

Testimony of

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Sabotage in the Baltic Sea, Implications for European Security and Lessons for the Indo-Pacific

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Mr. Chairman, Ranking Member Shaheen, thank you for inviting me.

I am Jim O'Brien, currently a fellow at the European Council on Foreign Relations and completing a term as a fellow at the Institute for Human Sciences in Vienna, where I worked on several of the themes discussed below. I have served in the US Government at various times since 1989, most recently as Assistant Secretary of State for Europe and Eurasian Affairs and as the Secretary of State's coordinator for sanctions, a post created at the urging of this Committee. I have also spent half my career working with private sector and civil society groups. I have no financial interest in the topics raised today, nor do I work for any entity with a commercial or advocacy interest.

Thank you to the Committee for highlighting the importance of the Baltic Sea and the infrastructure under its surface. The Committee – and my fellow witness, Dr. Schmitt – have laid out the factual context very well. Simply put, the globe's 500 or so cables carry more than 99% of the world's digital traffic, and undersea infrastructure will be increasingly important for the transmission of energy and electricity. Over the last decade undersea infrastructure has become a site of considerable investment by America's largest companies, adding another strong US interest in its protection. There are 100 – 200 outages in a typical a year. Most are accidental, but there is a growing and troubling pattern of disruption by Russian and Chinese ships.

I will focus on some policy implications of this last point. The first lesson is timeless: we can deter now or pay later. Russian and Chinese ships have been involved in multiple attacks in the Baltic over the last several years, and those countries are learning how and whether the US will answer. The Allies affected directly by sabotage in the Baltic -- Estonia, Latvia, Lithuania, Poland, Finland, Sweden, Denmark, Germany through to Belgium, France, and the UK – are NATO's fighting flank. They are critical to defending the Arctic as well as Russia's northern sea routes to the globe. If we do not stand with them potential adversaries will believe that we will not stand with anyone.

Also, our current posture poses a risk of escalation. Russia is reported to be placing armed personnel on shadow fleet vessels, raising the cost of stops intended to ensure that the

ships do not threaten lives, other ships, and the environment. Ukraine is targeting Russian export infrastructure used in the region, arguably because without further US action in the Baltic it is difficult to stop Russia from earning funds from oil exports. Our NATO Allies may face strong domestic pressure to answer Russian provocations. In short, the conditions are ripe for miscalculation or error to lead to more violence. A stronger US presence can persuade everyone that escalation is in no one's interest.

Finally, the Baltic Sea presents a test case of an issue that will face US Administrations for decades: how can the US ensure that the basic conditions of prosperity and security -- including undersea cables and pipelines, freedom of navigation, and assets in space -- are provided and protected?

These global public goods benefit the US but also many countries, with the exact balance shifting over time and in different places. This leads some to suggest that the US should treat each of these goods as reason to have a separate negotiation. This ignores how intertwined US security and prosperity is with others and how quickly the ratio of benefits can shift. For decades the US and our longtime partners have adjusted our respective roles and responsibilities in providing these goods. In the late 1940s, when the US economy was half of global GDP and more than half of global manufacturing, it may have been fair for the US to organize the provision of these goods and even to provide them by ourselves (although I will let others debate that).

That allocation has changed and will always be under negotiation. As just one example of increased commitment from our partners, in July 2024 NATO approved regional defense plans (including undersea needs) that require members to spend approximately 3 – 3.5% of GDP on defense priorities, along with an additional amount on infrastructure. Under the current Administration this commitment has been made both more specific and very public, in the form of a targeted cap of 5% of GDP. The publicity is helpful politically, but the priorities are decided by planning. A commitment to continue the planning as situations change lies is essential to success.

In addition, by early 2025 NATO had prepared a center focused on undersea threats in the Baltic, and a mission at sea had been launched. The EU in 2024 approved a program to improve civilian resilience for undersea cables, and civilian consortia such as the International Cable Protection Coalition (ICPC) offer venues for doing more, particularly by addressing normal business of laying, maintaining, and repairing cables (where more capacity is urgently needed).

