

BUSINESS MEETING

Wednesday, December 18, 2019

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

The committee met, pursuant to notice, at 9:45 a.m., in Room S-116, The Capitol, Hon. James Risch, chairman of the committee, presiding.

Present: Senators Risch [presiding], Rubio, Gardner, Romney, Graham, Barrasso, Young, Cruz, Menendez, Cardin, Shaheen, Coons, Udall, Kaine, Markey, and Merkley.

**OPENING STATEMENT OF HON. JAMES RISCH,
U.S. SENATOR FROM IDAHO**

THE CHAIRMAN. The committee will come to order. This morning we are going to complete the business originally noticed for last week's business meeting. And today we are going to consider the Defending American Security from Kremlin Aggression Act of 2019, or DASKAA, sponsored by Senator Graham and Senator Menendez. This bill would place a number of sanctions on the Russian Federation.

The bill does contain some good initiatives that I would really join in on. One in particular is the creation of a sanctions coordinator at the State

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Department, and, frankly, in looking at that, I think that is a really good idea, and it might -- if I were drafting it, I might even go further than that. But I really applaud the efforts to be tough on Russia, and I want to work -- I want to join in this work whenever I can. And I -- and I think the sins of Russia are too long to mention here, but just as a greatest hits reel, what they did in Georgia is despicable. They still occupy 2 regions in Georgia. They took Crimea. You would never know you were living in the 21st century with the imperialism of the march like it is. What they are doing in the eastern Ukraine is as bad. Seizing vessels on the open seas and holding crews certainly is not acceptable.

Interference in our hemisphere in places where they should not be and supporting despots like Maduro are not things that we can stand by and not do anything about it. Interference with democratic, fair and free elections is inexcusable. We all know they have done, or attempted to do, in ours. They have done it both overtly and covertly in other countries. And my personal height of indignation is their use of chemical weapons by poisoning people, even their own citizens, and citizens of other countries on foreign soil as they have done in London. This list goes on and on and on. They deserve to be sanctioned, and we really need to do more, I agree.

I feel these sanctions proposed by DASKAA, however, are overly broad. We have seen that sanctions packages not carefully crafted can have unforeseen consequences, and I fear that is where these may go. They would indiscriminately sanction entire industries without regard to the consequences of those sanctions in full, and particularly where we may have friends or allies who are unfortunately much more entwined with Russia than we are. Where there are triggers for sanctions, the criteria, I believe, are too vague.

This language has not been thoroughly vetted with relevant stakeholders, including State, Treasury, Justice, Homeland Security, and the intelligence communities. Further, these sanctions lack discretion, possessing no waiver stronger than the 30-day congressional review. As evidenced by the Deripaska case earlier this year, -- this process has clear flaws. That lack of a usable waiver would make it very difficult for the Administration to tailor these measures and its policies appropriately. My view on this is I feel strongly that we need to use sanctions where it is appropriate, but it really needs to be done with a rifle, not a shotgun. I am always concerned that when we do sanctions, we do it for the purpose that we want those sanctions to have, and that is to inflict sufficient notice to another country that they need to change their policies, not to hurt

American businesses or to hurt our allies. Unfortunately, the law of unintended consequences all too often raises its ugly head.

That these sanctions lack a sunset of any kind is also concerning. Sanctions are really easy for Congress to levy but virtually impossible to remove. Jackson-Vanik still remains in effect 45 years after its passage, 30 years after its demands have been fulfilled. I have supported the Obama Administration in the levy of sanctions. I have supported the Trump Administration in the 321 targeted sanction actions that they have taken, and I am going to publish in the record a list of those 321 targeted sanctions.

[The information referred to above is located at the end of this transcript.]

THE CHAIRMAN. This body and the Administration have taken several actions to hold Russia -- attempt to hold Russia to account for its actions and help our European allies resist Russian influence. Yesterday the Nord Stream 2 bill was passed in the NDAA, much to our credit, much to the specific credit of many members of this -- of this committee. And last week we passed several bills that pushed on Russia. I am also concerned that DASKAA will empty the diplomatic toolbox.

I must note that many of our allies have come to us, and I am sure many of this committee have heard from our allies in opposition to this bill and the economic impact of sanctions on, for instance Russian LNG export facilities, that these will have on businesses and economies in our allies' countries. Finally, I am not going to vote for this because in the highly unlikely event it makes it to the President's desk, he will, of course, veto it, and I want to lead the charge to sustain that veto, not because I favor Russia, not because I do not believe we should not do more, but just the way this is crafted, I really have deep reservations about it. And I want to commend both of the sponsors of this bill for the -- for what I think is a valid, good-faith effort to do more against Russia. I want to join in that in the future. We really need to do that. What we have -- what we have levied just simply doesn't seem to be getting their attention, and we do need to be more -- we do need to do more. I could not agree more with what you are doing. Except I do feel that the downside of this for our friends, and, for that matter, the unintended consequences we assign to ourselves, is not appropriate. So I will be voting no.

I have two letters for the record opposing this. One is from the American Petroleum Institute. The other is from the Chamber of Commerce of the United States of America. I will enter those into the record.

[The information referred to above is located at the end of this transcript.]

THE CHAIRMAN. And with that, Senator Menendez?

**STATEMENT OF HON. BOB MENENDEZ,
U.S. SENATOR FROM NEW JERSEY**

SENATOR MENENDEZ. Well, thank you, Mr. Chairman. Let me first start off by thanking you for fulfilling your commitment to hold this important markup. I appreciate that, as do many members who are concerned about Russia's aggressions. And I appreciate you following up on your commitments, so I want to thank you publicly. Several members on both sides of the aisle have strongly-held views with respect to U.S. policy on the Russian Federation, and this markup allows them the opportunity to share their perspectives.

I want to thank Senator Graham for his leadership on DASKA. He has been a great partner in this effort going back to last year when we introduced the first iteration of this bill following President Trump's meeting with President Putin in Helsinki, and I am proud to join with him on this effort, and also

appreciate the input and sponsorship of Senators Cardin, Gardner, and Shaheen. And I just want to recall that Senator McCain was an original co-sponsor of this when he was still with us.

We had a hearing on Russia policy with Undersecretary Hale a couple of weeks ago that described the Kremlin's aggression in its own neighborhood and against its own people. The witness again made clear that Russia interfered in the 2016 election and was poised to do so again. Russia's behavior since the invasion of Ukraine in 2014 has only become more aggressive, more belligerent, and more emboldened. This bill is an important expression of the Senate's views on what U.S. policy towards Russia should be.

It is not simply a sanctions bill. Among its many provisions, the bill creates a fusion center within the government to better address challenges posed by Russia. The bill gives U.S. prosecutors the ability to shut down botnets and other cyber tools that are used to attack election infrastructure. It increases transparency in the U.S. real estate market, making it more difficult for Russian oligarchs to buy high-end property.

Many of the amendments that were filed helped strengthen the policy framework of this bill, and I am pleased that Senator Graham and I were able to

work with Senators Romney, Portman, Coons, and Cardin, in particular, to pull several of their amendments into the manager's package. In addition to these components, the bill does impose new sanctions based on the future behavior of the Russian Federation. It uses a conditions-based sanctions framework that follows the same exact model that was used in S. 2641, the Promoting American National Security and Preventing the Resurgence of ISIS Act of 2019.

That bill passed out of the committee last week under the chairman's leadership with a vote of 18 to 4. The conditions-based sanctions in DASKA will not automatically go into effect, but will be triggered based on future Kremlin behavior. This decision lies with the Kremlin. Also, the sanctions in this bill are not permanent, and clearly lay out how this or any future Administration can lift the sanctions in the event of Kremlin behavioral change.

As with the policy framework, the sanctions in the manager's package reflects the excellent input of a bipartisan group of members on this committee. In particular, I appreciate the inputs of Senators Cardin, Romney, and Portman. I believe these sanctions provisions are warranted under the current circumstances. They are tough measures, but we have sought to refine them

through conversations with allies and industry, and I believe this is a solid product.

Now, let me just say that for those who suggest that the sanctions provisions are too expansive and that they will hurt U.S. companies more than Russia, the sanctions regime implemented by the Administration to date has simply not put enough pressure on Russia to change its malign behavior. It is necessary that we increase pressure on the Kremlin in order to make clear that its aggression against the U.S. and our allies in Europe will not be tolerated. They attacked our election in 2016. They are geared up to do so again in 2020. They conducted chemical weapons attacks in the United Kingdom. They continue to assault Ukraine. Clearly, we have not done enough to address the threat.

