

Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing
September 20, 2022 at 9:00 AM

Mr. Chairman, thank you.

Last week, Ukrainian forces recaptured the town of Izyum in eastern Ukraine. It had been occupied by Russian soldiers for six months.

In the streets, overjoyed and tearful residents celebrated their liberation. But in a forest just outside town, the horrors of Russia's invasion were once again revealed.

Ukrainian soldiers discovered a mass grave filled with hundreds of civilians. Many of these victims are believed to have been tortured, bound, assaulted, and murdered—not unlike the horrors that occurred in Bucha in April.

Our government has rightly said such atrocities committed by the Russians are war crimes. Identifying and prosecuting these war crimes are crucial to bringing justice to the Ukrainian people, but let's be clear: These crimes will continue unless we can force Vladimir Putin and those around him to conclude that abandoning the invasion is better than continuing it.

Ending this war—on terms acceptable to Ukraine's democratic government—is not just a morally righteous undertaking for the United States. It is also in the vital interests of our allies and ourselves.

The outcome will have ramifications far beyond Ukraine. We cannot allow revisionist autocrats to feel free to redraw international borders and fundamentally challenge global stability.

The principles of sovereignty and freedom must mean something—even when facing down the barrel of a gun. The stakes are sky high in Europe, where the United States has deep and longstanding security commitments, and they reach as far as Asia, where the Chinese government is taking note of how the U.S. and its allies respond to Russia's invasion of its smaller neighbor.

Today, this committee will examine the existing and future sanctions that the U.S. and its allies will bring to bear on the Kremlin for its invasion of

Ukraine. While the outcome of the war will be determined on the battlefield, sanctions have the potential to dramatically hasten an end to the conflict by depriving the Kremlin of the funds it needs to continue this war.

And let's be honest: the sanctions imposed on Russia have not yet come remotely close to achieving this objective. Roughly \$1 billion in hard currency continues to flow into the Kremlin's war chest every day from energy sales.

Even Treasury Deputy Secretary Adeyemo recently acknowledged: "There is one part of the Russian economy doing even better than when the war began: their oil industry." Russia's gas industry is doing equally well: Gazprom recently announced record profits of over \$40 billion from the first part of this year.

Today's hearing will focus on the administration's plan for a novel sanctions regime that imposes price caps on the purchase of Russian oil. This is an intriguing idea that I hope will be considered for Russian gas as well.

The premise of the scheme is simple: service providers, such as financiers and insurers, within the G7 will only be permitted to facilitate the purchase of Russian oil below the set cap. Given that the vast majority of such service providers are domiciled in G7 countries, I think this plan has the potential to significantly curtail Russian oil revenue.

But several questions remain about this program, including: How will the price cap be set? What will enforcement of the cap look like? And how will the administration ensure that buyers in countries like China and India do not skirt the price cap for their own gain?

This last question is arguably the most important to determining the effectiveness of the price cap regime. And because the G7 agreement does not address this question, I have joined with Senator Chris Van Hollen to introduce sanctions legislation that will complement the administration's price cap scheme and impose mandatory sanctions on any foreign financial institution, worldwide, involved with any transaction in Russian oil above the price cap.

This legislation is the first major bipartisan sanctions legislation that has been introduced on Russia since February. And I promise to work with

Senator Van Hollen to get this bill enacted as soon as possible so that Russia can no longer profit from the oil sales funding its war in Ukraine.

Seven months after Putin began his “special operation” in Ukraine, the Ukrainians have conducted a successful campaign to liberate portions of the country from Russian control, concerns harbored by China and India about Putin’s war have been aired publicly, and gas prices in Europe are actually falling—down 45% since late August.

The war is not going as planned for Putin. But I say this to my colleagues: now is not the time for half-measures or complacency. It is time to crush the Kremlin’s will to continue this war.