capacity to build the terminal, and the Turks say they would oppose it, even
7 getting access to it. This is a highly volatile, cryogenically frozen fuel that would have
8 almost a nuclear bomb-like impact if there was a terrorist attack or an accident that
9 occurred as it was being transported. So I understand Turkey's objection, but Ukraine
10 is unlikely to ever build an import terminal.

11 Moreover, as we look at this issue, we have to ensure that we think about
12 American consumers. There has always been a debate over what impacts a climate
13 change bill like Waxman-Markey would have on American consumers. Well, this
14 would have a dramatically larger impact than anything else that has ever been done.
15 The Energy Information Agency pretty much has concluded in its statement back to the
16 Congress that if 4 trillion cubic feet of LNG are exported — and they have already been
17 permitted — that it would lead to close to a \$62 billion increase in costs for American
18 consumers. American consumers. Now, if we talked here about a \$62 billion tax on
19 consumers each year in any other context but national security, people would be
20 outraged.

1 And if I came from an energy exporting State, I understand that perspective, but
2 37 States are energy importing. They do not have any natural gas, all coal, all oil. We
3 have to import it. So I understand the perspective of those States that export.

4 But this is our most valuable commodity, oil and gas. It is not like a watch
5 manufacturer exporting. It is not like the kumquat industry exporting. This is special.
6 Oil and gas drive our foreign policy in the Middle East, and if we are going to be talking
7 about a country which is not in surplus right now, the United States, for short-term
8 diplomatic reasons to be sending a signal, well, the signal is going to be to Rio, to Seoul,
9 to Tokyo, and to Beijing. Get ready to purchase all this very low-cost natural gas. As
10 that low-cost natural gas goes out onto the open market, our prices go up because we
11 have less of it. But the bonanza is in these other countries.

12 And we have to talk about who the beneficiaries are in terms of their
13 manufacturing of goods sold back to us because the control of this is not in the Congress
14 and it is not, for sure, in the White House. The control is in the CEO's offices of energy
15 companies in the United States. They are going to take it to the highest price and the
16 highest price by far is China, by the way, and Japan and Rio, going south and going
17 east. But it is not going west to Europe. The hand on the tiller of those ships is
18 controlled by Rex Tillerson at Exxon-Mobil, and he has a fiduciary responsibility to his
19 shareholders to get the highest price, and the Ukraine cannot compete and Europe
20 cannot compete. Just the bottom line.

1 And so that is just the reality of where it is going to go, but the reality is the
2 American consumer is the one who is going to have this energy tax put on their
3 shoulders and it will hurt all aspects of our economic growth.

4 I thank you, Mr. Chairman.

5 **THE CHAIRMAN.** I will continue to recognize members, but I urge members, since I
6 am going to rule this out of order, that this may be a debate for another time.

7 Senator Johnson?

8 **SENATOR JOHNSON.** Thank you, Mr. Chairman. Just briefly.

9 Senator Markey mentioned reality. And I have heard it repeatedly said that
10 Russia's moving to Crimea demonstrates their weakness. To me it seems like a pretty
11 strong move.

12 And what I like about Senator Barrasso's amendment here is it highlights the
13 strategic weakness that has allowed this. So the fact is the West is, certainly Europe,
14 Ukraine is dependent on Russian oil. If we are going to strategically prevent Russia
15 from further expansion, we need to recognize that reality. We need to try and weaken
16 Vladimir Putin's hand and start strengthening ours. I realize this is not a quick fix, but
17 long-term strategically, we need to have this discussion, this debate. Again, that is what
18 I certainly appreciate about Senator Barrasso's amendment.

19 Thank you.

20 **THE CHAIRMAN.** Senator Shaheen?

1 **SENATOR SHAHEEN.** Mr. Chairman, I certainly applaud Senator Barrasso for raising
2 this issue. I think it is a conversation that we really need to have in Congress as we
3 think about how we can use this issue to address our strategic interests around the
4 world.