When the sanctions regime began in 2014, many of the clear targets that were isolated to Russia and not intertwined with the international system were targeted. As we look to ramp up pressure on Moscow, we need to be prepared to take measures that affect decision-makers in the Kremlin, meaning the banking and energy sectors. Obviously we want the impact of any sanctions to be on Russia with minimum negative impact on our businesses and those of our allies and partners. We have sought to do this in DASKA, but let me address very

clearly the suggestions that sanctions will hurt businesses. I want to address that point squarely.

If we are to increase pressure on Moscow, and if we are to deter future attacks, we have to be honest that there will be some impacts on business around the world. That is how sanctions work. Under an enhanced sanctions regime, U.S. and foreign companies may no longer be able to benefit from the Russian economy in the same way they currently do. American and foreign investors may no longer benefit from Russian sovereign net market. The energy market may be impacted. The banking sector may be impacted. We, of course, seek to minimize these efforts, but our ultimate measure must always be how continued Kremlin aggression impacts our national security. At the end of the day, that is the only measure that truly matters.

Now, Mr. Chairman, I have been the architect, along with many other colleagues, of sanctions going back in the previous Administration, and even at the time of President Clinton, on different parts of the world. And I will say I have never met an Administration, either Democrat or Republican, that wants to see congressionally-imposed sanctions, whether it be Global Magnitsky, whether it be on Iran, or the whole list. And so I just would urge our colleagues, if we get

to the point that the pursuit of legislation by the Senate is one in which we will only determine what will the President sign, then we self-veto ourselves, because at the end of the day, I have seen Administrations resist, particularly in the sanctions field, and then only find themselves with overwhelming votes from the Congress to go ahead and sign that legislation. And it was probably congressionally-directed sanctions and the broad bipartisan support that directed sanctions on Iran that led them ultimately to come to the negotiating table. We can disagree as to whether or not the ultimate decision and agreement that was achieved was good or bad, but they got there because of sanctions, sanctions not sought by an Administration, sanctions directed by Congress

So I just, looking at history, would remind us all, number one, I have never met an Administration that wants something that the Congress imposes, and secondly, that they do not necessarily end up rejecting that which has broad bipartisan support. CAATSA, for example, did exactly that, 97 or 98 to 2. So like we did on CAATSA in 2017 and on several votes with respect to NATO, I urge the members to maintain the strong bipartisan approach that we have seen on Russia record here in the Senate.

And a final note I would make is that there are some well-intentioned amendments that may be offered. I actually embrace and support the efforts behind them. But at the end of the day, we can end up with a pyrrhic victory here. To the extent that we have a shot at having this be pursued on the floor, I think that the balance that we have created here, the input that we have gathered in a bipartisan way, is essential in order to have a shot to have these votes on the floor. And with that, I will speak to individual amendments when they come. I appreciate the intent in which they are being offered. I generally have a series of views that support the intentions of the amendments. I just am concerned that we will ultimately not be able to maintain the bipartisan effort to speak clearly and powerfully about our reaction to Russia and what they are doing, both here at home and across the world.

With that, I thank the chairman for his indulgence.

THE CHAIRMAN. Thank you. First of all, let me say that I agree with almost everything that you said, and I certainly agree that the tug-of-war between --

SENATOR MENENDEZ. Can you not go just a little bit --

[Laughter.]

SENATOR MENENDEZ. In the Christmas spirit maybe, you know?

THE CHAIRMAN. So close.

[Laughter.]

THE CHAIRMAN. So close. So close.

SENATOR MENENDEZ. Senator Paul had the Christmas spirit descend upon him in the last session, so.

THE CHAIRMAN. He did. He must have used it all up because he did not show back up.

[Laughter.]

SENATOR MENENDEZ. There is still time.

THE CHAIRMAN. Look, I could not agree with you more that there is always a tug of war between the legislative and executive branch, particularly on sanctions like this, and particularly when we have an enterprise like foreign policy that is shared between the first and second branch. The founding fathers intentionally gave it to us in that regard. I fully support that this branch has to exert itself in that regard.

As I pointed out, I have some specific difficulties with this. I am certainly not opposed to the -- to the overarching effort to try to get at Russia. I also agree

with you that what we have done is not enough, and I agree with you we do need to do more. But, again, I just have some specific issues with the bill, and I am hoping if this gets high centered, which could possibly happen, we might look forward to some other legislation that we can get across the finish line, as we did with the Turkey bill. So with that --

SENATOR GRAHAM. Mr. Chairman?

THE CHAIRMAN. Yes. Oh, I am sorry. It is your bill.

SENATOR GRAHAM. I just very briefly want to say thank you to Senator Menendez and his staff and to all of you who offered amendments and made the bill better. Bob is right. I remember Secretary Clinton opposing Iran sanctions until the very end, and we got 90-something votes, maybe 100. I cannot remember. So that ending is real, and I can understand the Administration's reluctance for us to kind of lean on this.

The punishment aspect of sanctions clearly has not been enough. Russia is not getting better. They are getting worse. The lack of deterrence, to me, is pretty obvious. The pain in this sanction proposal is real, you know, in the American energy sector, is real. And our fossil fuel economy is what keeps Russia afloat, and the business dealings with America, they will be scrutinized.

And there will be some pain, but every time you deal with evil entities, like the Nazis and the Japanese and, I think, Putin's Russia, America has to experience some pain. And I think most Americans would be willing to experience some pain to make Russia a better member of the international community.

This will eventually pass because of Russia, not us. I will make a prediction. Some time early next year, they will do something to the neighborhood or to our upcoming 2020 election where it would be hard to ignore this. They have a plan. They are going to follow through with that plan. They are going to do as much disruption as they can get away with. They are beginning to work with China now to lessen the sanctions on North Korea. Their plan is to inhibit our efforts to get the Iranians to change their behavior. Their plan is to intimidate the neighborhood they live in. Their plan is to chaos in our backyard. And they are going to keep doing it until it hurts too much.

So this bill hopefully will have some deterrence. And if it ever gets passed, it will because of Putin, not anybody around this table. Thank you very much.

THE CHAIRMAN. Thank you. We have a manager's amendment to the bill. Is there a motion to adopt the manager's --

SENATOR MENENDEZ. So moved.

THE CHAIRMAN. Second?

SENATOR CARDIN. Second.

THE CHAIRMAN. Moved and seconded that the manager's amendment will be adopted.

Is there debate?

[No response.]

THE CHAIRMAN. Hearing none, all those in favor, signify by saying aye.

[Chorus of ayes.]

THE CHAIRMAN. Opposed, nay.

[No response.]

THE CHAIRMAN. The ayes have it, and the manager's amendment has been adopted.

Are there other amendments to the bill?

SENATOR CARDIN. Mr. Chairman?

THE CHAIRMAN. Senator Cardin?

SENATOR CARDIN. Mr. Chairman, I have noted several amendments I am going to offer, too, but before I do that, let me just underscore the point that

Senator Menendez and Graham made about congressional initiative and how important it is. They mentioned Iran, and you are absolutely correct. It is the congressional efforts that led to the possibility of negotiating with Iran. I could also mention Magnitsky. We would not have a Magnitsky statue today but for the Congress. And, quite frankly, Mr. Chairman, the tables were different then. We had a democratic President and a democratic Senate, and we had Administration that did not want it, and we did it. And I think we all are very proud of the impact that has had on advancing human rights. And last week we showed our initiative in regards to Turkey. I think it was the right thing for us to do, and I am proud of our leadership one that says. So today we have an opportunity to do this with Russia, and I strongly support the legislation that has been introduced by Senator Menendez and Graham.

I appreciate that three of the amendments that I had proposed or incorporated in the manager's amendments to deal with Magnitsky, one removing the sunset, the other activities that Russia is doing in regards to political prisoners, be considered for Magnitsky statutes, and that and the third amendment that was adopted deals with the -- using the Russians -- countering Russia influence upon -- to deal with the integrity of disinformation.

Two other amendments that I want to offer, one I am going to offer and withdraw, Mr. Chairman, and the other I will offer and hope that we will accept it. The one I will offer and withdraw is Cardin Amendment Number 2 that deals with setting up an anti-corruption fund. It uses the Foreign Corruption Practice Act, the penalties and fines that are collected there as a fund. That fund would then be used as a fast response fund that -- for U.S. foreign policy to counter corruption in countries so that we can deal with it in a more nimble way than we do today. It also establishes an interagency task force on anti-corruption, and designates a point person each embassy to deal with corruption.

