

Biden moves ahead with sanctions on company behind Nord Stream pipeline

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Washington (CNN) — President Joe Biden said Wednesday he was moving ahead with sanctions on the company in charge of building Russia's [Nord Stream 2 gas pipeline](#) after blocking such measures last year using a national security waiver.

"Today, I have directed my administration to impose sanctions on Nord Stream 2 AG and its corporate officers. These steps are another piece of our initial tranche of sanctions in response to Russia's actions in Ukraine. As I have made clear, we will not hesitate to take further steps if Russia continues to escalate," Biden wrote in a statement.



The move is part of a series of penalties the US and its allies have imposed on Russia this week in response to Putin's recognition of separatist territories in eastern Ukraine as independent.

On Wednesday, signs were emerging of escalation in the crisis, despite the new raft of sanctions. Sources including Latvia's Prime Minister told CNN that Russian troops have moved into the eastern region of Ukraine that Russia has now recognized as independent.

"According to the information at my disposal, Putin is moving additional forces and tanks into the occupied Donbas territories," Latvian Prime Minister Arturs Krišjānis Kariņš [told CNN's Jim Sciutto on Wednesday](#). "By any definition, that's a crossing of a sovereign territory into a neighboring country."

The administration decided to move forward with rescinding the national security waiver on Nord Stream 2 after Germany on Tuesday announced that it was halting the certification of the pipeline, the official said. Sanctioning Nord Stream 2's parent company, Nord Stream 2 AG -- a registered Swiss firm whose parent company is the Russian gas giant Gazprom -- is effectively a death knell to the project, the official added.

The move marks a significant shift in the administration's policy toward Nord Stream 2, which had previously been to sanction some of the smaller entities involved in the project, including some Russian companies and ships that have been helping in the construction, but to hold off on sanctioning Nord Stream 2 AG and its CEO, Matthias Warnig.

President Joe Biden and the State Department's top energy official, Amos Hochstein, who has been in charge of the diplomacy surrounding Nord Stream, had long been opposed to the project. But the concern was that imposing the harshest penalties on it would crater the US' relationship with Germany, which insisted the pipeline was just a commercial project.

But now that Germany, after intensive diplomacy with the US, has agreed to halt the pipeline's certification indefinitely, the US feels freer to allow the congressionally-mandated sanctions to move forward. Essentially, the administration wanted Germany to decide on its own to halt the pipeline before moving forward with more punishing sanctions on the project, the official explained.

The move is likely to be met with bipartisan support. Democratic and Republican lawmakers have long seen the pipeline as a potential threat to Europe because Russia has used its control over energy supplies to pressure countries in Eastern Europe, including Ukraine, by shutting off those supplies, even in winter months.

Concern in Congress about the pipeline has been acute enough that lawmakers passed legislation with significant bipartisan majorities in 2019, then expanded it in 2020, requiring sanctions against Nord Stream 2. The administration last year waived the toughest sanctions, on Nord Stream 2 AG and its CEO, on national security grounds, prompting Republican Sen. Ted Cruz to hold up dozens of Biden's nominees to top national security and ambassador posts.

CNN has reached out to the State Department for comment.

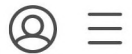
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Deputy National Economic Council Director Daleep Singh told reporters on Tuesday that the halting of Nord Stream 2 "sacrifices what would have been a cash cow for Russia's coffers," and "will relieve Russia's chokehold over Europe through its supply of gas, and it's a major turning point in the world's energy independence from Russia."

The waivers were the latest in what is expected to be a steady pace of sanctions imposed by the US for Russia's



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Singh, speaking on CNN, did not specify timing. But he pointed to the types of sanctions the US might pursue, including export controls "at any moment."

"These costs are going to escalate from here. The two largest banks in the Russian economy are \$750 billion in assets under management, that's 10 times larger. Our export controls, which can deny all of the critical technology inputs to Russia, have yet to be unveiled. We can unveil those at any moment," he said.

Biden on Tuesday announced what he said was the "first tranche" of sanctions against Russia, including restrictions on two state-owned banks, three Russian officials close to Putin and Russia's sovereign debt. The moves were harsh but still left in reserve the toughest measures the US has previewed.

Singh said additional sanctions could come even if [Russia](#) does not push further into Ukraine.

"Costs continue to ratchet higher. The violation of Ukraine's territorial integrity and its sovereignty are unacceptable," he said.

He described Tuesday's sanctions as a "demonstration effect" that will "go higher and higher."

Overnight, Asia-Pacific nations joined the United States and European countries in imposing new sanctions on Russia.

Australia announced restrictions targeting the transport, energy and telecommunications sectors. Canberra also imposed travel bans and targeted financial sanctions on eight members of the Security Council of the Russian Federation. Japan, too, imposed sanctions suspending visa issuance and freezing assets of select individuals linked to recognizing the independence of Donetsk and Luhansk.

On the other hand, China criticized western sanctions on Russia and said it will not follow suit.

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Biden's limited sanctions drew some criticism from Republican members of Congress. GOP Sen. Ben Sasse of Nebraska said they were "too little, too late."

At the same time, a bipartisan group of House lawmakers sent a letter to Biden on Tuesday demanding he seek congressional authorization before US troops are deployed to Ukraine, though Biden [has firmly ruled out](#) sending any US troops into the country.

Ukraine's foreign minister welcomed the sanctions as "specific" and "painful" for Moscow. But he also told CNN's Jake Tapper tougher sanctions would be necessary to punish Russia for its actions.

"No sanctions will be enough until Russian boots withdraw from Ukrainian soil," Dmytro Kuleba told Tapper on "The Lead."

Singh, the Biden administration official, said the steps the US took Tuesday amounted to strong punishment for Russia's moves, and cast skepticism on calls for new sanctions.

"Sometimes I wonder if there's almost a bloodlust out there for sanctions as an end to themselves. But let me just be really clear. We did hit hard yesterday," he said, pointing to Tuesday's package of sanctions on banks, debt, and oligarchs, as well as Germany's announcement it would halt the Nord Stream 2 pipeline.

This story has been updated with additional developments Wednesday.



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