5 But given that you are intending to rule this amendment and I assume the others
6 out of order, I would hope that we would discontinue our debate before we lose our
7 quorum.

8 **THE CHAIRMAN.** I appreciate the Senator's observation.
9 Senator Barrasso?

10 **SENATOR BARRASSO.** Mr. Chairman, I recognize that you have the power to make
11 certain rulings in this committee, and obviously I disagree with your conclusion that
12 this amendment should not be considered today. But the underlying bill includes other
13 provisions that are not in the jurisdiction, I believe, of this committee, sections dealing
14 with loan guarantees and sanctions which are under the jurisdiction of the Banking
15 Committee, different issues regarding reprogramming of funds from the U.S.
16 Department of Defense. It is not necessarily the jurisdiction of this committee.

17 I appreciate the many kind comments from the members of the committee.
18 Many members of the committee have said they also want to take real steps to help
19 Ukraine. I am offering an opportunity for Congress to help Ukraine and help our
20 NATO allies, and the message that we are sending right now is that we are more willing

1 to protect Russia's energy monopoly. The irony of what is happening today is certainly
2 not going to be lost on the people of the Ukraine or our allies or the leaders in the
3 Kremlin. It is clear that by not voting, we are rewarding Russia with more power at the
4 International Monetary Fund while denying Ukraine, the important allies and the
5 opportunity to be more energy independent from Russian energy sources. If members
6 are willing to provide American taxpayer dollars for Ukraine to pay Russian gas bills,
7 then Congress should work to ensure that Ukraine has the opportunity to buy U.S.
8 natural gas.

9 So I would say by passing my amendment, the United States has the potential to
10 be the strategic energy supplier to our NATO allies and the Ukraine.

11 It is worth noting, Mr. Chairman, that my amendment on LNG exports has
12 strong bipartisan support in the body. I will, of course, be offering this amendment in
13 the full Senate. I expect our bipartisan coalition to pass an amendment that actually
14 helps Ukraine and Eastern Europe escape the grip of Russia. I will be offering this
15 amendment on the floor. I will push for a vote.

16 And I look forward to traveling to the Ukraine tomorrow and directly speaking
17 with leaders in the region about their desire to buy American natural gas to escape
18 Russia's grip on their economy and future.

19 Thank you, Mr. Chairman.

1 **THE CHAIRMAN.** I appreciate the Senator’s remarks and concern and commitment
2 to the issue.

3 The chair rules the amendment out of order as a topic outside the jurisdiction of
4 the committee.

5 In the interest of the committee’s interests, the chair would ask unanimous
6 consent to have other comments entered at this point in time as it relates to other
7 elements of Senator Barrasso’s comment about other jurisdictional elements that we
8 have included in the committee. I would be happy to go through those, but I think in
9 the interest of time, we will just put that into the record.

10 [The information referred to follows:]

11 [COMMITTEE INSERT]

12 **THE CHAIRMAN.** Without objection, so ordered. the amendment is ruled out of
13 order.

14 Is there anyone else wishing to submit an amendment? Senator Johnson?

15 **SENATOR JOHNSON.** Thank you, Mr. Chairman. I would like to offer my
16 amendment number 1.

17 My amendment just strikes section 9, the IMF reforms, and section 11, the related
18 offsets in the Department of Defense.

1 The amendment leaves the international assistance rescissions in place in order to
2 help offset the cost of section 6, democracy, civil society, and governance funding, as
3 well as the enhanced security cooperation in section 7.

4 My primary point — Senator Cardin said earlier he did not want to slow down
5 the progress on this bill, wanted us to speak with one voice. I certainly do not believe
6 — and I realize there are differences of opinion here. I do not believe this is essential for
7 this bill in any way, shape, or form. It is controversial. It is going to divide us. We will
8 not be providing a unified front in a situation where I think we should.

9 So I did not support Senator Paul's amendment where we struck out the loan
10 provision. Again, I think it is important that we send that very strong signal. But I am
11 highly concerned that this provision is simply not needed, does divide us, weakens that
12 unified front. And so I hope to get some support for this.