It is legislation that is co-authored by Senator Wicker. The two of us are the chair and ranking members on the Helsinki Commission. We have taken up corruption as one of our top areas to fight corruption around the Helsinki -- the OSCE region. And we believe this will be -- give us an additional tool. Now, quite frankly, we have had really good discussions with the staff of the Senate Foreign Relations Committee. I think we have made a lot of progress. I think we are going to be able to get this bill to the finish line. But I do not think it is quite ready for prime time unless the chairman and ranking member tell me otherwise.

I am going to ask your help in trying to get this bill ready for action by our committee, but I will not press for a vote today.

The second amendment I will offer and hope that we can adopt. So, Mr. Chairman, if I can, I will ask consent to offer and withdraw Amendment Number 2 before offering Amendment Number 7.

THE CHAIRMAN. So ordered.

SENATOR CARDIN. Amendment Number 7 deals with us getting a briefing on the capacity we have in our own country to deal with one of the tools being used by Russia. A report that was authored by the Democrats on this committee dealing with the asymmetric arsenal that Mr. Putin uses to advance his causes talks about the tools that are used. One of the tools that they use red notice, which is to intimidate individuals. And we saw it with Bill Browder, but there are others that they have used red notice to try to affect the ability of individuals to be able to travel. And what I am asking for is that we get briefed on our own capacity to evaluate the red notices that are issued to Interpol by our U.S. National Central Bureau and the National and Diffusion Task Force, so that we know whether we have the capacity to counter this tool that is now being used by Russia in an offensive way. The amendment simply asks for a briefing on our

committee on the capacity to deal with evaluating red notices coming out from Russia. And I would press for that amendment.

THE CHAIRMAN. Thank you, Senator Cardin. Is this a -- does this ask -- I do not have it in front of me. Does this ask for a classified briefing or --

SENATOR CARDIN. It could be done either way. There is --

THE CHAIRMAN. With or without this, we can get this done, but I will support this. Is there further discussion on Cardin Amendment Number 7?

SENATOR MENENDEZ. Mr. Chairman, very briefly. I am strongly supportive of what Senator Cardin is seeking to do here. We are aware that both the Russian and Chinese government are abusing the red flag notices to go after political opponents. So having us be appropriately staffed and participating at Interpol is critical to our own interest. And I look forward to working with him on the Crook Act, which is with Senator Wicker. I think it is good legislation. I think we can get there, and I will support that as well. But I support the amendment.

SENATOR CARDIN. Thank you.

THE CHAIRMAN. Thank you. Is there further discussion?

[No response.]

THE CHAIRMAN. There being none, did you move -- Senator Cardin --

SENATOR CARDIN. Move to --

THE CHAIRMAN. Is there a second?

SENATOR MENENDEZ. Second.

THE CHAIRMAN. It has been moved and seconded that the committee adopt Cardin Amendment Number 7.

All those in favor, signify by saying aye.

[Chorus of ayes.]

THE CHAIRMAN. Opposed, nay.

[No response.]

THE CHAIRMAN. The ayes have it. Amendment 7 has been adopted.

Further amendments?

SENATOR YOUNG. I make a motion to call up Young Number 1, please.

THE CHAIRMAN. Young 1. That will be in front of the committee. Senator Young, you have the floor.

SENATOR YOUNG. So my amendment is very simple. It makes sure that New START does not -- it is not idly allowed to lapse in February of 2021 without all possible information being presented before the fact to this committee

and after the fact. I want to thank a number of members of this committee either who have officially co-sponsored this amendment or have indicated to me that they support the substance of it. So I have got Senators Merkley and Markey, who are co-sponsors, and I know Romney, Graham, Isakson, Portman, neither of whom could be here today, and others who are supportive, many on the Democratic side as well.

So, listen, what problem am I trying to solve here? The lapse of an arms control agreement that is essential not just to arms control. It should not be viewed in isolation. This is key to our deterrence as a country. So START -- through START, we have been able to monitor through the verification mechanisms, through the monetary mechanisms that are part and parcel of this agreement, compliance with certain thresholds of different types of long-range nuclear weapons and delivery vehicles that the Russians have. The State Department says that the Russians remain in compliance with New START. They have consistently remained in compliance with New START.

This informs, as we -- through the modification, monitoring, and verification mechanisms. So this informs the sort of nuclear weapons and delivery technologies that we invest in, and this is essential at the very moment

when we are trying to modernize our own nuclear arsenal. The Russians are ahead of right now. If they are unconstrained, they are in a position to field hundreds more warheads on their new advanced ballistic missiles in the near future. In contrast, the United States is just beginning our modernization efforts. Our new systems will not come off the production line until the late 2020s. So this is very much about deterrence.

Here is all we are attempting to do: to send a message, a unified message, to the Administration to which they should not object, that it is the sense of this body -- we talked about the importance of Congress speaking on these issues. It is the sense of Congress that the United States seeks to extend New START for only 5 years, from its initial termination date in February of 2021 through February of 2026. We also ask for some reports from DNI, an assessment of the size and posture of China's nuclear forces compared to the United States. I know that was a real concern of the Administration, so we did incorporate China into our concerns. And furthermore, a report from the Secretary of State, in consultation with SecDef, related to their conversations with China as it relates to the reduction and limitation of strategic arms development and deployment.

So I ask my colleagues to be supportive of this. I am aware, Mr. Chairman, of your sort of discomfort with this, and I am also aware that some fear that a vote on this amendment could jeopardize -- something I question -- but could jeopardize the larger measure that we are considering here today. So I am prepared to ask for a vote, but seeing as all of those who support the substance of this agreement also seem to support another route, which is a firm commitment to have a markup in January on this very measure, I am prepared to withdraw this amendment if I can get that firm commitment from the chairman. If not, we will vote.

THE CHAIRMAN. Senator, did you say January?

SENATOR YOUNG. I said January.

THE CHAIRMAN. Yeah, January might be a little tough. There is other stuff going on around here. But I would commit to you to negotiate to get to the point where we can have a markup on this. I do have a discomfort with it, and it is -- and really it is pretty simple. The New START Treaty is unfortunately out of date because there are new systems that have been developed, and they are not covered by New START. The Russians are saying they are not covered by New START. The Russians are dying to see us do what you want to do here, and that

is to extend New START. They are taking the position that their systems are not covered. In addition to that, we really ought to have some classified information on what they are -- what they are doing with INF, what they did with INF, and why it got us to where we are.

So I will work with you on that. I cannot commit to a January -- I cannot commit to a January date, but I think that is a very legitimate subject matter for this committee. It is something that we ought to take up. And I will give my promise we will use a good-faith effort to get it on the calendar for next year as early as we can. Is that good enough?

SENATOR YOUNG. Well, it is close, Mr. Chairman, respectfully.

[Laughter.]

SENATOR YOUNG. I see no reason why within a month of the end of the articles of impeachment, they dispense with one way or another, we cannot have said classified briefings and a formal markup in conjunction with the vigorous debate that I think we want on this consequential matter before the committee of jurisdiction. So I am prepared to extend that quite extensively for a month following a disposition on the articles of impeachment. Is that something, Mr. Chairman --

THE CHAIRMAN. Again, I do not have the -- I wish I had known this was coming. I do not have the agenda in front of us, but I have made commitments to other people about what subjects we are going to take up, and I just -- I hate to slip this in in front of some other commitments I have made. So, look, whether we -- when we vote on this, whether it passes or whether it does not pass, because even if it passes and gets attached to this, you are probably not going to see it again, and we should have something in regard to that. So whether this passes or whether this does not pass, I commit to you that I will make a good-faith to get you -- get you a hearing and a markup on something that you want to move. Go ahead, Senator Menendez.

SENATOR MENENDEZ. Mr. Chairman, if I may. First of all, I appreciate all the hard work that Senator Young and others are doing to support extending New START. I am fully behind those efforts. I know there is disagreement on the committee about New START, and I was happy to work with Senator Young in a letter to the Director of National Intelligence asking for an assessment of what pulling out of New START would do to our intelligence collection, and I think it made eminent sense. And I am 100 percent committed to working with you and the chairman to prioritize an opportunity for such legislation to get

marked up in the committee, and the committee can work its will and have its say at the end of the day.

