**Statement of Senator Mike Crapo**

**Committee on Banking, Housing and Urban Affairs**

**March 15, 2017**

**Crapo Statement at Russia Sanctions Hearing**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following opening remarks during a full committee hearing on “Assessing U.S. Sanctions on Russia: Next Steps.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“This hearing will come to order.

“Today, we will examine the existing Russian sanctions architecture in terms of its effectiveness and economic impact and assess what corrective action, if any, the US should take in light of recent developments.

“Three years ago this week, Russia solidified its actions in Crimea by illegally annexing the Ukrainian territory and moving the fight to its eastern border regions.

“In response, the United States, the European Union, and several other allied countries imposed several rounds of targeted economic sanctions against Russia.

“And, two years ago, the Obama administration imposed a separate set of sanctions against Russia in response to its malicious cyber-enabled information warfare activities.

“Today, the Committee will hear testimony on the effect and utility of these U.S.-imposed sanctions, and the potential for next steps.

“The existing U.S. sanctions against Russia pertaining to the Ukraine were designed to change Putin’s behavior.

“Authority for the sanctions is found in a series of four Executive Orders issued in 2014, as well as in the Ukraine Freedom Support Act, which was signed into law in December of that same year.

“These authorities prescribe asset freezes and transaction prohibitions with specific Russian individuals and entities with ties to the Kremlin, including a bank, businesses tied to Putin and a state-owned defense company.

“Sanctions also include restrictions on financial transactions, such as one- to three-month restrictions on debt maturities of Russian firms operating in the financial services, energy and defense sectors.

“The United States also restricts its individuals and entities from exporting oil-related goods, services and technology in support of deep water, Arctic offshore, or shale projects in the maritime areas claimed by Russia.

“Pursuant to these measures, the U.S. Department of Treasury has identified and designated more than 520 individuals and entities for their sanctionable activities.

“Those persons designated are subject to the blocking or freezing of assets under U.S. jurisdiction, prohibitions on transactions with U.S. persons, and visa denials.

“During the last three years, Russia was stung by the twin shocks of international sanctions and low oil prices.

“This was compounded by Russia’s own ill-conceived retaliatory measures.

“As a result, Russia is now challenged by a contraction of economic growth, capital flight, depreciation of the ruble, a higher rate of inflation, budgetary pressures, drawing on its international reserves, and more widespread poverty, generally.

“Yet, Russia remains a hostile, recalcitrant power, deploying its military, cyber-enabled information espionage activities, and economic tactics to harm the United States and drive a wedge between it and its allies.

“With all this in mind, I trust the witnesses today will help the Committee understand the impact of the existing sanctions generally.

“And, discuss where the real pressure points are in Russia’s economy, the costs of inaction, and any associated unintended consequences that could arise if sanctions were imposed either unilaterally or too rapidly.

“The extent to which the sanctions on Russia alone contributed to its economic downturn is an important question in terms of preserving the existing sanctions or expanding the breadth of existing sanctions.

“One thing is clear: any reduction to the level of sanctions in the absence of a corresponding shift in Russian behavior will be interpreted as a change in U.S. policy on Russia’s involvement in Ukraine.

“And, that would run counter to the norms of international law and give Russia license to engage in further adventurism.

“Russia must be held accountable for its actions, and if sanctions are to be part of that strategy, they must be targeted and staged appropriately according to a set of realistic conditions.”