13 Thank you.

14 **THE CHAIRMAN.** Is there any other member wishing to speak to this? Senator
15 Cardin?

16 **SENATOR CARDIN.** Mr. Chairman, just very briefly.

17 We have covered this point, I think, in Senator Paul's amendment. Without an
18 effective U.S. participation in the IMF, you are not going to have the type of input for
19 the type of economic plan that can work in Ukraine. The loan guarantees are part of a
20 package. The IMF is in Ukraine. They are coming up with a plan. The United States

1 needs to participate in that. And these IMF reforms are long overdue so that we can
2 fully participate in these types of decisions. The costs are fully offset, and I think that
3 has been one of the controversial issues.

4 So I would hope that we would recognize that for the United States to be able to
5 fully engage on this economic package, which is in our national security interests — and
6 I just really want to underscore a point that Senator Murphy made. Ukraine would be
7 pulled in two directions, whether they are going to have an alliance with Russia or
8 whether they are going to be part of Europe. It is so much in our interest. Ukrainian
9 people want to be with Europe. We should not force them economically to have to
10 make a choice to be dependent upon Russia. IMF is part of that solution. The United
11 States has to be part of the modernized IMF reforms, and these changes are desperately
12 needed.

13 **THE CHAIRMAN.** Senator Murphy?

14 **SENATOR MURPHY.** Just very briefly. This is not theoretical. This is practical. It is
15 no secret that the developing nations are increasingly hesitant to join with IMF efforts to
16 provide relief with the proper strings attached in places like Ukraine so long as the
17 United States stands on the sidelines. And so this has real practical consequences for
18 our ability to help lead the IMF into situations where they are best equipped to do so.

19 And if we continue to sit on the sidelines and this committee continues to be
20 unwilling to have the United States join all the other nations in approving these quota

1 reforms, there will be justification for those developing nations to provide roadblocks to
2 the type of assistance that ultimately adds to U.S. security interests here in the case of
3 Ukraine.

4 **THE CHAIRMAN.** If there are no other members, let me just say that I respect Senator
5 Johnson's views. I disagree on the IMF particularly in this package, but I disagree in a
6 broader context.

7 You know, the IMF is playing the central anchoring role in developing an
8 international assistance package to stabilize Ukraine's economy, help implement critical
9 economic reforms, and reassure global financial markets. The reason we seek to
10 strengthen the IMF's efforts by approving the pending 2010 IMF quota and governance
11 reforms — it would increase available IMF emergency funding to Ukraine by 60
12 percent, sending an important signal to other potential donors such as the EU and the
13 World Bank.

14 It is also crucial to ensure that United States maintains its preeminent leadership
15 and influence within the IMF. It increases the effectiveness of the IMF in protecting
16 global financial stability. Including the 2010 reforms in this bill will ensure the Fund has
17 the necessary resources to support structural reforms in the Ukraine and the
18 wherewithal to respond to and prevent a financial crisis in the Ukraine that could spill
19 over to global markets and threaten U.S. national economic security interests.

1 The events in the Ukraine are the perfect example for why the world needs
2 strong international financial institutions and particularly a strong IMF to serve as a
3 first responder to global financial crises. All the parties are looking to the IMF as the
4 lead actor in developing a financial stabilization package in the Ukraine, thus
5 preventing an economic crisis that would only exacerbate current tensions and further
6 damage U.S. geopolitical interests and priorities.

7 So I think for all of us who want to support the Ukraine, for all of us who are
8 concerned about stability and security, for all of us who are talking about the next crisis
9 — I mean, I heard voices complain about the administration not responding to the
10 Ukraine sufficiently enough at a different time and that the West was not responding
11 sufficiently enough when Putin was making his overtures. Well, you have to be in a
12 position to do that. The position to do that is through the IMF. You know, even our
13 loan guarantee, which is certainly desirable, is nowhere near what you are going to
14 need to accomplish through the IMF.