I would just urge my colleague in good faith, this DASKA bill has been in the works a long time. It has been crafted in a bipartisan way to achieve the goal to actually get a vote. I am concerned that the inclusion of New START in a sanctions bill ultimately will be a pyrrhic victory for both of us. You will get a vote today. We will pass DASKA, but with New START in it, it may never see the light of day on the floor.

SENATOR YOUNG. Right. Right.

SENATOR MENENDEZ. And that would be unfortunate both to take a very clear position against Russia and also for those of us who support New START, having a real opportunity to express ourselves on that as well. So I would urge my colleague to withdraw his amendment. I know Senator Markey has a similar effort. I think Senator Merkley has one. You have my full commitment to work with you. I will urge the chairman to do it as expeditiously as possible and to prioritize it. But I would ask you to forbear at this time because otherwise I am concerned that we will not be able to get the sanctions bill on the floor, and that we will lose an enormous opportunity as we go into next year. And I agree with

Senator Graham. I have no doubt that the Russians have a game plan they will seek to execute. And the question is, can we execute in a way that seeks to circumvent them.

THE CHAIRMAN. Senator Shaheen?

SENATOR SHAHEEN. Well, Mr. Chairman and Senator Young, I am also co-sponsor of this amendment and support the effort 100 percent. I think we can extend New START. It gives us the ability to continue to verify what Russia is doing while we have the potential to expand to include China, to include other weapons. So I think it makes imminent sense to do that. I do share the concern, though, that if we include in the DASKAA bill, that it puts in peril passing that bill or getting it to the floor. So I will not vote to put the amendment on the bill today, even though I support the effort 100 percent.

SENATOR YOUNG. Is it the chairman's assessment that, you know, that this is going to be considered? I mean, I have been around --

THE CHAIRMAN. Yeah, this is -- yeah, this is an important issue.

SENATOR YOUNG. -- Capitol Hill long enough to know that, you know, even with good-faith efforts of conscientious and honorable chairmen like yourself, sometimes things get, you know, caught up, especially in election years.

THE CHAIRMAN. Flattery will get you everywhere, Senator. Where do you want to go?

[Laughter.]

SENATOR YOUNG. Yeah.

SENATOR MENENDEZ. Can I just say on that, you know, I will say, the chairman and I have had our disagreements at times, but --

THE CHAIRMAN. That is an understatement.

[Laughter.]

SENATOR MENENDEZ. But I will say that when the chairman has given me his word, he has kept it.

SENATOR YOUNG. Right.

SENATOR MENENDEZ. And this markup is an example --

SENATOR KAINE. And, Mr. Chair, if I could -- and the chairman made a similar commitment to me on my NATO bill and did what he said he would do. So the timing was not right when I tried to add it as an amendment, but we ended up taking it up --

THE CHAIRMAN. And, you know, that --

SENATOR YOUNG. All right. I withdraw the amendment.

[Laughter.]

SENATOR RUBIO. He offered me 10 acres in Idaho, and I --

[Laughter.]

SENATOR YOUNG. I just wanted folks to dig in a little bit on this because --

THE CHAIRMAN. Look --

SENATOR MENENDEZ. I thank the gentleman.

THE CHAIRMAN. This underscores where we are with this committee. The stuff we deal with here is really, really important.

SENATOR YOUNG. Yeah.

THE CHAIRMAN. We have disagreements from time to time on them, and even like on this bill. I mean, I agree overall with the bill -- with what the bill is trying to do. I have some disagreements with -- look, we can all work together to try to do this. I appreciate you withdrawing it. And, again, I will commit to get to it as soon as we can. Thank you very much.

SENATOR YOUNG. Thank you. Thank you.

THE CHAIRMAN. Any other amendments? Senator Merkley?

SENATOR MERKLEY. Thank you, Mr. Chairman. I have two amendments, Merkley Number 3, and I appreciate Senator Young having been a partner in this

in his role as chair of the Multilateral Subcommittee. This amendment highlights Russian obstruction at the U.N. Security Council. Russia has blocked multilateral action time and again on issues like Syria, Ukraine, Venezuela. They have violated the U.N. agreements on North Korea. So this simply highlights that. It mandates a report that lay out these examples of Russian obstruction, and looks at the benefits and disadvantages of U.N. Security Council governance and suggestions for how it might change. I think it is a useful spotlight to put in the context of this bill, and I would be happy with a voice vote if the chairman would entertain that.

THE CHAIRMAN. Is there further discussion?

SENATOR MENENDEZ. Strongly supportive of Senator Merkley's amendment.

THE CHAIRMAN. Is there a motion to adopt?

SENATOR MENENDEZ. So moved.

SENATOR RUBIO. Second.

THE CHAIRMAN. It has been moved and seconded to adopt Merkley 3.

All those in favor, signify by saying aye.

[Chorus of ayes.]

THE CHAIRMAN. Opposed, nay.

[No response.]

THE CHAIRMAN. The ayes have it. Merkley 3 has been adopted.

SENATOR MERKLEY. Mr. Chairman, I have one more amendment if it is appropriate to continue?

THE CHAIRMAN. Senator Merkley?

SENATOR MERKLEY. So this is Merkley Number 4, and it is an amendment that adds a statement of policy on Russia's egregious violations on LGBTI human rights in Chechnya. It is a straightforward message that the targeting of the LGBT community through extrajudicial killings, abductions, torture, and other human rights violations is absolutely unacceptable. This should be non-controversial for us to call on Russia to investigate the abuses, hold perpetrators accountable, protect victims, and stop persecuting the activists who assist those victims.

THE CHAIRMAN. Is there further debate?

[No response.]

THE CHAIRMAN. Senator, would you care to make a motion to amend Merkley 4? Motion to adopt?

SENATOR MERKLEY. Yes, I move to adopt.

THE CHAIRMAN. Second?

SENATOR RUBIO. Second.

THE CHAIRMAN. It has been moved and seconded that we adopt Merkley

4.

All those in favor, signify by saying aye.

[Chorus of ayes.]

THE CHAIRMAN. Opposed, nay.

[No response.]

THE CHAIRMAN. The ayes have it. Merkley 4 has been amended.

Further amendments?

SENATOR ROMNEY. Can we get Markey and Merkley to change one of their names so it is more clear?

[Laughter.]

SENATOR MARKEY. This goes back to the Markey/Moakley problem --

[Laughter.]

THE CHAIRMAN. With that, Senator Markey, you have an amendment.

SENATOR MARKEY. Thank you.

SENATOR RUBIO. At least make them change their seats.

[Laughter.]

SENATOR MARKEY. It is a -- just to follow on with Senator Young, I think it is a -- I have an amendment in the same area of concern, the START Treaty, the arms race, which is underway between the United States and Russia, and our need is really to have a hearing and begin to deal with the issue. We are the most important committee on this issue. It is clearly going to, as it spins out of control, cost trillions of dollars if we do not try to get a hold of it here at the beginning of it. It is always better to start out where you where you are going to be forced to wind up anyway. So I am a hearing a markup, a discussion, a deliberation of what the role of China is going to be. We probably want to handle that at this time. I think it would be very, very good for the committee and for the country. So I thank you, Mr. Chairman, for the commitment that you made to Senator Young, and I will withdraw my amendments, which I have pending here, so we are awaiting that process to unfold.

THE CHAIRMAN. Thank you, Senator Markey. Further amendments?

SENATOR MENENDEZ. Move adoption of the bill.

THE CHAIRMAN. It has been moved that we adopt Senate Bill 482 and send it out with affirmative action. Is there debate?

SENATOR RUBIO. Can I say something?

THE CHAIRMAN. Yeah.

SENATOR RUBIO. Mr. Chairman, members, this whole Russia thing angers me so much. We have this guy sitting over there who basically decided I am going to get these people to fight each other and be angry at each other all day. And, frankly, it is hard to argue that he has not achieved it. On this very day, there is a proceeding in the House, whose genesis really begins from all the efforts. In the reverse, you have voices out there that basically accuse anyone who does not agree with them of being part of a deep state that seeks to undermine the U.S. government. If Vladimir Putin's goal was to get us to divide each other, fight each other, hate each other, and simply weaken us from the inside out, it is hard to argue that he was not successful. And there should be no doubt that that is exactly what he undertook and they continue to undertake to the present day.