As we agree with our partners on a new allocation of responsibilities and costs we should not hide from a basic fact: middle powers cannot ensure the conditions of prosperity,

especially against predatory superpowers. The US has to be the long pole in the tent, and our partners need to understand that we are in one long struggle to ensure that our societies control the conditions of our own prosperity and security.

Getting this partnership right is fundamental to America's prosperity and security for the next generations. Innovative sectors such as life sciences, artificial intelligence, new defense technologies, and energy developments will grow more quickly and in ways that benefit our people with reliable markets, sources of materials, supply chains, partners, and – yes -- competitors who will play by the same rules as our companies. We have spent 80 years building exactly this community with our traditional partners in Europe, North America, Japan, Korea, Australia, New Zealand, and now across the Indo-Pacific.

Now we can choose to hang together, or to hang separately. It is simple arithmetic. Together, the US and our partners offer markets, supply chains, and partners with more than a billion, well-off consumers, more than capable of meeting a challenge from Russia and China. If we go it alone, smaller countries will waver against the superpowers, and America will be 350 million people facing more than a billion. I believe in America's ingenuity and determination but size helps, too.

Undersea infrastructure provides the connective tissue to make this work. With our partners we can find fair allocations of responsibility to protect it. Or we can spend more to do more ourselves and be just a bit poorer as we lose opportunities from partnership.

POLICY RECOMMENDATIONS

First, the Administration should acknowledge Russia's role explicitly. Clarity and action will set expectations that can make negotiations more successful. Having nice conversations with Russian investment advisers does nothing to change the calculations of the Russian security apparatus, which knows that the country is bound to China for now. Russian activity seems to have stepped up since 2025, and the US response – preferably with our partners – is being watched closely in Moscow and Beijing.

Second, the Administration should act against the Russian shadow fleet. As we have seen, these ships are the perfect, deniable assets for Russia to use in threatening the undersea infrastructure of the Baltic Sea. Russian shadow fleet vessels tend to travel through the Baltic Sea, carrying as much as 2/3 of the Russian oil exports that finance the invasion of Ukraine. The Administration's use of sanctions and seizures against shadow fleet vessels elsewhere show that it still has the toolbox open. It just needs to use the tool.

By January 2025 the US had designated nearly 200 vessels in the Russian shadow fleet (around half of the Russia-only shadow fleet known at the time), and our partners in the US and EU have since designated more. States bordering the Baltic Sea and other waterways

have taken strong measures to ensure that these ships comply with regulatory requirements. As a result, and due to lower oil prices starting in 2024, by the spring of 2025 many of these ships were no longer operating regularly. Sadly, US efforts against the shadow fleet serving Russian exports seem to have declined over the 15 months. With the increase in global oil prices, those ships are again active.

Third, the bill proposed by Ranking Member Shaheen and Senator Barrasso is a good step toward ensuring that the US Government has the knowledge it needs, venues to coordinate with others, and tools to respond when the infrastructure is threatened.

The bill's sanctions authority is also welcome. Existing sanctions authorities would allow action due to the benefit that Russia receives from these disruptions, but the current Administration seems to find it difficult to target Russian entities. This sanctions authority would offer an alternative approach that might be more palatable to people concerned about linking US action to Russia's ongoing invasion of Ukraine, and its global reach would be useful.

If the opportunity arises, the bill's sanctions authority should be extended to allow designations for foreign persons who participate in commercial activity in undersea infrastructure projects linked to Russian energy exports. There has been much speculation about a possible reopening of the NordStream 2 pipeline, for instance. The prospect of US sanctions, now or under a future Administration, could depress interest in this and other projects. I am not implying a link between current disruptions and any commercial plans. Still, without this authority it might be tempting for someone to pick up infrastructure at prices lowered by the prospect of violence against others in the neighborhood.

I look forward to your questions.