15 So, you know, we need to get this done for the Ukraine, and we need to get it
16 done for the next global crisis and for us to be in a preeminent leadership position with
17 influence over what the IMF does. And we do that by meeting our obligation. So I
18 think it is very important to do so.

19 I oppose the gentleman's amendment. I respect his views. I think we have had a
20 full debate here.

1 Does the gentleman want a roll call vote?

2 **SENATOR JOHNSON.** I would like a roll call.

3 But just quickly to respond, I do not believe the U.S. would be standing in the
4 sidelines. I do not believe the U.S. would not be fully engaged. I do not believe the IMF
5 would not be able to act. So I just want to refute a number of those charges coming
6 back. This is simply not necessary for this package.

7 But I would request a roll call vote. Thank you.

8 **THE CHAIRMAN.** I will just say to the gentleman that I spoke to Christine Lagarde
9 today, and she sees this as an essential element of being able to move forward not only
10 in this crisis but in others that, unfortunately, will likely come. So part of my remarks is
11 reflected from my conversation with her.

12 The Senator has asked for a roll call vote. The clerk will call the roll.

13 **THE CLERK:** Mrs. Boxer?

14 **THE CHAIRMAN.** No by proxy.

15 **THE CLERK:** Mr. Cardin?

16 **SENATOR CARDIN.** No.

17 **THE CLERK:** Mrs. Shaheen?

18 **SENATOR SHAHEEN.** No.

19 **THE CLERK:** Mr. Coons?

20 **THE CHAIRMAN.** No by proxy.

1 **THE CLERK:** Mr. Durbin?

2 **SENATOR DURBIN:** No.

3 **THE CLERK:** Mr. Udall?

4 **SENATOR UDALL.** No.

5 **THE CLERK:** Mr. Murphy?

6 **SENATOR MURPHY.** No.

7 **THE CLERK:** Mr. Kaine?

8 **SENATOR KAINE.** No.

9 **THE CLERK:** Mr. Markey?

10 **SENATOR MARKEY:** No.

11 **THE CLERK:** Mr. Corker?

12 **SENATOR CORKER.** No.

13 **THE CLERK:** Mr. Risch?

14 **SENATOR RISCH.** Aye.

15 **THE CLERK:** Mr. Rubio?

16 **SENATOR CORKER.** He did not send a proxy.

17 **THE CLERK:** Mr. Johnson?

18 **SENATOR JOHNSON.** Aye.

19 **THE CLERK:** Mr. Flake?

20 **SENATOR FLAKE.** No.

1 **THE CLERK:** Mr. McCain?

2 **SENATOR CORKER.** Somebody is going to get him. I am sure he is a yes — I mean,

3 a no.

4 [Laughter.]

5 **THE CHAIRMAN.** The clerk will continue the roll.

6 **THE CLERK:** Mr. Barrasso?

7 **SENATOR CORKER.** Barrasso, yes by proxy.

8 **THE CLERK:** Mr. Paul?

9 **SENATOR CORKER.** Yes by proxy.

10 **THE CLERK:** Mr. Chairman?

11 **THE CHAIRMAN.** No.

12 The clerk will report.

13 **THE CLERK:** Mr. Chairman, the yeas were 12. The noes were 4.

14 **THE CHAIRMAN.** Excuse me?

15 The Clerk: The yeas were 4. The nays were 12.

16 **THE CHAIRMAN.** I know Washington counts in unique ways.

17 [Laughter.]

18 **THE CHAIRMAN.** All right. The amendment is not agreed to.

19 Is there anyone else wishing to offer an amendment? Senator Shaheen?

20 **SENATOR SHAHEEN.** Thank you, Mr. Chairman.

1 You have an amendment from me. What the amendment would do is to add
2 number 8 to section 6(a), which would support the efforts of the Government of
3 Ukraine, civil society, and international organizations to enhance the economic and
4 political empowerment of women and to also address violence against women and girls
5 in the Ukraine.