And part of it, on the one hand, I think it is now pretty clear after a number of investigations, including the special counsel, on the one hand, the

President is not a Russian agent. He did not coordinate with the Russians, anything of that nature. And, frankly, I am not even sure the Russians thought he was going to win. I think much of this effort was probably designed to weaken who they thought was going to win. The flip side of it is Vladimir Putin is not a Republican. He is not. And he will do to us as Republicans what he has done to everybody else.

And if he does to us what he has done all over the world, we should be very concerned, whether it is what they have done to a British politician, where they basically took control of his computer and planted child pornography, turned him over to authorities. The guy was arrested. Luckily, they discovered that it was an implant. But you can imagine what that -- that would disqualify an American public figure if they did that here. They have coopted people, frankly, who are unwitting in many cases and do not realize that they are helping in some cases spread the narrative that they want.

So all of that is to say I am going to support this bill because I think it is important in a time of such division that we make clear that we are united when it comes to standing up against these aggressions. I have concerns about this bill because I do think as it heads towards the floor, we have to think whether we

want to make enemies out of the countries we want to be rallying to our cause and taking on this sort of action. And we might because this sanctions companies that impact Europeans.

I think that -- I also think this will be a divided vote, which in many ways, once again, plays right into the hands that Putin wants, which is this argument that -- you know, if you vote against this bill, you are not some Russian asset or pro-Putin. You just have concerns about it. And I think it is important not to participate in that. So I am going to support the bill. I do have concerns about the breadth and scope of some of the mandatory sanctions as well, which I think would guarantee a veto.

And now a shameless plug, I actually think the DETER bill, which is not in the jurisdiction of this committee, that actually says this is what is going to happen if you do this in the future, is, in my personal view, a better approach because it actually imposes a cost benefit analysis on Vladimir Putin, who is, above all else, a cost benefit decision-maker. And so all -- I just wanted to say that, and I thank you for the time to be able to do that.

THE CHAIRMAN. Thank you, Senator. Further debate? Senator Shaheen?

SENATOR SHAHEEN. Well, I just want to respond a little bit to Senator Rubio because I appreciate what you are saying, but the fact is that the benefit of living in America in our democracy, unlike the Russians, is that we can disagree on what we think is the appropriate approach. And that is what our democracy is about. And if we were in Russia, we would all be voting in lockstep.

SENATOR MENENDEZ. Or we would be imprisoned.

SENATOR SHAHEEN. Yeah. No, you are right. Well, you may be imprisoned.

[Laughter.]

SENATOR SHAHEEN. But I just -- I do not think we should get put off course by thinking that we cannot disagree and not be consistent with what our democracy is all about.

THE CHAIRMAN. Thank you, Senator.

SENATOR RUBIO. Can I just briefly respond? I do not disagree at all. I think that is absolutely true. I think it is one of the great challenges of this is that our strength is also what he is exploiting as our weakness, the openness of our system.

SENATOR SHAHEEN. Yeah. No --

SENATOR RUBIO. And we are struggling with that. What does the First Amendment mean online? What is the separation between political speech and furthered by foreign power? He has figured that out. The Chinese have figured it out, and other authoritarians have figured it out. It is a tremendous challenge to be an open democratic country at a time when authoritarians are using our openness against us. And I do think the answer is to abandon our openness, but it is to be conscious that not everything that on the internet is true. Not every message that is out there is accurate, and to just be aware every single day that we are in the midst not of just an effort to interfere in elections.

This is informational warfare is designed to divide a country and weaken it from the inside out. And even as we disagree, we should be aware that we are in the crosshairs of an effort to do that. And I just think that can never be said enough.

SENATOR SHAHEEN. I agree.

SENATOR CRUZ. Did you say not everything on the internet is true?

[Laughter.]

SENATOR RUBIO. Some things are more true than others.

THE CHAIRMAN. Senator Kaine?

SENATOR KAINE. Mr. Chair, just briefly, one of the things that I think that is important about this bill is the title, Defending American Security from Kremlin Aggression Act. It is not just about defending American security because our allies look at us, and they say if you will not defend yourselves, then you clearly cannot be counted on to defend us. If they see us taking vigorous action to defend ourselves, they will have more confidence that we will be there to be partners with them as well. So we send a strong message, not just about our self-protection, but we send a message to allies that we are more likely to be there for them as well. I strongly support the bill.

THE CHAIRMAN. Thank you, Senator Kaine. Further debate?

SENATOR COONS. Mr. Chairman, I will just briefly add that I am grateful for the folks that worked so hard to come to a measured and balanced outcome today. I strongly support the bill. I, too, think that in classified briefings, in open briefings about what Russia, China and nonstate actors are doing, we need to show a unified response, and we need to engage vigorously in this debate and work together in this committee to advance that.

SENATOR ROMNEY. Mr. Chairman?

THE CHAIRMAN. Senator Romney?

SENATOR ROMNEY. I would also note that I strongly support the bill. I do not think it is perfect. I would love to see it improved in various ways as it moves to the floor. But to me, it is exacting as it can be on Russians with limited impact on our allies and ourselves and our businesses as possible. I would like it to be prospective in the sense that it deters Russia from taking further malevolent activity as opposed to simply punishing them for the many awful things done in the past. And I would like it to be clear as to what the offramps are, how they could remediate or remove sanctions in the event they correct certain behaviors.

But all that said, at a time like this, I cannot imagine doing anything besides expressing as clearly as we possibly can that we are not happy with what Russia is doing here or with our allies around the world, and the malevolent activity on their part will be addressed by this Nation.

THE CHAIRMAN. Thank you, sir. Further debate?

[No response.]

THE CHAIRMAN. There being no further debate, the question -- has there been a motion?

SENATOR MENENDEZ. I moved it.

THE CHAIRMAN. Moved and seconded that we adopt Senate Bill 482.

The clerk will call the roll.

THE CLERK. Mr. Rubio?

SENATOR RUBIO. Aye.

THE CLERK. Mr. Johnson?

THE CHAIRMAN. No by proxy.

THE CLERK. Mr. Gardner?

SENATOR GARDNER. Aye.

THE CLERK. Mr. Romney?

SENATOR ROMNEY. Aye.

THE CLERK. Mr. Graham?

SENATOR GRAHAM. Aye.

THE CLERK. Mr. Isakson?

THE CHAIRMAN. No by proxy.

THE CLERK. Mr. Barrasso?

SENATOR BARRASSO. No.

THE CLERK. Mr. Portman?

THE CHAIRMAN. Aye by proxy.

THE CLERK. Mr. Paul?

THE CHAIRMAN. No by proxy.

THE CLERK. Mr. Young?

SENATOR YOUNG. Aye.

THE CLERK. Mr. Cruz?

SENATOR CRUZ. Aye.

THE CLERK. Mr. Menendez?

SENATOR MENENDEZ. Aye.

THE CLERK. Mr. Cardin?

SENATOR CARDIN. Aye.

THE CLERK. Mrs. Shaheen?

SENATOR SHAHEEN. Aye.

THE CLERK. Mr. Coons?

SENATOR COONS. Aye.

THE CLERK. Mr. Udall?

SENATOR UDALL. Aye.

THE CLERK. Mr. Murphy?

SENATOR MENENDEZ. Aye by proxy.

THE CLERK. Mr. Kaine?

SENATOR KAINE. Aye.

THE CLERK. Mr. Markey?

SENATOR MARKEY. Aye.

THE CLERK. Mr. Merkley?

SENATOR MERKLEY. Aye.

THE CLERK. Mr. Booker?

SENATOR MENENDEZ. Aye by proxy.

THE CLERK. The Chairman?

THE CHAIRMAN. No.

THE CLERK. Mr. Chairman, the ayes are 17; the noes are 5.

THE CHAIRMAN. The measure has been adopted.

With that, that completes our work. Let us see. Hold it. I have a request from Senator Isakson to insert a statement in the record concerning his views on extending the New START Treaty. It will be entered in the record.

[The information referred to above is located at the end of this transcript.]

THE CHAIRMAN. This completes our -- oh, Senator Cruz. I am sorry.

SENATOR CRUZ. Mr. Chairman, I just wanted to say quickly I want to echo the comments that Senator Romney and Senator Rubio made, which is that I have got real concerns with the bill that we just voted on, that it is overbroad and it potentially harms U.S. companies in a way that does not make sense. But there were many statements made around the table that that bill is going to continue to be worked on before it moves to the floor. And so taking those representations at face value, I was willing to vote yes to move it forward, but I think we need to improve the bill significantly before it actually is passed into law.

