CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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The Honorable James Risch
Chairman
Committee on Foreign Relations
United States Senate
Washington, DC 20510

The Honorable Bob Menendez
Ranking Member
Committee on Foreign Relations
United States Senate
Washington, DC 20510

Dear Chairman Risch and Ranking Member Menendez:

As the committee prepares to markup S. 482, the "Defending American Security from Kremlin Aggression (DASKA) Act of 2019," the U.S. Chamber of Commerce would like to share its perspective on elements of this legislation. In a white paper shared earlier with the Committee entitled "Principles for Sanctions as a Tool of Effective Statecraft," the Chamber noted broadly held views from across the business community with regard to sanctions. In brief, U.S. economic sanctions should:

- Target specific, clearly articulated objectives that focus on altering the future behavior of a foreign government (i.e., sanctions should not be punitive or retroactive);
- Be conduct-based;
- Be deployed only when they have a credible chance of success, which often depends on securing support from a broad range of allies and partners (i.e., sanctions should not be unilateral);
- Allow flexibility for changing circumstances;
- Avoid spillover to third-country markets; and
- Avoid overreach and the attendant risk of erosion of U.S. influence.

The Chamber is concerned that the aforementioned bill requires refinement to ensure the measure hews more closely to these principles. We are particularly concerned with the following provisions that would:

- Institute a broad ban on Russian sovereign debt that would prohibit U.S. banks from purchasing ruble-denominated bonds, which would limit the ability of these U.S. banks to serve their U.S. corporate clients operating in Russia. Basic operations relating to payroll and vendor payments would become impossible. While intended to impose constraints on the Russian government, the legislation would have little effect on its ability to secure funds in global markets—given the Russian government's strong foreign exchange and gold reserves—while severely harming U.S. companies' operations in Russia.

- Force U.S. firms to divest from energy projects outside Russia in the event a Russian entity acquires even a small minority stake, which would force termination of U.S. participation in more than 100 such projects around the world and obligate U.S. firms to leave their non-portable assets and investments behind or sell them suddenly at deeply discounted prices. This measure would create a uniquely harmful new tool for U.S. competitors to target American firms.

- Jeopardize U.S. business operations in Russia by sanctioning transactions with Russian parastatal entities that are not clearly defined. It lacks an exception for essential transactions necessary for U.S. firms to continue to operate in Russia, including payments for basic governmental functions such as business registration, inspection, notification, and certification of commercial operations, the use of rail and air cargo services, and basic financial operations such as invoice processing and payment of salaries and utilities.

The Chamber strongly urges the Committee to reconsider the legislation and refine it further to avoid imposing substantial economic harm on U.S. firms and U.S. global competitiveness without significantly advancing U.S. foreign policy objectives.

Sincerely,

Neil L. Bradley

cc: Members of the Senate Committee on Foreign Relations