6 And I want to thank Senators Johnson, Boxer, Durbin for cosponsoring the
7 amendment, and Senator Cardin has also asked to be added as a cosponsor.

8 Let me just point out the reason that I thought this would be important to add to
9 this legislation is because if we look at how Ukraine fares when it comes to their
10 treatment of women, they rank very low in terms of women's political participation.
11 They are 119th out of 136 countries. Only 10 percent of women in parliament in
12 Ukraine are women. And 45 percent of women in the Ukraine report that they have
13 been subject to violence at some point in their lifetime. So I think this is an issue that is
14 important for us to continue to focus on, and I hope the committee will support this
15 amendment.

16 **SENATOR CORKER.** Mr. Chairman?

17 **THE CHAIRMAN.** Senator Corker?

18 **SENATOR CORKER.** I want to thank the Senator for her amendment, and I hope we
19 will adopt it by unanimous consent.

1 **THE CHAIRMAN.** I share Senator Corker’s sentiments. Is there anyone who wishes
2 to speak to the amendment?

3 [No response.]

4 **THE CHAIRMAN.** If not, all those in favor will say aye.

5 [Chorus of ayes.]

6 **THE CHAIRMAN.** All those opposed will say nay.

7 [No response.]

8 **THE CHAIRMAN.** The ayes have it and the amendment is agreed to.

9 Is there any other member wishing to offer an amendment? Senator Risch?

10 **SENATOR RISCH.** Mr. Chairman, you have the Risch amendment. It is a very simple
11 amendment.

12 Currently we have prepared every year a report regarding Chinese military
13 activities and modernization. This does the same thing for Russia. Admittedly a similar
14 report was included in the defense authorization bill, but it was for 1 year only as
15 opposed to the Chinese-type report which goes on every year. Given the activities of
16 Russia recently, it appears to me that we need to have this as an ongoing report.

17 It adds a few other things to what was in the annual report that was asked for in
18 the defense authorization bill such as an update on Russia’s nuclear modernization
19 programs, weapons proliferation, and some others. But it should be relatively
20 noncontroversial.

1 I know the bill attempts two things: number one, to support the Ukraine;
2 number two, to at least take a hard look at the Russians, if not actually do some
3 appropriate discipline. And this falls in the latter category.

4 Thank you, Mr. Chairman.

5 **THE CHAIRMAN.** I generally am supportive of the thrust of what the Senator wants
6 to do. The amendment asks the DOD to prepare an unclassified/classified report to
7 Congress on the current and future military power of the Russian Federation that
8 would assess the security and military strategy of Russia. That is fine.

9 But the amendment also requires a full accounting of our military-to-military
10 engagement with Russia and Russia's military cooperation with other countries. It asks
11 for a detailed summary of the topics discussed and the questions asked by Russian
12 participation. That to me would likely curtail the potential for any productive meetings
13 between U.S. and Russian defense officials. If agreed to as written, the amendment
14 would likely end any chances of future U.S.-Russia military cooperation should the
15 appropriate time be there.

16 Would the gentleman consider taking that section out of his amendment, in
17 which case I would be prepared to accept his amendment?

18 **SENATOR RISCH.** Yes, I would. Thank you.

19 Mr. Chairman, I think that is a pretty broad interpretation. Having said that, to
20 get your support, I will be happy to take that out.

1 **THE CHAIRMAN.** Okay.

2 So I will make a motion that the Menendez amendment to strike the language
3 that I just referred to be accepted. Is there a second?

4 **SENATOR CORKER.** Second.

5 **THE CHAIRMAN.** Second.

6 All those in favor will say aye.

7 [Chorus of ayes.]

8 **THE CHAIRMAN.** All those opposed will say no.

9 [No response.]

10 **THE CHAIRMAN.** The ayes have it and Senator Risch's amendment is amended as
11 per the Menendez amendment.

12 Senator Risch, are you willing to accept a voice vote?

13 **SENATOR RISCH.** I am.

14 **THE CHAIRMAN.** All those in favor will say aye.

