

EXCLUSIVE

Biden Aims to Quash Nord Stream 2 Sanctions in Defense Bill

The move comes amid a European energy crunch and Russian troops massing on the border with Ukraine.

By Robbie Gramer, Jack Detsch, and Amy Mackinnon

NOVEMBER 24, 2021, 2:55 PM

While Russian troops amass on Ukraine's border, sparking fears of a renewed invasion, the Biden administration has been quietly lobbying Democratic allies on Capitol Hill to nix sanctions on Russia's controversial Nord Stream 2 pipeline that are included in the must-pass annual defense bill.

Secretary of State Antony Blinken and top aides made calls to Senate offices in the past week, urging them to kill amendments that would levy penalties against a range of entities involved in the pipeline without leeway for a White House waiver.

Aides said the administration was trying to dissuade efforts to sanction German entities involved in the construction of the pipeline, a move that has angered Republicans in Congress.

Democrats also believed the amendments could drastically hamper the executive branch's ability to impose, enforce, license, extend, or waive sanctions in ways that could set precedent for other sanctions regimes.

"It weaponizes reporting requirements in a way that has never been done before. All Senate activity could be obstructed every time these standard reports are submitted every couple of months. The implications here would be far beyond [Nord Stream 2]," a Democratic aide said.

The House has already passed a version of the defense funding bill, including provisions for further sanctions on the pipeline project, and four amendments are on the books in the Senate's version that would levy sanctions against Nord Stream 2, according to a recent Republican tally.

Blinken and Amos Hochstein, who was tapped as the Biden administration's point person on Nord Stream 2 in August, as well as other State Department officials have reached out to top Democratic lawmakers, including Sens. Bob Menendez, the chairman of the Senate Foreign Relations Committee, and Jeanne Shaheen, a vocal supporter of Ukraine in the upper chamber.

One congressional aide, who described the administration's line of argument as "eyebrow-raising," said administration officials warned that it was important not to alienate Germany, which would be a vital ally in the West's response should Russia invade Ukraine again. The Nord Stream 2 pipeline would bring additional gas directly from Russia to Germany, bypassing Ukraine and cutting its revenue as a major energy transit point—a key source of government revenue for Kyiv.

In a statement to *Foreign Policy*, Rep. Mike Rogers of Alabama, the top Republican on the House Armed Services Committee, insisted the Biden administration was lobbying to save face in light of a bipartisan push for sanctions.

"The Biden Administration is trying to cover up their disastrous decision to coddle Russia and undercut our allies earlier this year," Rogers said. "They know there is strong, bipartisan support for Nord Stream 2 sanctions and have taken to backroom pressure tactics to avoid being embarrassed."

But some congressional aides said their bosses believe the Biden administration is moving the goal posts. Over the summer, the United States and Germany put an end to their disputes over the pipeline with an agreement that the United States would push back against Russia if it weaponized energy deliveries, which some staffers believe Russia is already doing throughout Eastern Europe. Soaring energy prices and natural gas shortages have prompted an unprecedented energy crunch in Europe, with some analysts and politicians accusing Russia of stoking the crisis by limiting supplies and storage on the gas-hungry continent. Russia's Gazprom has complied with its contracted export volumes and spent the fall filling Russian storage tanks, which left little additional gas for export, but after several previous episodes of Russian energy blackmail, Europeans are wary.

The pipeline, which was physically completed this year but which has not been certified by German regulators, will remove Ukraine entirely from Russian gas

transit routes to Europe. Opponents argue this will deprive Kyiv of transit revenues worth billions of dollars a year and remove any check on Russia's ability to cause mischief in Ukraine.

When asked for comment, a State Department spokesperson did not directly address questions on the administration's outreach to Congress or specific concerns the administration had on the new Nord Stream 2 amendments. "We take our obligation to work with Congress seriously, and we are aware of their interest in this issue. Additionally, as a general practice, we do not comment on pending legislation," the spokesperson said.

"I have always been clear on my opposition to the Nord Stream 2 pipeline, which is why I spearheaded legislation that was signed into law to equip the Trump and Biden administrations with the tools to stop it," said Shaheen, a member of the Senate Foreign Relations Committee. "I'll continue to oppose the pipeline and work to advance efforts in Congress that hold Putin accountable for his bellicose behavior against our allies and partners and to prevent him from weaponizing gas flows to Europe."

The pipeline has become a lightning rod issue for some members, with Republican Sen. Ted Cruz holding up the confirmation of a slate of Biden foreign-policy nominees to try to compel the administration to impose further sanctions on the pipeline. "I will place holds on these nominees unless and until the Biden administration follows the law and stops this pipeline and imposes the sanctions," he said during a floor speech in August. A congressional aide said it was "quite possible" that debate over the Nord Stream 2 sanctions could hold up passage of the blockbuster defense spending bill.

The pipeline was completed in September but is awaiting certification before it becomes operational. This month, Germany's network regulator suspended the certification due to a technicality under German law that prevents it from greenlighting the Swiss-based parent company of Nord Stream 2 AG. The company is now working to establish a German subsidiary as a workaround.

Several other congressional aides told *Foreign Policy* that the administration seems to be fighting a losing battle on Capitol Hill to stop sanctions: The House has passed bipartisan sanctions legislation as part of its version of the annual must-pass defense spending bill, and Sen. Jim Risch, the top Republican on the

Senate Foreign Relations Committee, has put forward companion legislation. Menendez, the committee's chairman, has proposed sanctions on Russia if Moscow again invades Ukraine.

The pipeline, which will double Russian gas exports to Germany, points to a central challenge in the administration's policy of repairing relations with Germany as it seeks to rally allies amid increasing competition with China while simultaneously trying to check Russian aggression toward Ukraine.

In May, the administration waived sanctions on Nord Stream 2 AG, which is wholly owned by the Russian energy giant Gazprom, and its CEO, Matthias Warnig, a close ally of Russian President Vladimir Putin. Even the U.S.-German detente over the summer left some Democrats steaming. Menendez, along with counterparts in Europe, signed a joint statement warning that the pipeline "will give Russia yet another tool to pressure and blackmail Ukraine."

Biden and senior administration officials have stated that they oppose the pipeline, which was 95 percent complete when Biden took office. But the administration has shifted its efforts from trying to kill the project altogether, which analysts say would require punishing sanctions on German companies, toward mitigating the risks it poses to Eastern European allies. Congressional aides who oppose the administration's approach said the move to side with Germany cut against sanctions that were already working.

"People say they inherited a problem," one congressional aide told *Foreign Policy*. "They inherited a solution in the form of bipartisan sanctions that were wildly popular and that were working. And they went out of their way to do that. It's baffling to a lot of people."

Robbie Gramer is a diplomacy and national security reporter at *Foreign Policy*. Twitter: [@RobbieGramer](#)

Jack Detsch is *Foreign Policy*'s Pentagon and national security reporter. Twitter: [@JackDetsch](#)

Amy Mackinnon is a national security and intelligence reporter at *Foreign Policy*. Twitter: [@ak_mack](#)

TAGS: ENERGY AND THE ENVIRONMENT, SECURITY, U.S. ECONOMIC SANCTIONS, UNITED STATES