THE CHAIRMAN. Fair enough, Senator. I think a lot of people share that view.

I ask unanimous consent that staff be authorized to make technical and conforming changes.

Without objection, it is so ordered.

With that, the committee will stand adjourned.

[Whereupon, at 10:35 a.m., the committee was adjourned.]

Senate Committee on Foreign Relations
Business Meeting
Wednesday, December 18, 2019

ISAKSON STATEMENT FOR THE RECORD:

In regards to Senator Young's amendment, and as I prepare to leave the Senate, I want to encourage my colleagues in this committee to think carefully about New START extension.

In 2010, after nine months of negotiation, I was proud to vote in support of ratifying the New START Treaty between the United States and Russia. I said then that the treaty would allow us to be strong in our strength, to trust but to verify, without giving in or capitulating a thing. It has done just that.

The transparency and predictability that New START has provided cannot be understated. Having the ability to understand the scope of Russia's strategic nuclear arsenal is critically important as we take steps to modernize our own.

Although it would be beneficial to seek a multilateral agreement on nuclear arms control, I do not believe we should forgo the existing verification regime under New START in an effort to secure a multilateral agreement. I encourage my colleagues to keep this in mind as the administration considers how to address New START's looming expiration date.

List of Russian Sanctions Taken as of November 2019

Since January 2017, the United States has imposed sanctions on **321 Russian-related targets**:

Authority	Description	Date of Package	Total
Cyber (EO 13694, amended by EO 13757)	<ul style="list-style-type: none"> Targets Russia's malicious cyber-enabled activity, including undermining election processes CAATSA codified these EOs into legislation, requiring Congressional approval before sanctions can be removed 	Mar. 15, 2018 June 11, 2018 August 21, 2018 Dec. 19, 2018	16 7 4 6
Ukraine (EO 13660, EO 13661, EO 13662, EO 13685)	<ul style="list-style-type: none"> Targets those connected with the conflict in eastern Ukraine and purported annexation of Crimea, including those undermining territorial integrity of Ukraine, officials of the Russian government, specific economic sectors of the Russian Federation, and those operating in Crimea Linked to implementation of the Minsk Agreement and Russian withdrawal from Crimea CAATSA codified these EOs into legislation, requiring Congressional approval before sanctions can be removed 	April 6, 2018 Jan. 26, 2018 June 20, 2017 Nov. 8, 2018 Dec. 19, 2018 March 15, 2019 Sept. 26, 2019	36 42 58 9 1 14 9
CAATSA Section 224	<ul style="list-style-type: none"> Targets cyber actors operating on behalf of the Russian government (including the GRU) 	Mar. 15, 2018 June 11, 2018 Dec. 19, 2018	8 1 15
CAATSA 228	<ul style="list-style-type: none"> Targets serious human rights abusers and sanctions evaders 	Nov. 8, 2018	3
CAATSA Section 231	<ul style="list-style-type: none"> Targets significant transactions with Russia's defense/intelligence sectors 	Sept. 20, 2018	2
Global Magnitsky	<ul style="list-style-type: none"> Targets human rights abusers and corrupt actors across the globe 	Dec. 21, 2017	2
Russia Magnitsky	<ul style="list-style-type: none"> Targets those involved in Sergei Magnitsky case and other gross violations of human rights in Russia 	Dec. 20, 2017 May 16, 2019	11
Criminal Organizations	<ul style="list-style-type: none"> Targets significant transnational criminal organizations (TCOs) 	Dec. 22, 2017	13

DPRK	<ul style="list-style-type: none"> Aimed at denying revenue to the North Korean regime 	June 1, 2017	4
		August 22, 2017	5
		August 3, 2018	1
		August 15, 2018	2
		August 21, 2018	8
		Sept. 13, 2018	1
		Nov. 19, 2018	1
		June 16, 2019	1
Syria	<ul style="list-style-type: none"> Targets support for Assad regime 	April 6, 2018	2
		Nov. 20, 2018	3
Venezuela	<ul style="list-style-type: none"> Aimed at preventing support to Maduro regime 	March 11, 2019	1
Election Interference (E.O. 13848)	<ul style="list-style-type: none"> Targets foreign individuals and entities involved in election interference in the United States. 	September 30, 2019	15
INKSNA	<ul style="list-style-type: none"> Aimed at preventing arms transfers to North Korea, Syria, or Iran 	Mar. 27, 2017 April 30, 2018 May 14, 2019	19
CBW	<ul style="list-style-type: none"> Targets Russia's use of chemical weapon in violation of international law 	August 9, 2018 August 2, 2019	2
		Total:	321



Mike Sommers
 President & Chief Executive Officer
 American Petroleum Institute
 200 Massachusetts Ave NW
 Washington, DC 20001

July 30, 2019

The Honorable James Risch
 Chairman, Senate Committee on
 Foreign Relations
 423 Dirksen Senate Office Building
 Washington, D.C. 20510

The Honorable Robert Menendez
 Ranking Member, Senate Committee
 on Foreign Relations
 444 Dirksen Senate Office Building
 Washington, D.C. 20510

Dear Chairman Risch and Ranking Member Menendez,

I am writing today to express the American Petroleum Institute's (API) opposition to S.1441/H.R.3206, the Protecting Europe's Energy Security Act. API opposes this legislation as well as additional amendments that have been proposed, including the full bill S. 482, Defending American Security from Kremlin Aggression (DASKA) Act, or sections of the DAKSA bill. API opposes S.1441/H.R. 3206 and S. 482 because these bills:

- Would establish a precedent that could significantly harm American industries operating abroad;
- Could damage the US-EU Trans-Atlantic relationship, because they are not likely to help achieve U.S. foreign policy objectives, while undermining energy security of our important allies in Europe;
- Are unilateral instead of multilateral.

In order to protect American interests, the measures in these bills would greatly benefit from additional review by relevant Congressional Committees, subject matter experts, and American industry stakeholders before they are advanced further in the legislative process.

While the bills and amendments anticipated to be under consideration have good intentions to address malign activity by Russia towards the United States, the targeted project, the Nord Stream 2 natural gas pipeline, of the underlying bill is nearly completed. This legislation seeks to impose unilateral sanctions that will harm American companies and will not likely change adversarial behavior by Russia. With the U.S. now the world's largest producer of natural gas and with rapidly growing U.S. exports of liquefied natural gas (LNG) to global destinations including Europe, the U.S. already is enhancing EU energy security vis-à-vis Russia.

Similarly, the prospect of adding DASKA to this legislation, whether as a whole bill or by piecemeal amendments, would have especially damaging impacts to multiple American industries beyond natural gas and oil companies such as defense, agriculture industrial equipment, financial services, and consumer goods industries. DASKA is overly broad, targeting a wide range of entities that are not directly connected to Russia's meddling in U.S. elections. Contrary to the bill's intentions, DASKA could benefit Russian economic interests as U.S. energy companies are forced to exit joint ventures, allowing the Russian entity to eliminate or capture its former U.S. partner's share of the project.

An equal opportunity employer

U.S. SENATE COMMITTEE ON FOREIGN RELATIONS
Business Meeting
Wednesday, December 18, 2019



American industry stakeholders would appreciate an opportunity to provide further input to your committee and others, as well urge committee collaborations with sanctions subject matter experts to craft calibrated legislation that will more effectively change adversarial nation state behavior without harm to American industries as an unintended and negligent consequence.

API is the national trade association that represents all aspects of America's oil and natural gas industry. Our more than 620 corporate members - from fully integrated major oil and gas companies to independent companies - come from all segments of the industry. These companies are producers, refiners, suppliers, marketers, pipeline operators and marine transporters as well as service and supply companies that support all segments of the industry, and they provide most of our Nation's energy.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Sommers".