15 [Chorus of ayes.]

16 **THE CHAIRMAN.** All those opposed will say no.

17 [No response.]

18 **THE CHAIRMAN.** The ayes have it and the amendment as amended is adopted.

19 Is there any other amendment? Yes, Senator Risch, do you have another
20 amendment?

1 **SENATOR RISCH.** Mr. Chairman, although Mr. Rubio is not here, he is here in spirit.
2 He has got jury duty today and has asked me to offer on his behalf Rubio number 1. I
3 am doing so, and I do so enthusiastically.

4 Rubio number 1 adds some language to paragraph 15 of section 3, and that
5 language simply strengthens the language regarding the situation with Russia’s
6 participation in the G-8. You will notice the language that is in this bill puts sideboards
7 or restrictions, if you would, on Russia’s participation in the G-8. This simply adds the
8 language, and that particular language I think is very strong, talking about them not
9 invading their neighbors, which is a neighborly thing to do. This adds additional
10 language. It says: “and accepting and adhering to the norms and standards of free,
11 democratic societies as generally practiced by every other member nation of the G-8.”
12 That would be added after discouraging them from entering and violating territorial
13 integrity of its neighbors.

14 Thank you, Mr. Chairman.

15 **THE CHAIRMAN.** Is there anyone who wishes to speak to this amendment?

16 [No response.]

17 **THE CHAIRMAN.** May I inquire of the Senator? Do you have other amendments that
18 you are offering on behalf of Senator Rubio?

19 **SENATOR RISCH.** No. That would be the only one I am offering.

20 **THE CHAIRMAN.** Because I am inclined to be more accepting if — there are —

1 **SENATOR RISCH.** I already gave you my —

2 **THE CHAIRMAN.** — limits especially when I am not getting an underlying vote on
3 the bill.

4 So, okay. Is there any other member who wishes to speak to this amendment?

5 [No response.]

6 **THE CHAIRMAN.** If not, all those in favor will say aye.

7 [Chorus of ayes.]

8 **THE CHAIRMAN.** All those opposed will say no.

9 [No response.]

10 **THE CHAIRMAN.** The ayes have it and the amendment is agreed to.

11 **SENATOR RISCH.** Mr. Rubio thanks you for your consideration.

12 **THE CHAIRMAN.** We thank him for his civic participation on jury duty.

13 Senator Paul?

14 **SENATOR PAUL.** Thank you, Mr. Chairman.

15 I still contend that we are sending mixed messages to Russia on whether or not
16 we are encouraging them by sending them loan money via Ukraine or whether we are
17 here to send them a message that their behavior is unacceptable.

18 I offer this amendment to make it clear that we would like to send Russia a
19 message, and one of the ways we will send this message through Paul amendment 3 is
20 to reduce money that we send to Russia. This would strike EPA grants of \$9.3 million

1 and also end a \$50 million fund, the U.S.-Russia Investment Fund. I have been made
2 aware that apparently there are clever Washington mathematicians who have
3 concluded that cutting spending is actually increasing spending. I do not agree with
4 that assessment, and I think that this would send a good signal. It is not a great deal of
5 money but would send a signal to Russia that we are unhappy with their behavior and
6 we are putting our money where our mouth is by reducing some funds sent to Russia.

7 **THE CHAIRMAN.** Is there any other member who wishes to speak to this
8 amendment?

9 [No response.]

10 **SENATOR PAUL.** And if we could have a roll call on this one, I would appreciate it.
11 Thank you.

12 **THE CHAIRMAN.** Well, while I appreciate Senator Paul's thinking in tapping the
13 U.S.-Russia Investment Trust Funds, recent events in my mind have underscored the
14 need for more assistance to democracy, rule of law, and civil society organizations in
15 Russia, not less.

16 The Senator's amendment is also technically not possible. The fund is not free
17 for reprogramming. It must score. It is an independent capital fund incorporated in
18 Delaware with special restrictions on its expenditures, one of which is that the money
19 needs to be spent in Russia.

