Leader Schumer Statement for the Record
January 4, 2019

Proposed Action by Treasury Department

Mr/Madam President, on December 19, as Congress was preparing to leave for the holidays, the Treasury Department notified Congress of its intent to terminate within 30 days a set of Russia sanctions imposed on En+ Group plc ("En+"), UC Rusal plc ("Rusal"), and JSC EuroSibEnergo ("ESE"). Each of these firms were sanctioned because they were owned or controlled by Oleg Deripaska, a notorious Russian oligarch and trusted agent of Vladimir Putin. As Treasury noted when it sanctioned him: "Deripaska has been investigated for money laundering, and accused of threatening the lives of business rivals, illegally wiretapping a government official, and taking part in extortion and racketeering. There are also allegations that Deripaska bribed a government official, ordered the murder of a businessman, and had links to a Russian organized crime group."

In its notification letter, Treasury argued it had secured an agreement with Deripaska, the companies and other stakeholders involved to significantly restructure the companies and make corporate governance changes. Under the agreement, Deripaska will remain sanctioned, and his property will remain blocked. The Treasury Department proposes to remove the three firms, including the huge Russian aluminum producer Rusal, from the sanctions list in the belief that the agreement will effectively separate the companies from Deripaska, eliminating his control over them and sharply limiting his influence. The proposal also reportedly places limits on any family members of Deripaska who are also significant investors in the companies.

I noted in December that Treasury's decision raises critical questions that the Administration must answer about whether the structural and governance changes made by these companies are sufficient to ensure that Deripaska is no longer directing or even influencing these firms. I have also said that it remains to be seen whether Treasury's approach can succeed in Putin's Russia. Serious questions remain about whether Treasury can monitor and enforce the agreement even with the monitoring mechanisms proposed.

The timing of Treasury's notice compressed an already tight 30-day review timetable provided for in sanctions law, giving Congress until January 17 to make its own independent assessment of whether it adequately protects US economic and national security, especially with respect to Russia. The Congressional review provisions of CAATSA were designed for precisely this kind of circumstance. They were imposed by Congress after serious questions had arisen about President Trump's relationship with Russia. Members on both sides of the aisle wanted an opportunity to independently assess the Administration's actions to lift, terminate or issue licenses on Russia-related sanctions. Those questions still linger, and have become even more pronounced in recent days.

The formal review process is underway. The Banking and Foreign Relations committees are assessing the terms of the agreement, and the documents that have been provided by Treasury. But time is short, and if we did not introduce a resolution today we would have been overtaken by events, since any resolution must be pending in committee for ten days before it is subject to discharge to the full Senate. So today I am introducing such a resolution. I do so not because I have concluded that Congress should act to disapprove this agreement -- I have not made that determination yet -- but to preserve the procedural option of moving to bring up such a resolution at the end of the review process, if necessary, for expedited review and a vote by the full Senate.

I intend to consult with my colleagues on the Banking, Foreign Relations, and Intelligence Committees, and others, before making a judgment on whether to call for consideration, under expedited procedures provided for in CAATSA, of this disapproval resolution. I know my colleagues will carefully review the proposal, and I look forward to hearing their conclusions once that assessment is complete.

I ask unanimous consent that the Treasury Department's report provided pursuant to section 216 of CAATSA be printed in the record.