Mike Sommers
President and CEO
American Petroleum Institute

CC: Members of the Senate Committee on Foreign Relations

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U.S. SENATE COMMITTEE ON FOREIGN RELATIONS
Business Meeting
Wednesday, December 18, 2019

**CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA**

NEIL L. BRADLEY
EXECUTIVE VICE PRESIDENT &
CHIEF POLICY OFFICER

1615 H STREET, NW
WASHINGTON, DC 20062
(202) 463-5310

December 17, 2019

The Honorable James Risch
Chairman
Committee on Foreign Relations
United States Senate
Washington, DC 20510

The Honorable Bob Menendez
Ranking Member
Committee on Foreign Relations
United States Senate
Washington, DC 20510

Dear Chairman Risch and Ranking Member Menendez:

As the committee prepares to markup S. 482, the “Defending American Security from Kremlin Aggression (DASKA) Act of 2019,” the U.S. Chamber of Commerce would like to share its perspective on elements of this legislation. In a white paper shared earlier with the Committee entitled “[Principles for Sanctions as a Tool of Effective Statecraft](#),” the Chamber noted broadly held views from across the business community with regard to sanctions. In brief, U.S. economic sanctions should:

- Target specific, clearly articulated objectives that focus on altering the future behavior of a foreign government (i.e., sanctions should not be punitive or retroactive);
- Be conduct-based;
- Be deployed only when they have a credible chance of success, which often depends on securing support from a broad range of allies and partners (i.e., sanctions should not be unilateral);
- Allow flexibility for changing circumstances;
- Avoid spillover to third-country markets; and
- Avoid overreach and the attendant risk of erosion of U.S. influence.

The Chamber is concerned that the aforementioned bill requires refinement to ensure the measure hews more closely to these principles. We are particularly concerned with the following provisions that would:

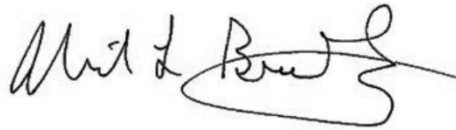
- Institute a broad ban on Russian sovereign debt that would prohibit U.S. banks from purchasing ruble-denominated bonds, which would limit the ability of these U.S. banks to serve their U.S. corporate clients operating in Russia. Basic operations relating to payroll and vendor payments would become impossible. While intended to impose constraints on the Russian government, the legislation would have little effect on its ability to secure funds in global markets—given the Russian government’s strong foreign exchange and gold reserves—while severely harming U.S. companies’ operations in Russia.

U.S. SENATE COMMITTEE ON FOREIGN RELATIONS
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- Force U.S. firms to divest from energy projects outside Russia in the event a Russian entity acquires even a small minority stake, which would force termination of U.S. participation in more than 100 such projects around the world and obligate U.S. firms to leave their non-portable assets and investments behind or sell them suddenly at deeply discounted prices. This measure would create a uniquely harmful new tool for U.S. competitors to target American firms.
- Jeopardize U.S. business operations in Russia by sanctioning transactions with Russian parastatal entities that are not clearly defined. It lacks an exception for essential transactions necessary for U.S. firms to continue to operate in Russia, including payments for basic governmental functions such as business registration, inspection, notification, and certification of commercial operations, the use of rail and air cargo services, and basic financial operations such as invoice processing and payment of salaries and utilities.

The Chamber strongly urges the Committee to reconsider the legislation and refine it further to avoid imposing substantial economic harm on U.S. firms and U.S. global competitiveness without significantly advancing U.S. foreign policy objectives.

Sincerely,

A handwritten signature in black ink, appearing to read "Neil L. Bradley", with a large, sweeping flourish at the end.

Neil L. Bradley

cc: Members of the Senate Committee on Foreign Relations



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

FACT SHEET:

**U.S. Department of the Treasury Actions to Counter Russia's Malign Activities
2017 - 2019**

Overview

Treasury's Russia sanctions program is among its most active. This Administration has sanctioned 335 Russia-related individuals and entities, of which 317 are sanctioned under Treasury authorities. This includes 194 individuals and entities under Ukraine- and/or Russia-related sanctions authorities created or codified by Title II of Countering America's Adversaries Through Sanctions Act (CAATSA), to include CAATSA Sections 224, 228, and 231. This fact sheet details how Treasury under this Administration uses all of its authorities to target the full range of Russian malign activity, including occupation of Crimea, efforts to destabilize Ukraine, cyber activity, interference in our elections, support for the Assad regime, and other illicit and malign activities.

Treasury Russia-related Actions

- **December 5, 2019 Action:** On December 5, 2019, OFAC designated seventeen individuals and seven individuals tied to Evil Corp, the Russia-based cybercriminal organization responsible for the development and distribution of Dridex malware, which has caused millions of dollars of damage to U.S. and international financial institutions and their customers. These actions were taken under Executive Order (E.O.) 13694, as amended, which targets malicious cyber-enabled actors around the world, and as codified by the Countering America's Adversaries Through Sanctions Act.
- **September 30, 2019 Action:** On September 30, 2019, the Office of Foreign Assets Control (OFAC) designated four entities, seven individuals, three aircraft, and a yacht that are all associated with the Internet Research Agency and its financier, Yevgeniy Prigozhin. These actions were taken under Executive Order (E.O.) 13848, "Imposing Certain Sanctions in the Event of Foreign Interference in a United States Election," which the President signed in September 2018, warning all countries that they may face sanctions should they interfere in U.S. elections.
- **September 26, 2019 Action:** On September 26, 2019, OFAC designated designated one entity, three individuals, and five vessels participating in a sanctions evasion scheme to facilitate the delivery of jet fuel to Russian forces operating in Syria. All of the individuals and entities were designated pursuant to E.O. 13685 for Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to the Crimea Region of Ukraine. In addition, one entity was designated pursuant to pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the Syrian Company for Oil Transport.
- **August 2, 2019 Action:** On August 2, 2019, OFAC issued a directive pursuant to the Chemical and Biological Weapons Control and Warfare Elimination act of 1991 (CBW Act Directive) in response to Russia's use of the "Novichok" nerve agent in Salisbury, United Kingdom in March 2018. The CBW Act Directive prohibits U.S. banks from: (1) participation in the primary market for non-ruble denominated bonds issued by the Russian sovereign, after August 26,

1



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

2019; and (2) lending non-ruble denominated funds to the Russian sovereign, after August 26, 2019.

- **June 19, 2019 Action:** On June 19, 2019, OFAC designated Russian Financial Society, a Russian non-banking credit organization, pursuant to North Korean authorities E.O. 13810 for assisting North Korea in evading sanctions to access the international financial system.
- **May 16, 2019 Action:** On May 16, 2019, OFAC designated five individuals and one entity under the Sergei Magnitsky Rule of Law Accountability Act of 2012. This action brought to 55 the total number of individuals targeted by OFAC for their involvement in the criminal conspiracy uncovered by Sergei Magnitsky and Sergei Magnitsky's detention, abuse, or death as well as those responsible for gross violations of internationally recognized human rights committed against individuals seeking to either expose illegal activity by Russian government officials or obtain, exercise, defend, or promote internationally recognized human rights and freedoms in Russia. Among those named are Abuzayed Vismuradov and the Terek Special Rapid Response Team, who carried out operations in the Chechen Republic that illegally detained and tortured individuals on the basis of their actual or perceived LGBTI status.
- **March 15, 2019 Action:** On March 15, 2019, the OFAC designated six individuals and eight entities in response to Russia's continued aggression in Ukraine. These designations included four Russian officials involved in the Kerch Strait attack on Ukrainian vessels, two Ukrainian separatist involved in the organization of illegitimate elections in the so-called Donetsk People's Republic in November 2018, and eight companies operating in Crimea, six of which are Russian defense firms. This action coincided with the announcement of EU and Canadian sanctions imposed on Russian officials in response to the Kerch Strait attack.
- **March 11, 2019 Action:** On March 11, 2019, OFAC designated Evrofinance Mosnarbank, a Moscow-based bank jointly owned by Russian and Venezuelan state-owned companies, for facilitating financial activity of sanctioned Venezuelan state-owned oil company Petroleos de Venezuela S.A. (PdVSA).
- **December 19, 2018 Action:** On December 19, 2018, OFAC designated 18 individuals and four entities under Russia/Ukraine, Cyber, and CAATSA authorities. These designations included Victor Boyarkin, a former officer of Russia's Main Intelligence Directorate (GRU), for having acted on behalf of sanctioned oligarch Oleg Deripaska. Boyarkin and Deripaska provided Russian financial support to a Montenegrin political party ahead of Montenegro's 2016 elections. OFAC also sanctioned 15 members of the GRU pursuant to CAATSA for their involvement in a wide range of malign activity, including attempting to interfere in the 2016 U.S. election, efforts to undermine the World Anti-Doping Agency (WADA) and the Organization of for the Prohibition of Chemical Weapons (OPCW) through cyber-enabled means, and the Novichok nerve agent attack on Sergei Skripal in the United Kingdom. OFAC's action included the designation of four entities and two individuals related to the Internet Research Agency (IRA), an entity previously sanctioned for its efforts to interfere in U.S. elections.
- **November 20, 2018 Action:** On November 20, 2018, OFAC designated state-owned Russian company Promsyrimport, a subsidiary of the Russian Ministry of Energy, and, its First Deputy



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General Director Andrey Dogaev, and the Russian company Global Vision Group for facilitating shipment of millions of barrels of Iranian oil to the Syrian regime.