1 Since we already have offsets in the legislation that are drawn from accounts
2 from under-performing programs that have been cancelled, I think that what we need
3 to do is help democracy, rule of law, and civil society in Russia, not take away resources
4 from it. So I would have to oppose the Senator's amendment.

5 **SENATOR CORKER.** Mr. Chairman, if I could briefly.

6 **THE CHAIRMAN.** Senator Corker?

7 **SENATOR CORKER.** I know the House looked at this same approach and realized
8 that CBO would actually score this as spending, not as a reduction because they had
9 already counted on this money coming back to the Treasury. So just for what it is
10 worth, I appreciate the intent of reducing spending, but I think it has been indicated
11 they are going to score it exactly in the opposite direction. So not only does it take
12 money out of a fund — so anyway, I would just point that out and for that reason I do
13 not support the amendment.

14 **THE CHAIRMAN.** Does the Senator ask for a recorded vote?

15 **SENATOR PAUL.** Yes.

16 **THE CHAIRMAN.** The clerk will call the roll.

17 **THE CLERK:** Mrs. Boxer?

18 **THE CHAIRMAN.** No by proxy.

19 **THE CLERK:** Mr. Cardin?

20 **SENATOR CARDIN.** No.

1 **THE CLERK:** Mrs. Shaheen?

2 **SENATOR SHAHEEN.** No.

3 **THE CLERK:** Mr. Coons?

4 **THE CHAIRMAN.** No by proxy.

5 **THE CLERK:** Mr. Durbin?

6 **SENATOR DURBIN:** No.

7 **THE CLERK:** Mr. Udall?

8 **SENATOR UDALL.** No.

9 **THE CLERK:** Mr. Murphy?

10 **SENATOR MURPHY.** No.

11 **THE CLERK:** Mr. Kaine?

12 **SENATOR KAINE.** No.

13 **THE CLERK:** Mr. Markey?

14 **THE CHAIRMAN.** No by proxy.

15 **THE CLERK:** Mr. Corker?

16 **SENATOR CORKER.** No.

17 **THE CLERK:** Mr. Risch?

18 **SENATOR RISCH.** Aye.

19 **THE CLERK:** Mr. Rubio?

20 [No response.]

1 **THE CLERK:** Mr. Johnson?

2 **SENATOR JOHNSON.** Aye.

3 **THE CLERK:** Mr. Flake?

4 **SENATOR FLAKE.** Aye.

5 **THE CLERK:** Mr. McCain?

6 **SENATOR CORKER.** No proxy available. So no vote.

7 **THE CLERK:** Mr. Barrasso?

8 **SENATOR CORKER.** No proxy available. So no vote.

9 **THE CLERK:** Mr. Paul?

10 **SENATOR PAUL.** Aye.

11 **THE CLERK:** Mr. Chairman?

12 **THE CHAIRMAN.** No.

13 The clerk will report.

14 **THE CLERK:** Mr. Chairman, the noes are 11. The yeas are 4.

15 **THE CHAIRMAN.** Thank you very much.

16 The amendment is not agreed to.

17 Is there any other member wishing to offer any amendments?

18 [No response.]

19 **THE CHAIRMAN.** One final comment then before we vote on final passage.

1 With reference to the rescissions to the defense appropriations under this bill,
2 these are rescinded from unobligated balances from other procurement. It is a fund that
3 is currently under-executing and the funds are available from unobligated balances.
4 This is out of a \$6.4 billion appropriation that procures various types of equipment. So
5 we are talking about \$57 million in budget authority out of \$6.4 billion.

6 It is also out of a program which the Army, due to the recent termination of a
7 certain program, has ultimately decided to retire all of what they call the Kiowa Warrior
8 helicopters. The upgrade program is not needed, and that program is proposed for
9 cancellation in the budget request.

