

**Congress of the United States**  
Washington, DC 20515

May 25, 2021

The Honorable Antony J. Blinken  
Secretary  
U.S. Department of State  
2201 C Street, N.W.  
Washington, DC 20520

Dear Secretary Blinken,

We are very concerned and disappointed by the Administration’s decision to waive sanctions on Nord Stream 2 AG, the company responsible for the planning, construction, and operation of the Nord Stream 2 pipeline project,<sup>1</sup> in the most recent report to Congress under the Protecting Europe’s Energy Security Act (“PEESA”).<sup>2</sup> We strongly disagree that it is in the national interests of the United States to issue this waiver, as it will further enable Russian leverage over European allies’ energy supply. We expect that you will justify this decision in specific detail to both the Senate Foreign Relations and the House Foreign Affairs Committees. In addition, we would like you to explain to the committees why Nord Stream 2 AG has not been sanctioned under Section 228 of the Countering America’s Adversaries Through Sanctions Act (“CAATSA”).<sup>3</sup>

Section 228 of CAATSA *requires* the President to impose sanctions with respect to a foreign person “if the President determines that the foreign person knowingly,” on or after August 2, 2017, “facilitates a significant transaction or transactions, including *deceptive or structured transactions*, for or on behalf of . . . any person subject to sanctions imposed by the United States with respect to the Russian Federation.”<sup>4</sup>

Your most recent report under PEESA included Nord Stream 2 AG precisely because of its role in facilitating “*deceptive or structured transactions*” for, or on behalf of, entities sanctioned under PEESA so as to provide vessels for the construction of the Nord Stream 2 pipeline.<sup>5</sup> You have now made the legal connection that warrants the application of sanctions under 228.

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<sup>1</sup> “Shareholder & Financial Investors.” Nord Stream 2, 2021. <https://www.nord-stream2.com/company/shareholder-and-financial-investors/> (stating that “Nord Stream 2 AG is a project company established for planning, construction and subsequent operation of the Nord Stream 2 Pipeline.”).

<sup>2</sup> Title LXXV of Public Law 116-92, as amended by section 1242 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283).

<sup>3</sup> Public Law 115-44.

<sup>4</sup> 22 U.S.C. § 8909(a) (emphasis added).

<sup>5</sup> See PEESA Section 7503(a)(1)(B)(ii)(emphasis added) and Report to Congress and Waiver with Respect to Certain Persons Identified on the PEESA Report, 19 May 2021.

Specifically, one of those entities with which Nord Stream 2 AG apparently facilitated a deceptive or structured transaction is LLC Koksokhimtrans, a company that reportedly owns two of the vessels identified in the most recent PEESA report.<sup>6</sup> This same entity was also previously sanctioned by the Obama Administration under Executive Order 13685 for its operations in Crimea and its connections to another sanctioned entity, the Sovfracht-Sovmortrans Group.<sup>7</sup> Why has Nord Stream 2 AG not been designated for sanctions under CAATSA as a result of its relationship with LLC Koksokhimtrans?

Another entity identified in the most recent PEESA report is LLC Mortransservice, a maritime company that reportedly acquired ownership of another one of the vessels identified in the report.<sup>8</sup> LLC Mortransservice appears to be the successor to a similarly named corporation established by the previously-sanctioned Russian shipping and logistics company, Sovfracht-Sovmortrans Group.<sup>9</sup> The Sovfracht-Sovmortrans Group was sanctioned by the Obama Administration under Executive Order 13685 for its operations in Crimea.<sup>10</sup> Given the apparent connections between LLC Mortransservice, LLC Koksokhimtrans, and this other previously sanctioned entity, we would like to know whether any foreign persons or entities affiliated with these companies have been involved in sanctions evasion efforts in connection with the Sovfracht-Sovmortrans Group or the Nord Stream 2 project.