- **November 19, 2018 Action:** On November 19, 2018, OFAC designated a Russia-born South African citizen pursuant to North Korea authorities E.O. 13722 for acting on behalf of designated entity Velmur Management by advising the company how to evade U.S. sanctions against North Korea.
- **November 8, 2018 Action:** On November 8, 2018, OFAC designated three individuals and nine entities under Russia/Ukraine and CAATSA authorities. These designations included two individuals and one entity engaged in serious human rights abuses sanctioned under section 228 of CAATSA, as well as an individual and eight entities operating in the occupied Crimea region of Ukraine in furtherance of Russia's efforts to integrate Crimea through privatization and investment projects. This activity includes, among others, the Russian-backed sale of Ukrainian assets unlawfully seized and nationalized to actors supporting the Kremlin's agenda. The Crimea-related action reinforced the July 25 Crimea Declaration stating that the United States does not and will not recognize Russia's purported annexation of Crimea.
- **September 20, 2018 Action:** On September 20, 2018, the Department of State sanctioned a Chinese entity and its director pursuant to CAATSA section 231 for a knowingly engaging in a significant transaction with a Russian defense entity, a sanctions action administered by OFAC.
- **September 13, 2018 Action:** On September 13, 2018, OFAC designated a Russian company pursuant to North Korea authorities (E.O. 13810 and E.O. 13722) for providing labor and services in support of the North Korean regime.
- **August 21, 2018 Action:** On August 21, 2018, pursuant to cyber-related authorities (E.O. 13694, as amended), OFAC designated two entities and two individuals in order to counter attempts made by a designated Russian entity to evade U.S. sanctions.
- **August 15, 2018 Action:** On August 15, 2018, OFAC designated one Russia-based port service agency and its Director General, a Russian national, pursuant to North Korea authorities (E.O. 13810) for facilitating illicit shipments on behalf of North Korea.
- **August 9, 2018 Action:** On August 9, 2018, the Department of State announced a first round of sanctions under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (CBW Act) in response to Russia's use of biological agents in the Skripal incident.
- **August 3, 2018 Action:** On August 3, 2018, OFAC designated the Russian bank, Commercial Bank Agrosoyuz, pursuant to North Korea authorities (E.O. 13810) for knowingly facilitating or conducting a significant transaction on behalf of the Moscow-based representative of Foreign Trade Bank.
- **June 11, 2018 Action:** On June 11, 2018, OFAC designated five Russian entities and three Russian individuals pursuant to cyber-related authorities (E.O. 13694 as well as CAATSA Section 224). The primary targets that were designated, Digital Security, Kvant, Divetechnoservices, had all enabled the operations of the FSB. Treasury also designated several



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entities and individuals for being owned or controlled by or acted for or on behalf these three entities.

- April 6, 2018 Action:** On April 6, 2018, OFAC also designated Rosoboronexport, a state-owned corporation managing Russian weapons exports, and its subsidiary Russian Financial Corporation Bank.
- April 6, 2018 Action:** On April 6, 2018, OFAC designated 7 Russian oligarchs and 12 companies they own or control, as well as 17 senior Russian government officials, many of whom were appointed to their posts by President Vladimir Putin. This action aggressively targeted Russian oligarchs and elites that further the Kremlin's global malign activities. The action on April 6 was among the most impactful targeted sanctions actions ever imposed by OFAC and included many of the globally integrated companies the oligarchs rely on to generate their wealth.
- March 15, 2018 Action:** On March 15, 2018, OFAC designated five entities and 19 individuals pursuant to cyber-related authorities (E.O. 13694 and CAATSA Section 224) to target's Russia's interference in the 2016 U.S. election as well as their perpetration of damaging cyber-attacks, like the 2017 NotPetya cyber-attack. The NotPetya cyber-attack was the most costly and destructive cyber-attack in history, according to a joint statement released by the White House and British Government.
- February 16, 2018 Action:** On February 16, 2018, the Financial Crimes Enforcement Network (FinCEN) published a finding pursuant to Section 311 of the USA PATRIOT Act that Latvia-based ABLV Bank AS (ABLV) was a financial institution of primary money laundering concern. In its public notice of proposed rulemaking, FinCEN cited multiple instances of institutionalized money laundering in which ABLV management solicited high-risk shell company activity enabling the bank and its customers to launder funds. Pursuant to this finding, FinCEN proposed the imposition of a prohibition on U.S. financial institutions from opening or maintaining correspondent accounts for, or on behalf of, ABLV.
- January 26, 2018 Action:** On January 26, 2018, OFAC designated 21 individuals and 9 entities under Russia/Ukraine-related authorities. This designation set included one individual and two entities linked to Russia's transfer of four turbines made by a Russian- German joint venture to Crimea; 11 Ukrainian separatists, and 3 individuals and 4 entities who have supported the illicit coal trade from the so-called Donetsk People's Republic or Luhansk People's Republic; 4 Russian government officials and 2 related entities; and one construction entity and two associated individuals determined to operate in Crimea. OFAC also added 12 entities operating in Russia's energy sector to the Sectoral Sanctions Identification (SSI) List. This action was taken as part of Treasury's continued commitment to maintain sanctions pressure on Russia until it fully implements its commitments under the Minsk agreements.
- December 22, 2017 Action:** On December 22, 2017, pursuant to the transnational criminal organization sanctions program (E.O. 13581), Treasury designated the Thieves-in-Law as a new Transnational Criminal Organization along with 10 individuals and two entities linked to the organization. Thieves-in-Law are a criminal group originating out of the Stalinist prison camps. Thieves-in-Law are linked to a long list of illicit activities throughout the former Soviet Union, Europe, and the United States, including money laundering, extortion, bribery, and robbery.



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- December 21, 2017 Action:** On December 21, 2017, the President imposed sanctions on 13 individuals in the Annex to E.O. 13818, the E.O. that builds upon and implements the Global Magnitsky Human Rights Accountability Act, and OFAC designated an additional 39 affiliated individuals and entities pursuant to the E.O., which targets serious human rights abusers and corrupt actors around the world and provides for the imposition of sanctions on actors engaged in those malign activities. Two individuals named in the Annex are Russian nationals.
- December 20, 2017 Action:** On December 20, 2017, OFAC designated five individuals in its sixth round of designations under the Sergei Magnitsky Rule of Law Accountability Act of 2012. This action brought to 49 the total number of individuals targeted by OFAC for their involvement in the criminal conspiracy uncovered by Sergei Magnitsky and Sergei Magnitsky's detention, abuse, or death as well as those responsible for gross violations of internationally recognized human rights committed against individuals seeking to either expose illegal activity by Russian government officials or obtain, exercise, defend, or promote internationally recognized human rights and freedoms in Russia. Among those named by OFAC are Andrei Lugovoi and Dmitri Kovtun, who are wanted in the United Kingdom for murdering Alexander Litvinenko with a radioactive polonium.
- August 22, 2017 Action:** On August 22, 2017, OFAC designated one individual and one entity for support of U.S.- and U.N.-designated North Korean entities involved in the country's nuclear program, as well as three individuals involved in providing oil to North Korea in violation of U.S. and U.N. sanctions.
- June 20, 2017 Action:** On June 20, 2017, OFAC designated 38 individuals and entities under Russia/Ukraine-related authorities, including one entity that has engaged in evasion of existing sanctions, two Russian government officials and two individuals acting on behalf of a government official, two entities owned or controlled by a previously designated individual, and 11 individuals and entities that operate in Crimea. OFAC also added 20 Russia-based entities to the SSI List.
- June 1, 2017 Action:** On June 20, 2017, OFAC designated two entities for providing oil to North Korea and one entity and one individual for doing business with a U.S.- and U.N.-designated North Korean entity involved in the country's missile and WMD program.

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