Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing: International Policy Update: The Treasury Department's Sanctions Policy Review and Other Issues
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Thank you, Mr. Chairman

Deputy Secretary Adeyemo, welcome. Under President Biden, Treasury has advanced a number of troubling international policies, some of which are clearly intended to circumvent the will of Congress.

Take sanctions. The administration has offered sanctions relief to our adversaries in the unrealistic hope that they will make concessions inimical to their own interests and nature.

Consider Iran. To entice Iran to reenter the flawed JCPOA, the administration appears willing to lift sanctions on Iran. Then, the administration hopes Iran will commit to cease supporting terrorism and curb its ballistic missile program.

Let's be clear: Once sanctions are lifted, Iran will never limit its malign behavior. The administration clearly intends to repeat the mistakes of the Obama administration and re-enter a treaty with Iran despite bipartisan opposition and without Senate approval.

In addition, the administration has repeatedly failed to comply with mandatory sanctions laws. Since President Biden was elected, according to the International Energy Agency, Iran has doubled the amount of crude oil it's selling to China to 600,000 barrels each day this year. Even though these sales are illegal under sanctions laws, the administration has refused to impose congressionally required sanctions on them.

The administration has also chosen to ignore a law requiring sanctions for Russia's Nord Stream II pipeline. The pipeline's project manager has been using sanctioned Russian entities to construct and finance Nord Stream II—meaning the manager's integral role in the pipeline is predicated on a massive sanctions evasion campaign.

Congress passed the Countering America's Adversaries Through Sanctions Act, or CAATSA, to punish, among other things, this exact type of conduct: sanctions evasion. Congress did this because sanctions evasion harms U.S. national security interests, and in this instance, it is increasing Putin's malign influence over Europe. But the administration continues to violate that law in order to give Putin a pass.

As if all that were not enough, the administration is trying to enact an international tax treaty that will harm U.S. competiveness, and to do it without obtaining the necessary two-thirds approval of the Senate. This tax increase consists of two pillars.

Pillar One is an unprecedented change that would allow foreign countries to tax American companies based on their sales overseas. It’s a tax revenue transfer from us to them. Unsurprisingly, this is the priority for other countries, who have long sought this tax transfer.

Pillar Two is a 15 percent global minimum tax on multinationals’ foreign income. This is the administration’s attempt to justify burdensome tax increases on U.S. companies. Unsurprisingly, this is the administration’s priority since it’s integral to their efforts to dismantle the successful 2017 tax reforms.

By imploring other countries to implement a global minimum tax that will harm their own workers and businesses, the administration has implicitly acknowledged that their proposed multinational tax increases will make U.S. workers and businesses less competitive, if other countries either don’t implement a global minimum tax of their own, or implement a significantly lower rate than what the administration is proposing.

But there is a real possibility that other countries will not implement a global minimum tax. They have only reluctantly agreed to Pillar Two in return for Pillar One, which is the transfer of U.S. tax revenue to them. But implementing Pillar One in the U.S. requires the approval of two-thirds of the Senate through the treaty process. And that’s not going to happen.

Therefore, the administration is either going to impose its global minimum tax increase on American companies without the countries we compete with enacting a corresponding tax increase, or violate the Constitution by modifying our existing tax treaties without obtaining the two-thirds consent of the Senate.

The latest troubling international policy proposal from the administration will soon come in a report from FSOC. That report is likely to claim that global warming poses a systemic risk to the financial system.

I acknowledge that global warming is real. However, it does not follow from this that there is a new systemic risk to the financial system. We have had severe weather events since the dawn of time.

As the economist John Cochrane has explained to this committee, major weather events “have never come close to causing systemic financial crises” and there’s no scientifically validated possibility to change this in the future. Democrats should acknowledge this reality and offer their proposals on climate change through the legislative process, which they are doing—including calling for a “carbon” tax in their reckless tax-and-spend measure that will make energy prices higher.

But that’s not enough for them. They also want to use unaccountable financial regulators to abuse their power and essentially cut off the supply of capital to fossil fuel companies.

All across America, we are already seeing what happens when the regulatory environment discourages the development of necessary energy sources: Energy prices spike. This dynamic will only get much worse if financial regulators are pressured to starve the energy sector of the capital it needs to provide Americans the energy they need.

Deputy Secretary Adeyemo, I look forward to discussing these issues with you today.