The Russian regime has used its leverage over Europe's energy supply in the past to exert its political aims throughout Europe, almost always at Ukraine's expense. Russia cut off gas transit to Europe through Ukraine in 2006, 2009, 2014, 2015, and 2018 to create external pressure, while also using revenue and relationships from Russian energy projects to facilitate malign influence efforts and strategic corruption throughout the transatlantic community. It is both easier and more effective to stop the problem before it even begins. The White House has

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<sup>6</sup> "Kompaniya pod sanktsiyami otpravila na 'Severniy potok – 2' ledokol." *EADaily*, 17 Nov. 2020.

<https://easily.com/ru/news/2020/11/17/kompaniya-pod-sanktsiyami-otpravila-na-severniy-potok-2-ledokol>

<sup>7</sup> "LLC KOKSOKHIMTRANS." *Specially Designated Nationals and Blocked Persons List*, U.S. Department of the Treasury, Office of Foreign Assets Control, 20 May 2021.

<https://sanctionssearch.ofac.treas.gov/Details.aspx?id=20290>; "Treasury Sanctions Individuals and Entities for Sanctions Evasion and Activities Related to the Conflict in Ukraine." U.S. Department of the Treasury, 01 Sept. 2016. <https://www.treasury.gov/press-center/press-releases/pages/j15048.aspx>.

<sup>8</sup> "NORD STREAM 2: Russia Is Trying to Circumvent Sanctions Against the Project." Foreign Intelligence Service of Ukraine, 28 Mar. 2021. <https://szru.gov.ua/en/news-media/news/nord-stream-2-russia-is-trying-to-circumvent-sanctions-against-the-project>; see also "Ein Rennen gegen die Zeit und die USA" *Süddeutsche Zeitung*, 23 Feb. 2021. <https://www.sueddeutsche.de/politik/nord-stream-2-usa-russland-gaspipeline-1.5215746>.

<sup>9</sup> "ZAO 'MORTRANSSERVIS'." Comfex, 2021. <https://comfex.ru/1027700360522>.; "JSC 'SOVMORTRANS'." *Comfex*, 2021. <https://comfex.ru/1027739349076>; "Kompanii grupiy," Sovfrakht. Accessed May 2021.

<http://www.sovfracht.ru/group-companies/>; "Gruppa Kompaniy 'Sovfrakht-Sovmortrans' prinyala uchastiye v TransRossi 2012" *Argumenti I Fakti*, 02 May 2012. <https://pskov.aif.ru/money/realty/767137>.

<sup>10</sup> "SOVFRACHT-SOVMORTRANS GROUP." *Specially Designated Nationals and Blocked Persons List*, U.S. Department of the Treasury, Office of Foreign Assets Control, 20 May 2021.

<https://sanctionssearch.ofac.treas.gov/Details.aspx?id=20288>; "Treasury Sanctions Individuals and Entities for Sanctions Evasion and Activities Related to the Conflict in Ukraine." U.S. Department of the Treasury, 01 Sept. 2016. <https://www.treasury.gov/press-center/press-releases/pages/j15048.aspx>.

repeatedly explained why Nord Stream 2 “is a bad deal for Europe.”<sup>11</sup> Unfortunately, the Administration’s recent actions suggest otherwise.

Please provide a detailed response to this letter, no later than June 8, 2021, addressing: (1) why you issued a waiver under PEESA for Nord Stream 2 AG, (2) why Nord Stream 2 AG has not been sanctioned under Section 228 of CAATSA, and (3) the questions regarding LLC Mortransservice, LLC Koksokhimtrans, and the Sovfracht-Sovmortrans Group.

Sincerely,

Handwritten signature of James E. Risch in blue ink.

JAMES E. RISCH  
Ranking Member  
Committee on Foreign Relations  
U.S. Senate

Handwritten signature of Michael T. McCaul in blue ink.

MICHAEL T. McCAUL  
Ranking Member  
Committee on Foreign Affairs  
U.S. House of Representatives

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<sup>11</sup> “Press Briefing by Press Secretary Jen Psaki, February 22, 2021,” The White House, 22 Feb. 2021.  
<https://www.whitehouse.gov/briefing-room/press-briefings/2021/02/22/press-briefing-by-press-secretary-jen-psaki-february-22-2021/>.