10 And the bottom line is that on all of these defense appropriations, the reality is it
11 has been vetted with the appropriators. We are talking about either under-performing
12 and/or programs that the Department itself has cancelled. So, therefore, we feel it is
13 fitting and appropriate when we have a national security issue like the Ukraine to share
14 with both the State Department and the DOD.

15 Senator Durbin?

16 **SENATOR DURBIN:** Mr. Chairman, we were happy in our subcommittee to work
17 with you to find these rescissions. You have accurately described them. I was informed
18 by the Comptroller's Office in the Department of Defense moments ago that they have
19 no objection to these defense offsets.

1 **THE CHAIRMAN.** I appreciate Senator Durbin in his role as the chair of the
2 subcommittee on Appropriations to give us that insight. With that, I hope that it
3 eliminates any questions.

4 The vote is now on final passage of the bill.

5 **SENATOR RISCH.** Mr. Chairman?

6 **THE CHAIRMAN.** Senator Risch?

7 **SENATOR RISCH.** Well, Mr. Chairman, briefly. I am going to vote against this. And
8 I got to tell you I am really disappointed in this. I truly wanted to do the things we all
9 want to do, as far as the Ukraine is concerned. I am deeply disappointed that we have
10 included in this the matters regarding the IMF that I think should be debated
11 separately, that I and others have strong feelings on. So as a result of that, I am going to
12 cast a no vote.

13 I am hoping when it comes back from the House and that is out of there, I am
14 going to be able to cast a positive vote.

15 So thank you, Mr. Chairman.

16 **THE CHAIRMAN.** Is there any other member?

17 [No response.]

18 **THE CHAIRMAN.** If not, all those in favor —

19 **SENATOR RISCH.** Mr. Chairman, a roll call vote.

20 **THE CHAIRMAN.** The Senator asked for a roll call vote. The clerk will call the roll.

1 **THE CLERK:** Mrs. Boxer?

2 **THE CHAIRMAN.** Aye by proxy.

3 **THE CLERK:** Mr. Cardin?

4 **SENATOR CARDIN.** Aye.

5 **THE CLERK:** Mrs. Shaheen?

6 **SENATOR SHAHEEN.** Aye.

7 **THE CLERK:** Mr. Coons?

8 **THE CHAIRMAN.** Aye by proxy.

9 **THE CLERK:** Mr. Durbin?

10 **SENATOR DURBIN:** Aye.

11 **THE CLERK:** Mr. Udall?

12 **SENATOR UDALL.** Aye.

13 **THE CLERK:** Mr. Murphy?

14 **SENATOR MURPHY.** Aye.

15 **THE CLERK:** Mr. Kaine?

16 **SENATOR KAINE.** Aye.

17 **THE CLERK:** Mr. Markey?

18 **THE CHAIRMAN.** Aye by proxy.

19 **THE CLERK:** Mr. Corker?

20 **SENATOR CORKER.** Aye.

1 The Clerk: Mr. Risch?

2 SENATOR RISCH. No.

3 The Clerk: Mr. Rubio?

4 [No response.]

5 The Clerk: Mr. Johnson?

6 SENATOR JOHNSON. Aye.

7 The Clerk: Mr. Flake?

8 SENATOR FLAKE. Aye.

9 The Clerk: Mr. McCain?

10 SENATOR CORKER. Aye by proxy.

11 The Clerk: Mr. Barrasso?

12 SENATOR CORKER. No by proxy.

13 The Clerk: Mr. Paul?

14 **SENATOR CORKER.** No by proxy.

15 **THE CLERK:** Mr. Chairman?

16 **THE CHAIRMAN.** Aye.

17 The clerk will report.

18 **THE CLERK:** Mr. Chairman, the yeas are 14. The noes are 3.

19 **THE CHAIRMAN.** 14 to 3. The legislation is favorably reported to the Senate.

- 1 I ask unanimous consent that staff be permitted to make technical and
- 2 conforming changes to the bill. If there are no objections, so ordered.
- 3 And with that, this hearing is adjourned.

[Whereupon, at 4:21 a.m., the hearing was adjourned.]