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OPINION | COMMENTARY

# *There's Still Much More Sanctions Can Do to Help Ukraine*

Russia takes in up to \$7 billion a week from energy exports. Sever Putin's revenue stream.

By Pat Toomey

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President Joe Biden speaks with Chinese President Xi Jinping from the White House, March 18.

PHOTO: THE WHITE HOUSE/AGENCE FRANCE-PRESSE/GETTY IMAGES

By starting the largest land war on the European continent since World War II, Russia, a nuclear power, has unleashed the greatest threat to global security in recent memory. Not only are the Ukrainian people's lives and livelihoods at stake, but so is the security of people around the world.

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If Vladimir Putin does not conclude that his invasion was a disastrous mistake, the consequences for U.S. national security and the security of Europe, especially the Baltics and Poland, are grave. An insufficient Western response could be seen as a permission slip by other revisionist authoritarians, such as Chinese President Xi Jinping, for their own territorial ambitions.

The sanctions imposed by President Biden—at Congress’s urging—have been economically damaging to Russia, but not crippling. The ban on American imports of oil minimally harms Mr. Putin, as Americans buy only 5% of Russia’s crude oil. Since the sanctions imposed by the U.S. and Europe purposely allow Russia to continue exporting oil and gas, between \$5 billion and \$7 billion in hard currency funds Mr. Putin’s war machine each week. Severing this revenue stream now, together with helping Ukraine’s heroic defense, is the best chance the U.S has to convince Mr. Putin that this war was a calamitous blunder that he should immediately abandon.

To cut off Mr. Putin’s oil and gas sales globally, the administration and Congress should impose secondary sanctions on the entirety of Russia’s financial sector. These penalties would effectively prohibit foreign banks anywhere in the world, under the threat of U.S. sanctions, from making payments to Russian banks, including for oil and gas. They would force the world to make a choice: Do business with the U.S. or do business with Russia. But you can’t do both.

Europeans have begun to take modest steps toward ending their dependence on Russian energy. But some private companies in Europe can’t cut off their purchases until sanctions are imposed. Ørsted, a Danish power company, said it would like to reduce its

intake of Russian energy but is contractually obligated to buy it until 2030. Only sanctions would allow the company to break its contract with Gazprom legally.

Russia could turn to China for exports to offset its declining trade with the rest of the world. But with secondary sanctions, China would be obligated, like every other country, to stop doing business with Russian banks. If the Chinese chose to violate these sanctions, they would then lose access to the U.S. financial system.

The Biden administration expressed concerns that secondary sanctions could hurt America's relationships with European allies. But there's a potential solution. As the Treasury Department is already doing with existing sanctions, the U.S. can work with foreign governments to create so-called wind-down periods. These transitions will give European allies a say in how these secondary sanctions are implemented.

It would be temporarily costly for Europe to adapt to a world without Russian energy, but it is manageable. With warm spring weather arriving, European demand for Russian gas is about to drop precipitously. Economists and analysts predict that the higher prices Europeans will pay for non-Russian energy won't come close to being economically catastrophic for the eurozone. And Europeans can begin reducing their dependence on Russian gas by building new liquefied natural gas terminals, improving continental gas pipeline connectivity, and suspending the phase-out of nuclear power.

The U.S. must accelerate efforts to bolster its own energy independence. While President Biden claimed in a recent press conference that the current crisis "should motivate us to accelerate the transition to clean energy" and reduce our dependence on fossil fuels, this can't—and won't—happen overnight. It would take decades to develop the technology needed to produce consistent and reliable green energy at such an enormous scale. The administration implicitly acknowledged this by going on bended knee to plead with Venezuela's dictator to produce more oil.

The administration should instead bolster America's energy independence by reversing its disastrous anti-fossil-fuel policies: restart the Keystone XL pipeline, expedite approvals of natural gas pipelines and LNG facilities approvals, and repeal its broad and punitive regulations and restrictions on U.S. oil and gas production.

There is an undeniable cost to energy consumers from cutting off Mr. Putin's oil and gas revenue. But the price of thwarting his assault on the Ukrainian people isn't as expensive

as allowing him to reconstitute a Russian empire. Secondary sanctions will give Ukraine a fighting chance to win this war, and defeating Mr. Putin now will prevent the next one.

*Mr. Toomey, a Pennsylvania Republican, is ranking member of the Senate Banking Committee.*

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