

Congress of the United States
Washington, DC 20515

May 13, 2021

Secretary Antony Blinken
U.S. Department of State
2201 C St NW
Washington, DC 20520

Dear Secretary Blinken,

Thank you for your efforts to strengthen the transatlantic relationship and commitment to liberty in Ukraine and Central and Eastern Europe as exemplified by your recent trip to Ukraine. As co-chairs of the bipartisan Congressional Ukraine Caucus, we write with deep concern with the state of energy security in Ukraine and Central and Eastern Europe. We strongly urge the Department to increase efforts to bolster energy resilience by sanctioning Nord Stream 2 as mandated by PEESCA as amended and consistent with Congressional intent, increase diplomatic action to counter the purging of Naftogaz leadership, and strengthen efforts to fulfill the U.S. pledge to invest \$300 million of U.S. financing into the Three Seas Fund.

Tragically, Russian dictator Vladimir Putin seeks to sow discord in the Transatlantic alliance through hybrid warfare operations. This includes weaponizing energy to weaken democratic institutions and solidarity through the export of strategic corruption. Recall that in 2006 and 2009 Russian authorities cut off gas flows through Ukraine during the bitter cold of winter leading to hardship not only for the people of Ukraine, but also neighboring countries like Bulgaria and Romania.

As you well know, Russian authorities now seek to complete Nord Stream 2 as a political and economic weapon to cut off critical gas transit through Ukraine and to increase its leverage over Europe. That is why the European Parliament along with several European countries have joined the United States in calling for the project to be stopped. We are also grateful for the statement of opposition from President Biden that the project is a “bad deal” for Europe. The U.S. Congress has voted now twice on an overwhelmingly bipartisan basis to sanction the pipeline and related entities pursuant to Protecting European Energy Security Act (PEESA) as amended by the Protecting European Energy Security Clarification Act (PEESCA) to halt the pipeline construction and protect Ukraine’s security. These sanctions are mandatory, not discretionary.

On May 17, the next report to Congress that is required to list all entities sanctionable under the PEESCA as amended is due. We strongly urge you to include in this report all entities openly engaged in sanctionable pipe-laying activities, including Nord Stream AG and all vessels and project-linked insurance and certification companies supporting the Fortuna and Akademik Cherskiy pipe-laying vessels, pursuant to the legislation and clear bipartisan Congressional intent. The open source evidence is overwhelming, and it seems there is no legitimate reason for

not including them. Time is of the essence as the pipeline is more than 95% complete, and German authorities until now have not offered any satisfactory proposal that addresses the significant geopolitical ramifications of the pipeline if completed. Please know our advocacy has been consistent across Administrations including our bipartisan Ukraine Caucus letter to then-Secretary of State Pompeo dated June 5 advocating for robust implementation of sanctions on Nord Stream 2.

In addition to the completion of Nord Stream 2, we are deeply concerned with the Ukrainian government's purging of the Naftogaz supervisory board and CEO, which puts Ukraine's energy and national security at risk. This deeply misguided move opens up Ukraine's energy sector to increased corruption from and vulnerability to malign actors including Ukraine's rapacious oligarch class and Russian corrosive capital. Sadly, this step is part of a larger trend of backsliding in reform since March 2020 and threatens good corporate governance and further foreign direct investment to Ukraine. While we urge you to impose mandatory sanctions on Nord Stream 2 without delay, we also ask that the Department increase efforts to help Ukraine become more energy secure by restoring the integrity of Naftogaz and corporate governance in the energy sector and beyond. This starts with a legitimate process to assemble a new Naftogaz Supervisory Board in consultation with the European Bank for Reconstruction and Development, International Monetary Fund, European Commission, United States, and other credible international stakeholders.

Finally, in order to help our allies and partners continue to diversify energy sources, the United States has pledged up to one billion dollars into the Three Seas Fund to finance energy infrastructure projects. We are thankful for your robust statement of support for the Three Seas Initiative, but remain concerned that the U.S. Development Finance Corporation has yet to take meaningful action to operationalize the commitment of \$300 million of U.S. financing into the Three Seas Fund. For this reason, we urge the Administration to recommit efforts to fulfill the DFC pledge to invest in the Fund. This should be an important element to increase the resilience our allies and partners against increasing malign influence from Russia and China.

Thank you for your consideration, and we look forward to hearing from you and reviewing the next report to Congress on sanctionable Nord Stream 2 activity.

Sincerely,



MARCY KAPTUR
Member of Congress



BRIAN FITZPATRICK
Member of Congress



MIKE QUIGLEY
Member of Congress



ANDY HARRIS, M.D.
Member of Congress

CC:

Secretary Janet Yellen, U.S. Department of the Treasury

Mr. Jake Sullivan, U.S. National Security Advisor

Administrator Samantha Power, United States Agency for International Development

Acting CEO Dev Jagadesan, U.S. Development Finance Corporation